

Auditor General's Triennial Report

2021-2023

Ministries and State Ministries

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1. Executive Summary

Triennial Status Report of the Auditor General for the period 2021-2023 is issued in accordance with the Section 14 of the National Audit Act No. 19 of 2018 with respect to the Ministries and State Ministries of the Democratic Socialist Republic of Sri Lanka. This report contains a summary of the audit observations issued to the Ministries and State Ministries of the Government during the period and tabled in the Parliament. The Auditor General's recommendations on the said observations, the defects pointed out by each audited institution in the observations, the preventive measures taken and the current status of those observations have also been summarized and included in this report.

As per the approved estimates, the number of State Ministries, which was 41 in the year 2021, existed until September 2022 and was abolished thereafter. The Ministries and State Ministries of the Government are audit entities that are subjected to constant changes. Owing to the facts such as changes in their scope from time to time, merging of Ministries and separating those again, there were many circumstances where the audit entity was difficult to be identified precisely as per the provisions of the National Audit Act and the Constitution of the Democratic Socialist Republic of Sri Lanka. There were also cases where it was difficult to identify the Accounting Officers and Chief Accounting Officers of such Ministries. Further, as the Ministries are audit entities that are subject to constant changes, a satisfactory appraisal of the estimated provisions allocated to all Ministries, net provisions, and its savings during the above period could not be done. Further, an analysis on the adverse impact of those savings on the national budget could not be done.

2. Opinion of the Auditor General on the Financial Statements

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

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

Unqualified Opinion

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

Qualified Opinion

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

Adverse Opinion

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

Disclaimer of Opinion

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

Details of Opinions of Ministries and State Ministries.

Information of audit opinions issued in relation to the financial statements submitted in relation to 29 Ministries and State Ministries for the years 2021, 2022 and 2023 is mentioned in the following table.

	2021	2022	2023
Unqualifid	6	6	7
Qualified	22	22	21
Adverse	-	-	-
Disclaimer	-	-	-
Opinion has not decided yet	1	1	1
Financial Statements not received	-	-	-

	Name	2021	2022	2023
1.	Ministry of Tourism & Lands	Qualified	Unqualified	Unqualified
2.	Ministry of Buddhasasana, Religious and Cultural Affairs	Qualified	Qualified	Qualified
3.	Ministry of Fisheries	Qualified	Qualified	Qualified
4.	Ministry of Labour and Foreign Employment	Qualified	Qualified	Qualified
5.	Ministry of Health	Qualified	Qualified	Qualified
6.	Head 187 – Ministry of Investment Promotion	-	Unqualified	Unqualified
7.	Ministry of Urban Development and Housing	Qualified	Qualified	Qualified
8.	Ministry of Power and Energy	Unqualified	Unqualified	Unqualified

9.	Ministry of Defence	Qualified	Qualified	Qualified
10.	Ministry of Justice	Qualified	Qualified	Qualified
11.	Ministry of Public Security	Unqualified	Qualified	Qualified
12.	Ministry of Trade, Commerce and Food Security	Qualified	Qualified	Qualified
13.	Ministry of Irrigation	Qualified	Qualified	Qualified
14.	Ministry of Foreign Affairs	Qualified	Qualified	Unqualified
15.	Ministry of Public Administration, Home Affairs, Provincial Councils And Local Governments.	Qualified	Qualified	Qualified
16.	Ministry of Transport and Highways	Qualified	Qualified	Qualified
17.	Ministry of Plantation Industries	Unqualified	Unqualified	Unqualified
18.	Ministry of Agriculture	Qualified	Qualified	Qualified
19.	State Ministry of Agriculture for Paddy and Cereals, Organic Foods, Vegetables, Fruits, Chilli, Onion and Potato Cultivation Promotion, Seed Production and High Technology	Unqualified	-	-
20.	Ministry of Mass Media	Qualified	Qualified	Qualified
21.	Ministry of Education	Qualified	Qualified	Qualified
22.	Ministry of Sports and Youth Affairs	Qualified	Qualified	Qualified
23.	Ministry of Women, Child Affairs and Social Empowerment	Qualified	Unqualified	Qualified
24.	Ministry of Water Supply and Estate Infrastructure Development.	Qualified	Qualified	Qualified
25.	Ministry of Technology	Qualified	Qualified	Qualified
26.	Ministry of Industries	Qualified	Qualified	Qualified

27.	Ministry of Environment	Qualified	Qualified	Qualified
28.	Ministry of Ports, Shipping and Aviation	Qualified	Unqualified	Qualified
29.	Ministry of Finance, Planning & Economic Development	Unqualified	Unqualified	Unqualified

3. Independent Observations of Ministries and State Ministries

3.1 Ministry of Tourism & Lands

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Excess(Deficit) Rs.	Audit Opinion
2021	358,931,976	101,900	358,830,076	-	Qualified
2022	553,963,249	29,545,578	524,417,671	-	Unqualified
2023	612,627,822	28,373,046	584,254,776	-	Unqualified

	Audit Observation	Year of the Report	Auditor General's Recommendati on	Preventive action taken by Audited Institute	Implementation status of recommendatio n as on date of the Report
01	Although it had been planned to revise the Land Acquisition Act to expedite the acquisition process with the intention of reducing high interests to be paid on payment of compensation related to acquisition of lands for government development projects without delay and due to delay, the relevant amendment had not been made by the end of year 2021.	2021	The Land Acquisition Act should be promptly amended.	The activities of amendments of the Act have been continuously implemented. Drafts have been submitted by the legal draftsman, dated 2021.11.17, 2022.06.01, 2022.12.12 and 2023.11.01. By making legal discussions with that Department and action had been taken to identify the sections should be amended by making discussions with the institutions for	Although action had been taken to call observations forwarding the final draft to the other relevant institutes, the Act has not been revised.

				the finalizing.	
02	The number of files of which payment of compensation had been completed out of the ongoing files to acquire lands related to 2019,2020 and the year under review was less than 2 %,and the number of files that completed out of the 9073 ongoing files in year 2021 was 13. Accordingly, measures had not been taken by the ministry to join with the other institutes related to acquisition process and to expedite the lands acquisition.	2021	Activities of land acquisition should be promptly completed.	Procedures had been taken such as informing the relevant sections to make necessary arrangements to recognize the Computer System, conducting awareness training programmes for officers, holding progress review meetings regarding acquisitions and installing a simple data system in the acquisition section.	Action is being taken to prepare Computer System and to get approval preparing project proposal. Action had not been taken adequately to acquisition of lands.
03	In the year 2012, 98 acres had been acquired from Gangabada Kumbura, Moonamalwatta, Gangabada Owita, Delgaha Owita, Yal Kumbura lands in Boralasgamuwa Lake to create a water reserve in the abandoned swamp area between Pitawella Road and Borupana Bridge in Boralasgamuwa under the Verassa River Development Project. Even though the order under	2021	The related land acquisition activities should be completed and compensation should be paid promptly.	Procedures had been taken such as informing the relevant sections to make necessary arrangements to recognize the Computer System, conducting awareness training programmes for officers, holding progress review meetings regarding acquisitions and installing a simple data system in the	Relating to this acquisition 40 percent number out of the land parcels of the original plan that possible to pay compensation and interest payment had been completed.

section 2 of the Land Acquisition Act No. 09 of 1950 had been issued on 16 July 2012 and the interim order under section 38(a) had been published in Gazette No. 1830/51 dated 14 October 2013, payment has not yet been made due to the reasons such as acquisition of compensation and interest had not been completed for the entire land acquired, insufficient provisions etc.

acquisition
section.

04	Since the interim order had been issued in year 1984 in terms of Section 38(a) of the Land Acquisition Act for the acquisition of land for the Iginimitiya Reservoir Project 38 years had passed by the end of the year under review. It had been observed that more than 07 years have passed since an allocation amount of Rs.5,122,123 was issued by the Ministry to the divisional Secretary of Navaghattagama in the year 2014 for the payment of the relevant	2021	The relevant land acquisition activities should be completed and should be paid promptly.	-do-	The progress of the land acquisition activities had not been mentioned.
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compensation amount, but the said amount had not been paid. Furthermore, it had been reported to the Ministry by the letter of Divisional Secretary of Nawakathagama bearing the number NWG/LSD/1/ACQU 1/1/6 dated 21 February 2022 that the land plot numbers for which compensation should be paid for acquisition of land for the Iginimitiya Reservoir Project could not be identified.

05	05 acres of land belonging to the Land Reform Commission for the construction of the Vocational Training Center on Information Technology, Baddegama Galle, had been acquired in the year 2000 by publication of notice under section No. 02 of the Land Acquisition Act, and interim order had been issued under section No. 38(a) in the year 2001. Interest amounting to Rs.10,790,740 at 07	2021	Land acquisition activities should be completed and compensation should be paid promptly.	Under the Land Acquisition Act, and interim order had been issued under section No. 38 (a) opportunity of taking over the emergency possession has been limited. Procedures had been taken such as informing the relevant sections to make necessary arrangements to recognize the Computer System, conducting awareness	The progress of the land acquisition activities had not been mentioned.
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percent had to be paid for 19 years due to delay in payment of compensation amounting to Rs.8,000,000 until 27 October 2020.

training programmes for officers, holding progress review meetings regarding acquisitions and installing a simple data system in the acquisition section.

06	In terms of Financial Regulations of the Democratic Socialist Republic of Sri Lanka F.R 103(1) (f) Evan though the damage should be investigated and those responsible should be identified, it had been decided that the Coordinating Secretary of the Minister of Lands and Parliamentary Affairs who was traveling in that vehicle number KI – 1527 should be held responsible for the accident that took place at Matugama Pradeshiya Sabha car park on 20 August 2018 and although the value of that loss is mentioned as Rs.462,800 in the accounts, the loss had not been recovered even by the audited date of 06 April 2023	2022	The recommendation s mentioned in the final report should be implemented without delay.	Action had been taken to attach Drivers of combined service to the Office of the Ministers and relevant Officers, Drivers have been informed officer had not regarding the way paid that, has of act soon as an been forwarded accident occurred. to the Attorney Action is being General for taken to get taking legal overcome the action. existing deficiencies by now.
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also.

07	<p>After the application for the acquisition of the land in extent of 1 acre 02 roods and 20 perches(0.6545) in the plan No 4406 for the development of Moragahahena sub town, located in the village of Moragahahena in the Divisional Secretariat Division of Horana in the District of kalutara being received on 06, September, 2007 from the Ministry of Urban Development and Sacred Area Development, the possession of the land had been taken following the interim order 38(a) being published in the gazette No 1560/16 dated 31 July 2008. It had been informed to submit entitlements to the land 5 years after the possession of the land being transferred to the Government and it had been taken 06 years from the date from which section 7 was published to publish under section 17 the names, addresses and particulars of those</p>	2022	<p>Compensation should be paid in a way that doesn't involve the payment of uneconomic interest.</p>	<p>Procedures had been taken such as informing the relevant sections to make necessary arrangements to recognize the Computer System, conducting awareness training programmes for officers, holding progress review meetings regarding acquisitions and installing a simple data system in the acquisition section.</p>	<p>The progress of the land acquisition activities had not been mentioned.</p>
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who are entitled to compensation.

Accordingly, it was observed at the audit that since around 12 years had been taken for the above process, the interest amount that had to be paid uneconomically in respect of the compensation amount that stood at Rs. 26,180,250 paid for the lot numbers 1,10,11,14, was Rs. 24,227,134.

08	In terms of Financial Regulations of Democratic Socialist Republic of Sri Lanka F.R. 103(1) b, e and 104(4) Whenever it is suitable to report to the police in relation to thefts, frauds and sudden accidents the claims should be submitted to the bank, insurance company and the guarantors. It had not been reported to the police and relevant insurance company with regard to the accident occurred to the cab No.PD-2791 on 19 April 2022. As per final inquiry report F.R. 104(4), when it had been	2023	The loss should be promptly recovered.	Action had been taken to attach Drivers of combined service to the Office of the Ministers and relevant Officers, Drivers have been informed regarding the way of act soon as an accident occurred. Further, special programmes have been implemented for Drivers and informed drivers to inform to the police and insurance institute and also the Ministry soon as an accident occurred. Action is being taken to get overcome the	In terms of the final investigation of the F.R it had been decided to recover from the officer who had assigned the vehicle. Accordingly the responsible officer has been informed since there were no response has received, has been forwarded to the Attorney General for taking legal action.
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recommended to recover such loss from the officer attached to that vehicle, the repair had been carried out by incurring a cost of Rs.475,000 by Ministry. Such loss had not been recovered even up to 31 March 2024.

existing deficiencies by now.

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| 09 | The estimated cost aggregate is Rs.14.69 million for implementation of 08 projects/programs for promotion of marine tourism in the budget proposals 2023 in the Tourism Division of the Ministry. Since the project for construction of the lavatory system in the Pigeon Island which was a one project identified was contradictory to the provisions of the Coast Conservation Act, it had been given up. It was observed that 02 boats had been purchased by incurring a provision of Rs.4.69 allocated. | 2023 | The planned projects should be carried out in useful and meaning full manner. | Although the provision has been allocated for the project of construction of the lavatory system in the Pigeon Island and purchase of 02 boats to see Coral reef in Kayankarni, Since the project for construction of the lavatory system in the Pigeon Island was contradictory to the provisions of the Coast Conservation Act, the approval had not received for that. 02 boats had been purchased by incurring of Rs.4.69. | The activities of implementing the project of Coral reef in Kayankarni is being currently carrying out by the Kayankarni Community Based Organization under the supervision of District Secretary (Batticaloa) |
| 10 | The vehicle assigned to former Deputy Minister of Ministry | 2023 | The all procurements should be made | The approval had received from the Cabinet Paper on | Investigation activities are being done by |

of Tourism, Development and Christian Affairs and 02 Land Rover Discovery vehicles purchased from a private company in 2016 were the vehicles registered in Department of Motor Traffic imported under duty free of government. It had been informed that the procurement process had been made by contravening the general policy of purchase vehicles to the public institutions in terms of paragraph No.01 No. MOF/DG/LAD/CO/5 3/2023 dated 29 May 2023 including the observations of Minister of Finance, Economic Stabilization and National Policies related there to, the registered purchase had been purchased for the government through paragraph 2 and an investigation should be immediately conducted for violation of the procurement process and legal action or disciplinary action

as per the the date of 13 the Committee instructions of June 2023 and on has not the Procurement the allocation completed up to Guidelines. received now. according to the Court Order, payment has been made for 02 Land Rover vehicles and the financial transaction has been closed. A committee of investigation has been appointed to check whether there is an error of the procurement committee had made when purchasing those 02 vehicles.

should be taken in relation to the relevant officers. Even though about one year had elapsed, it was observed that no action was taken as per aforesaid instructions.

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| 11 | In the last year, the allocation of Rs.350,000,000 had been spent and organic fertilizer projects had been started in Anuradhapura and Polonnaruwa districts and cultivation machinery and equipment worth Rs.31,027,575 had been purchased for that. Although the project has been closed during the year under review, action has not been taken regarding the protection of the assets of the project or re-utilization of assets for an productive function even by 10 April 2023 | 2022 | Prompt action should be taken regarding the security of assets and their productive utilization. | Instructions given to the Committee which was being appointed on the date of 14.11.2023 by the Secretary to the Ministry, to submit a report for the disposal of machinery and equipment that currently existing with the Compost fertilizer production pilot project. | Through the committee appointed by the Secretary to the Ministry has informed the Land Reform Commission regarding the assets as per that report instructions have been given to do the future activities. As per the letter was sent by the Assistant Director (Anuradhapura) to the Land Reform Commission to the Director General of Land Reform Commission, the machinery and equipment had purchased for the production of Organic fertilizer has been given to the Ella |
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Pradeshiya
Sabhawa, Sri
Lanka Air force
and Civil
Security
Department.

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| 12 | <p>Even though a committee had been appointed for submission a report with the appropriate proposals in relation to the future actions pertaining to this project in order to carry out an independent complete investigation on the facts caused for unsuccessful this project, its money and how the money had been spent and the parties contributed for that by the cabinet decision</p> <p>No.CP/23/383/615/01
7 dated 28 March 2023 on disposal of resources completed the organic fertilizer project implemented in 2021, no relevant reports had been submitted after completing such activities even up to the date of audit in April 2024.</p> | 2022

2023 | <p>The action should be taken to get further steps having immediately obtained the organic fertilizer project report.</p> | <p>A committee with three officers has been appointed on the date of 29 April 2023 to conduct an independent full investigation.</p> | <p>Although it was informed that by the letters dated 27.04.2023, 15.09.2023, 20.11.2023, 27.07.2023, 11.07.2024, and 16.08.2024 to be forwarded to that letter to the Ministry. That report has not received up to now.</p> |
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- 13 An amount of Rs. 2023 43,700,100 had been paid to the owner as compensation on 23.02.2022 for acquisition of 33 land parcels by making an award in 38(a) of Act to the owner on 08.01.2018 by displaying the gazette No.2165/69 dated 06.03.2020 since 23.07.2020 in terms of section 7 of the Act for a large land area in extent of 0.305 hectares from land parcel No.01 to 35 (except parcels No.20 and No. 23) in the plan No. 200 / 2794 in Baddegamedda Grama Niladhari Division in Devinuwara Divisional Secretariat Division in Matara District. Since it took 04 years, 01 month, 15 days for carrying out this acquisition process, it had been revealed as per letter that an amount of Rs. 12,616,658 had been paid as additional interest for that.
- By efficiently performing the land acquisition process, the necessary action should be taken to reduce the interest expenditure incurred by the government additionally.
- Relating to this acquisition 40 percent number out of the land parcels of the original plan that possible to pay compensation and interest payment had been completed. The progress of the activities of land acquisition is being slowly occurred.
- 14 The notice had been 2023 displayed on 17 March 2010 in Illukkubura Grama
- The necessary action should be taken to efficiently carry
- Procedures had been taken such as informing the relevant sections
- The progress of the activities of land acquisition is being slowly

Niladhari Office for the acquisition of Gonamadawatta land for the acquisition of the lands to Nuckeles Conservation zone belonging to Laggala Divisional Secretariat Division and it had been performed in terms of section 17 in chapter 460 of the Land Acquisition (Amendment) Act No.28 of 1964. Subsequent to 7 years 01 month 22 days of publication of award on 21.11.2013 in terms of section 38(a) in relation to acquisition of 123.33 perches as 89 perches, 17.165 perches again, and again 17.165 perches of the land parcel No.01 of ඔ.වි.ඔ. 1659 an amount of Rs. 31,770,300 and Rs. 14,955,327 had been paid in July 2022 as the compensation and additional interest respectively under section 17.

out the land to make necessary arrangements to acquisition process and recognize the Computer System, conducting awareness training programmes for officers, holding progress review meetings regarding acquisitions and installing a simple data system in the acquisition section.

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| 15 | A land in extent of 0.23522 of parcels of land No.1 and No.02 of p.p.9134 of Hickgahawatta land in Malabe had been | 2023 | The expense of additional interest should be reduced by efficiently carrying out the | Procedures had been taken such as informing the relevant sections to make necessary arrangements to | The progress of the activities of land acquisition is being slowly occurred. |
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acquired under section 38(a) of the Land Acquisition Act for a Girls' School located in Malabe belonging to Kaduwela Divisional Secretary in Colombo District and award 38(a) had been issued on 15.02.2010 for that. The date of issuing credential was 23.06.2020 for the acquisition of this land and the compensation of Rs. 40,140,000 had been awarded to a finance company by the land owner under section 17 for that. However, since the land acquisition process had been implemented after 10 years, 09 months, 15 days from the publication of award 38(a) for this acquisition, an additional interest of Rs. 30,320,821 had to be also paid for that.

land acquisition process. recognize the Computer System, conducting awareness training programmes for officers, holding progress review meetings regarding acquisitions and installing a simple data system in the acquisition section.

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| 16 | Under the land acquisition for Padiyatalawa Police Station in Ampara District, a land in extent of 1.0120 hectares of Damsak Mandiraya, No.98, Rawathawatta Road, | 2023 | The necessary action should be taken to reduce the additional interest expense by efficiently carrying out the land acquisition process. | Procedures had been taken such as informing the relevant sections to make necessary arrangements to recognize the Computer System, | The progress of the activities of land acquisition is being slowly occurred. |
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Moratuwa belonging to Sarwodaya Sharamadana

Association which is the land owner had been acquired to the government and award 38(a) had been published on 15.12.2015 for that. A total amount of Rs.10, 263,954 had been paid as compensation of Rs.18, 484,750 and an interest of Rs.8, 884,412 on delay of the land acquisition for 6 years, 10 months 12 days.

conducting awareness training programmes for officers, holding progress review meetings regarding acquisitions and installing a simple data system in the acquisition section.

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| 17 | The acquisition applications had been forwarded for a land acquisition from a person who resides in Kalawana Road, Nivithigala by Rathnapura District Secretary for acquisition of plots of land A,C,F and J for the development activities in the premises of Nivithigala Divisional Secretariat and 38(a) acquisition order had been published on 19.01.2017 for that and the compensation had been paid on 04.01.2023. | 2023 | The necessary action should be taken to reduce the additional interest expense by efficiently carrying out the land acquisition process. | Procedures had been taken such as informing the relevant sections to make necessary arrangements to recognize the Computer System, conducting awareness training programmes for officers, holding progress review meetings regarding acquisitions and installing a simple data system in the acquisition section. | The progress of the activities of land acquisition was being slowly occurred. |
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Accordingly, the payment of compensation had delayed 5 years 11 months and 16 days and an amount of Rs. 1,255,000 and an amount of Rs. 523,630 had been paid as compensation and interest for that respectively.

3.2 Ministry of Buddhasasana, Religious and Cultural Affairs

	Total Assets	Total Liabilities	Equity	Profit / (Loss) before tax	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	4,615,097,156	58,709,239	4,556,387,918	-	Qualified
2022	4,939,112,009	136,147,730	4,802,964,279	-	Qualified
2023	4,946,836,813	156,824,510	4,790,012,303	-	Qualified

Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
(a) According to the action plan, although it is planned to allocate Rs. 1.2 million from the annual budget for the purchase of a temperature control machine for the Pahiyangala human skeleton preservation chambers and import the machine from India until the end of August 2023, the procurement process related to this machine had not been completed	2023	The relevant projects should be implemented according to the action plan.	Due to difficulty of finding suitable institutions for the work of importing a temperature control machine from India, it could not be completed as planned. However, the antiquities were deposited in the Faculty of Medicine of Sri Jayawardenapura university in very safety in order to prevent any negative impact on the antiquities conservation process due to that delay and it is	The procurement of the machine had not been completed until 30 September 2024.

according to the progress report as at 31 December 2023.

kept in a special glass chamber an air-conditioned gallery of the Colombo National Museum now and the temperature control machine is to be installed.

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| (b) The land and building of the Rajarata charika niwasaya, which is governed under the ministry, had not been taken over by the ministry. | 2023 | Action should be made to take over the relevant assets under the ministry. | The necessary actions to be taken under Non-Financial Assets have been noted. | The building was not taken over until 30 September 2024. |
| (c) As there is not a possibility of making provision for activities that can maintain apegama premises in a commercial nature, which has the ability to be used for income generation purposes in a more effective manner with buildings and other facilities, although it has been stated that steps should be taken to maintain it jointly with a project maintain for commercial purposes or as an investment project | 2023 | As per the approval of the Cabinet of Ministers, action should be made to use Ape Gama premises for income generating activities and to use them with maximum utilization. | Currently, a business development plan including management and financial methods for generating cash has been prepared and its implementation has started. Due to the prevailing covid epidemic situation, Ape Gama premises were closed for visitors and that situation continued until the last half of the year 2022. As the maintenance and renovation work | The situation remained the same till 30 September 2024. |

according to the decision of the Cabinet of Ministers No. AMP/21/1883/305/007-1 dated 02 November 2021, proper action was not taken in this regard even after a period of 02 years. Also, due to not taking necessary action to generate revenue by selling tickets for visitors who have been missing from more than a year, the Ape Gama premises was underutilized according to the building models and human figures in the are being destroyed and about 25 out of the 46 stalls are underutilized without product sellers.

of the premises could not be done properly during that time, many viewing points of the premises had been destroyed due to natural cases and conditions.

(d) Although the charges for the services provided by the public institutions shall be reviewed and revised once in three years subject to a maximum of 15 percent as per paragraph 5.1 of the Public Finance Circular No. 01/2020 dated 28 August 2020, the charges for the stalls in Ape Gama premises had not been revised as accordingly.	2023	Action should be taken to revise the charges as per the circular.	Arrangements have been made in relation to revision of the stall charges. A committee consisted with three officers of the ministry was appointed to discuss and get a decision on the expenditure of maintain the stalls, charge a monthly charge based on the size of the stall and the infrastructure provided for it and to provide stalls on bilateral agreement and as per the recommendations of the said committee, due to the relevant increase of charges had exceeded the maximum of 15 percent, it has been forwarded to the Ministry of Finance for approval.	The charges were not revised until 30 September 2024.
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3.3 Ministry of Fisheries

	Total Assets	Total Liabilities	Equity	Profit / Surplus/ (Loss/Deficit) before Tax	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	692,509,671	200,767,007	491,742,664		- Qualified
2022	745,407,495	486,502,176	258,905,319		- Qualified
2023	1,016,582,271	464,222,949	552,359,322		- Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
(1)	The total amount of outstanding loan balances of recovery as at the date of 31 December 2023 as per the reconciliation statement of the Public Services Advance "B" Account was Rs. 743,452 and out of that outstanding loan balances Rs. 629,842 that is 84 percent had been past due for more than 20 years and the Ministry had failed to recover that loan balances even in the year	2022, 2023	The outstanding loan balances Should be recovered.	Relevant measures have been taken to promptly recover when outstanding. Action has been taken to prevent outstanding balances, to settle if the outstanding balances exist.	Out of Rs. 743,452 of loan balances Rs. 629,842 had been past due for more than 20 years of period. As per the Circular No. 01/2024 issued by the Department of Public Finance in the year 2024 future action are being take regarding the above loan balance of Rs. 629,842.

under review.

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| (2) | In terms of F.R. 571(3) total amount of Rs. 167,195,801 of deposit balances between 2 to 5 years, amount of Rs. 31,910,669 of 5 years lapsed deposit balances had been remained in the deposit account as at the date of 31 December in the year under review without taking action to settle or to take in to government revenue. | 2021, 2022, 2023 | Action should be taken in terms of F.R 571 (3). | Making inquiries from relevant institutions and officers regarding balances that more than 2 years exceeded. Obtaining legal advices when required. | Deposit balances between 2 to 5 years was Rs.159,408,745 as at the date of 30.09.2024 |
| (3) | Since the detailed schedule of non - financial assets value of Rs.994,254,549 owned to the Ministry of Fisheries as at 31 December 2023 had not presented for audit and it was impossible to check these assets or to check whether these assets were physically owned to the institute. | 2022 , 2023 | A detailed schedule should be submitted to the audit for the existence and secure of the Government assets. | Action is being taken always as per the instructions given by the General Treasury. | Registers relevant to the fixed deposits has not been submitted to the audit. |
| (4) | All the government inventory goods which has been provided through the inventory register has been misplaced for the Circuit Bungalow | 2023 | Action should be taken in terms of the Financial Regulation 104 (1). | Complaint has been made to the Police Station to which this Circuit Bungalow owned and has | Preliminary inquiries had been done in terms of Financial Regulations 104 and in addition |

allocated for the post of secretary to the Ministry of Fisheries located at No. 18/146 B Muhandiram E. B. Dabare Mawatha, Narahenpita that had been reported to the audit and door locks had been fixed in the building and fittings of the building had been removed. Accordingly due to all the government inventory goods in this Circuit Bungalow being misplaced and due to damage to the government buildings, and taking action in terms of Financial Regulation Financial Regulations 104 (1) regarding the loss amounting to Rs. 1,808,262 and action had not been taken to recover the loss identifying the responsible parties.

been informed to that a to check this complaint has place also in been made to the mobile service. Narahenpita Action will be Police Station. taken to allow However has not to a government been identified officer with the responsible needy after parties. repairing.

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| (5) | According to the approval had been given to the Cabinet Memorandum No. 1/5/1/1/CB.ME/2013-09 dated 04 July 2013 regarding the constructions and renovations of harbour and anchorage, for the construction of anchorage | 2023 | Advance money should be paid after obtaining all types of approvals for the constructions. | Instructions have been given to the officers to commence projects after approval properly having relevant license and approvals before commence the projects. | Although an application has been forwarded to get proper approval needed to this project to the cost conservation and cost resource management department on 06.06,2013 and |
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in Kaikawala coastal area in Galle District calling for bids in package 1 and 2, package 1 at a contract value of Rs.132,602,410 and package 2 at a contract value of Rs. 113,198,400 for both package altogether contract agreements had been signed on 14 September 2014 on completing within a year. Accordingly, construction works for both 2 packages are being commenced by the contract company and Rs.49,160,162 of mobilization advance money for both 2 packages had been paid on 29 September 2014 by the Ministry. However due to the non-availability of construction permit for these contracts, the construction works had to be stopped as soon as it started, and the advance money was not recovered.

29.07.2014

however the approval has not been given to this project. The advance money had not been recovered even up to now.

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| (6) | Due to the non-submission of files maintained by the institute that acted as the consultant for this construction contract of the anchorage, it could not be confirmed to the | 2023 | Files relating to appointing the consultancy company should be submitted to the audit. | Relevant officers are being informed to act with more supervision. | No legal action has been taken relating to that. |
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audit, whether an agreement was properly signed with that company, whether that agreement was cancelled. However as per the contract money payment register submitted to the audit Rs. 4,377,234 of consultancy fee for 2 packages had been paid to this consultancy company. Although an amount of Rs. 443,975 had been paid to this company to obtain Initial Environment Evaluation Report for the construction of the anchorage on the date of 31 December 2015 that Initial Environment Evaluation Report had not been submitted to the audit.

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| <p>(7) Project completion date of the 04 major construction projects had been extended by the Ministry of Fisheries, and due to the late payment of bills submitted by the construction contractors' significant late interest payment was incurred. The government had incurred a huge financial loss due to having to use the government funds for</p> | <p>2023</p> | <p>Project initiation and payments should be planned to avoid incurring late interest.</p> | <p>Action will be taken to pay for the contract bills promptly having imprest from the General Treasury.</p> | <p>Out of the 04 projects construction works of the 02 projects had not been completed even by the date of 30.09.2024.</p> |
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such additional late interest expenses. An amount of Rs. 206,295,210 had been paid to the two construction contractors for construction of 04 fishing harbor projects by the Ministry of Fisheries by the date of 31 December 2023 and Rs. 20,029,039 of late interest amount had been certified to pay further. Accordingly total value of late interest had been paid was Rs.226,324,249.

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| <p>(8) For the construction of 3 additional floors of ministry building as per the Cabinet decision No. CP/16/2333/725/044 dated 23 November 2016, the contract had been awarded for Rs.242,511,455 on 12 June 2018. Accordingly the contract company has commenced the work on 26 June 2018. Although it was to be completed in 365 days on 25 June 2019 due to contractor not working with expected efficiency, the Ministry had cancelled the contract on 06 September 2019. Information related to backlist this contractor</p> | <p>2023 The loss had been occurred to the Government properties, should be recovered from the parties responsible for it.</p> | <p>The loss had been occurred to the Government properties, had not been recovered.</p> |
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was not submitted to the audit. During the construction of these 3 additional floors, rainwater seeped into the floors of the Ministry due to the negligent construction work of the contractor and damaged the government property value of Rs.10,061,054, since this damage occurred more than 5 years passed, by the end of the year under review the Ministry had not pay attention to recover the damage to the government property and to prevent such damages.

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| (9) | These existing 09 vacancies relevant to the 09 senior executive posts and 32 vacancies relevant to the 02 posts of secondary level could be a constraint in achieving the objectives of the Fisheries Ministry. | 2022
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2023 | Vacancies could be a constrained to achieve the objectives of the Ministry should be completed. | Ministry of Public Administration has been made aware to fill the currently existing vacancies. | Action has not been taken to fill the 09 vacancies relevant to the 09 senior executive posts and 40 vacancies relevant to the posts of secondary level as at the date of 30.09.2024. |
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3.4 Ministry of Labour and Foreign Employment

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Profit / (surplus) loss / (deficit) (Rs.)	Audit Opinion
2021	723,141,090	10,618,721	712,522,369	(55,216,888)	Qualified
2022	1,049,523,266	17,256,267	1,032,266,999	(230,679,316)	Qualified
2023	1,048,477,751	8,417,681	1,040,060,070	(464,000,990)	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1	In the year 2021, Rs.12,757,400 received as foreign aid was credited to the general deposit account of the Secretariat of Productivity.	2021 – 154(6) 2.4 (a)	Foreign aid should be received in accordance with Financial regulations and State Accounts Circular 30/94.	As a very urgent grant in the last quarter of 2021, the Asian Productivity Organization agreed to provide a grant of US\$ 90,000 to the National Productivity Secretariat. For this, a project report was prepared and approval was obtained after getting the ideas from the Ministry of Health's Covid Control Unit for that.	Actions have been taken to keep accounts in Foreign Aid in accordance with Treasury Circular 30/94 from the year 2024.

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| 2 | As at 31 December 2021, compensation amount of Rs.10,014,543 was deposited in the general deposit account numbered 6000-0-0-17-0-26. The value of the compensation included in this over 2 years was Rs.536,326, the value of Rs.1,371,986 was Between 1 and 2 years after depositing compensation And the value of Rs. 2,971,667 Was between 6 months and a year after depositing. | 2021 – 154(6) 2.4 (b) | Compensation should be provided promptly to the aggrieved parties | Balances in General Deposit Account bearing number 6000-0-0-17-0-26 as at 31 December 2021, The current balance is Rs.3,173,006.13. | The balance as at 30 September 2024 is Rs.50,227,157. The balance beyond 2 years is Rs.677,500. |
| 3 | Accounts were opened in the National Savings Bank in the name of the Compensation Commissioner for Rs.2,023,096 of the compensation money that was not given to the owners due to various reasons. Although 22 to 48 months had passed since the money was deposited in the accounts, it could not be released to the owners due to | 2021 – 154(6) 2.4 (c) | Compensation should be provided promptly to the aggrieved parties | All the accounts deposited with the National Savings Bank in the name of the Compensation Commissioner are pending appeals and court proceedings are still ongoing. When the court proceedings are over and the accounts are released, they have been deposited in the name of the Commissioner of | Due to the non-completion of court proceedings, the unreleased balance as at 30 September 2024 is Rs.5,444,473. |

the pending court proceedings.

Workmen's Compensation in the National Savings Bank with the aim of collecting more interest.

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| 4 | Rs.9,933,449,162 uncredited to individual accounts in the Employees' Provident Fund as at 31 December 2021 in the Central Bank of Sri Lanka's Labour Commissioner's Contribution Account and Rs.301,779,837 in the Department's Employees' Provident Fund Deposit Account and Remaining in deposit accounts in department's sub-offices, the petitions received by the Special Investigation Division, by September 2021, there are 308 complaints related to the years 2015 to 2020 and 57 percent of them, that is, 178 have not been resolved. As at 31 December 2021, the numbers of inactive cases are 5,151 and the value to be | 2021 – 154(6) 3.1 (a) | Should fulfill the vision and mission of the Ministry, which are the main tasks related to the departments and statutory institutions under the Ministry of Labour, the formulation, implementation, follow-up and evaluation of the policies and programs related to the subjects should be done properly. | Due to the weaknesses mentioned in the "C" records, this money has been withheld for a long time and physical documents have to be used extensively in settlement. The Central Bank of Sri Lanka's computer data system is in the process of resolving the inconsistencies in the member information of the Employees' Provident Fund and the support of the Central Bank of Sri Lanka is essential for this. The progress of the release of the money held in the general deposit account and its time analysis are constantly monitored. Various methods will be developed to settle | No formal program has been prepared. |
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recovered is Rs.3,108,693,249, a major task of the Ministry of Labour has not been accomplished.

the old loan balances. A large number of lawsuits and complaint petitions are being added to the Labour

Department on a daily basis. Actions are being taken to resolve the petitions. actions have been taken to activate the dormant cases by issuing open warrants, taking actions to enable verification of addresses of the respondents at the office level etc.

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| 5 | Although the vision of the Compensation Commissioner's Office established under the Workers' Compensation Ordinance No. 19 of 1934 is to "promote employee satisfaction by promptly recovering compensation from employers for accidents or death of employees", in the process of recovery of compensation in connection with fatal and non-fatal accidents at work. It was observed to the | 2021 – 154(6) 3.1 (b) | It should be the responsibility of the Ministry to ensure that the main tasks are fulfilled and to follow up on the fulfillment of those tasks | When the Workers' Compensation Commissioner's Office receives a request regarding a fatal or non-fatal accident, a formal application and medical report must be submitted in accordance with the Ordinance to open a case file. Accordingly, in cases where there are deficiencies in the application and the medical report, the initiation of preliminary work may also be | Necessary steps are being followed as per the Compensation Ordinance and there has been no amendment in the process. |
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audit that excessive delays are occurring.

delayed until they are rectified.

A case file should be opened and a report should be called from the employer.

According to the Act, a period of 30 days should be given to submit the report. If the report is not submitted after that time or if the accident is denied, it will be referred to the Workers'

Compensation Court.

As the petitioners here are disabled, the case is not dismissed on the ground of non-appearance and he is given several days for justice to be served.

Since the employer does not come to the court on the first day, the notice should be delivered by registered post, police and Grama Niladhari to bring them to the court. This can also cause delays.

6	<p>The contract for the construction of accommodation for drivers (Driver's Lodge) on the land where the Ampara resort is located was awarded to a private company in August 2021 for a value of Rs.5,095,983.</p> <p>Although the advance value to be paid according to the contract agreement is 20%, in violation of the terms of the agreement, Rs.1,149,855 on 29 December 2021 and Rs.3,617,753 on 31 December 2021 (after deducting the retention money) were arranged to be paid as an advance to the total value of the contract. According to the contract agreement, this contract, which should have been completed in January 2022, was not completed by 25 May 2022, and the late fees were not collected as per the agreement.</p>	<p>2021 – 154(6) 3.4</p>	<p>Advance payments for works shall be made in accordance with procurement guidelines and contractual conditions.</p>	<p>65 percent of the construction of the driver accommodation facility at Ampara Resort has been completed by 31 December 2021 and it has been agreed with the contract holders to complete the entire construction by January 2022. But in the current economic crisis the contractor requested to extend the completion period of the construction work till May 2022 and the Ministry approved this extension. Accordingly, the relevant contractors have verbally requested to complete the construction of the Ampara resort by 31 May 2022 and hand it over to our ministry, and the civil engineer of the Labour department should have conducted a field inspection of the quality of the construction and submitted a report.</p>	<p>No late fees are charged.</p>
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| 7 | A salary fraud was committed by a management assistant officer in the salary department during the preparation of the staff salaries of the National Productivity Secretariat and it was revealed on 11 January 2022. This salary fraud was committed from around August 2018 to December 2020 and its value was approximately Rs.5,133,520. In this regard, no disclosure was made in the financial statements and even after 5 ½ months, preliminary investigations were not completed. | 2021 – 154(6) 3.5 (b) 2023 - 154(6) 2.2 (a) | Should be followed Chapter II of the Establishment Code. | Since the money fraud that occurred in the payment of salaries for the staff of the National Productivity Secretariat was discovered in January 2022, it was not accounted under damages and losses in the year 2021. The committee appointed to investigate the entire process of the National Productivity Secretariat has identified the total loss as close to Rs.5,133,520 and a report is being prepared. However, in this regard, the concerned officer has been suspended and stopped from traveling abroad. A case has been filed in court and part of the defrauded money has been recovered. | The judicial process is not over. An amount of Rs.1,665,178 will be charged. |
| 8 | According to Section 57 (1) of Part XII of the Workers' Compensation | 2021 – 154(6) 3.7 (b) | The responsible officials should take prompt action and prepare a formal system for the | Although the employer must report to the Workers' Compensation | No easy process or program has been made even at present. |

Ordinance No. 19 of 1934, the employer must submit a report to the Labour Commissioner within 14 days of an accident occurring to an employee while at work, but because no system has been prepared for this, it has been reported to the Workers' Compensation Commissioner's office. According to the documents, it was revealed that the accidents were received late from 5 months to 12 years.

amendment of the relevant Act.

Commissioner within 14 days of the accident, in order to take action, a case must be filed in a magistrate's court, so it is a difficult process in practice. There is no suitable mechanism for carrying out that process in this institution till now.

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| 9 | It was observed that one of the 8 vehicles that were not physically present in the Ministry of Labour but registered under the name of the Ministry of Labour had been placed in a state of impoundment after an accident and had been handed over to the Insurance Trust Fund in the year 2018. But a new revenue license will be obtained and used for that vehicle in the year 2021 and information regarding the other 7 | 2021 – 154(6) 3.7 (c) | Information about these vehicles should be obtained immediately and necessary formal action should be taken. | Information was obtained from the Commissioner General of Motor Transport about these 08 vehicles which are currently not in use by this Ministry. According to the information, one vehicle is registered under the name of Secretary, Ministry of Labour and Vocational Training. A letter has been requested to | So far no handover has taken place. |
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vehicles has not been obtained and transferred to the relevant institutions by the end of the year 2021.

inquire about the remaining 07 vehicles and send that information to the Sri Lanka Vocational Training Authority, the State Ministry of Skill Development, Vocational Education, Research and Innovation or any other affiliated institution, if any. Accordingly, it has been informed that the Tertiary and Vocational Education Commission, which is an affiliated institution of the State Ministry of Skill Development, Vocational Education, Research and Innovation, has one vehicle and the necessary arrangements are being made to formally hand over the vehicle. I would like to inform you that after receiving the information regarding the other 06 vehicles, the

locations of the vehicles will be identified and the necessary arrangements will be made to hand them over to the relevant agencies.

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| 10 | <p>Using the provision of Rs.45,000,000 made in the annual estimates for the implementation of the national policy for a good working environment (Sunisi mission),
Rs.11,856,138 for other 03 capital expenditure codes and Rs.3,028,506 for a work that had not been provided in the year 2021. Rs. 14,884,644 had been spent.</p> | <p>2021 – 154(6) 3.7 (d)</p> | <p>Sunisi mission provision should be spent only to fulfill that purpose.</p> | <p>The Sunisi Mission Program is committed to promoting full, effective and decent employment. It is essential for the Ministry of Labour and its affiliated institutions to have an appropriate environment for the creation of healthy jobs, promotion and promotion of national productivity, ownership of the workplace, social security, and promotion of social discourse. Hence, these provisions were deployed to increase the productivity of the Ministry of Labour and its affiliated institutions and to create an enabling environment for the promotion of</p> | <p>Deployment of provisioning is not rectified.</p> |
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good employment.

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| 11 | The land on which the Ampara resort is located had not been handed over to the Ministry of Labour by May 2022. | 2021 – 154(6) 3.7 (g) | Construction should not be carried out on land that the Institute does not have the right to, and as the resort has been completed, the land should be taken over immediately. | In this regard, the Ministry of Wildlife Conservation and the Department of Wildlife Conservation have been continuously informed and the Director (Development) of the Ministry of Wildlife has informed that necessary activities are being carried out to remove this piece of land from the Ampara sanctuary and at the end of the process, this piece of land can be transferred to the Ministry of Labour. | According to a gazette notification, the necessary measures to remove Ampara from the sanctuary have not been completed. |
| 12 | As at 30 November 2021, the compensation recovery process for 140 fatal accidents and 424 non-fatal accidents among the accidents that had been reported to the Workers' Compensation Commissioner's Office had not been completed and 14 fatal accidents and | 2021 – 154(6) 4.1 (a) | Should act according to the regulations of the Compensation Ordinance Act and arrange to give the relevant money to the beneficiaries promptly. | When the Workers' Compensation Commissioner's Office receives a request regarding a fatal or non-fatal accident, a formal application and medical report must be submitted in accordance with the Ordinance to open a case file. Accordingly, in cases where there | There has been no change in the method of giving benefits. |

29 non-fatal accidents that had been reported for more than 5 years was also included in this.

are deficiencies in the application and the medical report, the initiation of preliminary work may also be delayed until they are rectified.

After that, the case file should be opened and the employer should be given 30 days to submit a report. If the report is not submitted after that time or if the accident is denied, it will be referred to the Workers' Compensation Court.

Workers' Compensation Court proceedings shall be conducted in accordance with District Court proceedings in accordance with the Code of Civil Procedure, the Code of Criminal Procedure and the Evidence Ordinance.

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| 13 | According to the report dated on 22 March 2021 of the Internal Auditor of the Ministry of Labour, during the examination of 10 | 2021 – 154(6) 4.1 (b) | Should act according to the regulations of the Compensation Ordinance Act and arrange to give the relevant money to | All case files listed below are cases pending in the Workers' Compensation Courts. In these courts, court | There has been no change in the judicial process of awarding compensation. |
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randomly selected files of more than 5 years in the Workers' Compensation Commissioner's Office, 13 to 52 cases were called over a period of 03 to 09 years, but on January 2021 It was observed that no solution was found yet. Accordingly, since they may not get the benefits that can be obtained from the compensation amount due to taking a long time to submit a compensation application and receive compensation, no steps were taken to investigate and correct the reasons for excessive delays in the compensation process.

the beneficiaries promptly.

proceedings in the form of a district court should be strictly followed and equal opportunities should be given to both parties. Accordingly, it is not possible to specify the duration of a case. Also, it is possible that the decision of the Workers' Compensation Court will be revised in the higher court if the case is not conducted according to the correct court procedures.

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| 14 | In relation to 13 files appealed against the decisions of the Labour Compensation Court, the employer had opened savings accounts for Rs. 4,947,535 deposited in the compensation office, of which 10 savings deposit accounts of Rs. | 2021 – 154(6) 4.1 (c) | Should act according to the regulations of the Compensation Ordinance Act and arrange to give the relevant money to the beneficiaries promptly. | It is not possible to take action on the appealed case files until the order of the High Court is received. | No exemptions have been made. |
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3,729,505 were opened between 1 and 4 years. Some time had passed.

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| 15 | Although the compensation due to the minor children of employees who die due to fatal accidents while at work should be invested in a fixed deposit in the name of National Savings Bank's Compensation Commissioner until they attain the age of majority and released to them after attaining the age of majority. As at 20 December 2021, the value of such matured and unreleased fixed deposits was Rs.6,100,788. | 2021 – 154(6) 4.1 (d) | Arrangements should be made for immediate release of compensation money. | As at 8 June 2022, the balance is Rs.1,075,000. | Actions are being taken to release. |
| 16 | Although it was decided in the court that the compensation should be entitled to the aggrieved party, due to the non-payment of the employer's compensation according to the court order, 46 cases were warranted as at 31 December 2021, and the amount of compensation to be | 2021 – 154(6) 4.1 (e) | Should act according to the regulations of the Compensation Ordinance Act and arrange to provide money to the relevant beneficiaries promptly. | In case of non-payment of compensation based on the decision of the Labour Compensation Court, the aggrieved party should come forward for the execution of the recovery process of the movable property of the | There has been no change in the process. |

entitled was Rs.13,419,197. Meanwhile, Rs.1,873,352 related to 10 cases that have been issued for more than 10 years, Rs.6,917,546 related to 21 cases between 5-10 years and Rs.4,628,298 related to 15 cases between 1-4 years were also included. Even though it was decided by the compensation court, the objectives of the compensation commissioner's office were not fulfilled because the compensation recipient did not receive this amount.

respondent by the concerned Magistrate Court and due to their non-cooperation, the recovery of this money is being delayed. In order to settle this situation, the Judicial Service Commission will appoint a registrar to the Workers' Compensation Court, and since the Act has been amended so that the immovable property of the respondent can be banned, it will be possible to settle this issue in the future.

17	As at 31 December 2022, Rs.282,726,669 was not credited to the individual accounts of the Employees' Provident Fund and Rs.57,174 was in the Labour Commissioner's contribution account were held in the deposit accounts of the sub offices of Department of Labour.	2022 – 154(6) 3.1 (a) (i)	Contributions should be credited to individual accounts.	Necessary actions are being taken to refer the legal documents in large numbers in the work related to settlement to the owner's account. These funds are long-standing balances and it may take some time to clear. After making the corrections, the officers have been informed to take necessary steps to	Actions have not been made to facilitate and expedite the process.
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credit the money to the individual accounts.

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| 18 | Even by the year 2022, there was no proper monitoring of private provident funds. | 2022 – 154(6) 3.1 (a) (ii) | Action should be taken to monitor the Private provident funds. | Due to the fact that most of the institutions that currently run private employees' provident funds are institutions that existed before the commencement of the Employees' Provident Fund Act, For that the Act should be amended to strengthen their monitoring mechanism. | The Act has not been amended. |
| 19 | A National Policy on Regulation for Employment and a National Manpower and employment Policy were not implemented by the end of 2022. | 2022 – 154(6) 3.1 (a) (iii) | Manpower and employment policy should be prepared. | Since it has been 5 years that this policy was formulated and approved, requests have been made from the relevant institutions including the Ministry of Public Administration and the Sri Lanka National Council for Human Resource Development (NHRDC) to revise and implement it again, but no good responses have been received so | Although the policies have been formulated, the necessary steps to implement them have not taken place. |

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| 20 | A payment of Rs.4,512,123 had been made for 685 award trophies to be awarded to the winners of the National Productivity Awards 2020 and the awards had been handed over to the warehouse on 15 June 2022. A month after receiving the awards, a report was called to see whether these were according to the correct specifications, and as per letter NPS/PR/06/001 dated on 21 September 2022, except for 33 award units, the rest were reported to be defective. In spite of this, the award trophies had been presented to the winners. | 2022 – 154(6) 3.5 (a) | Transactions should be done in a more efficient and effective manner. | Considering the difficulty of correcting the existing situation, even if there is a slight deviation, the awards will be used, so a penalty of 1 percent was charged and the National Productivity Awards ceremony was conducted. | No other action has been taken on the errors. |
| 21 | In the year 2015, the initial beginning cost was Rs.1,465,200, maintenance costs were Rs.1,700,000, monthly it was Rs.25,000 and other costs were Rs.133,800. By 31 December 2022, the | 2022 – 154(6) 3.6 (a) 2023 – 154(6) 3.4 (e) | Action should be taken to use the system efficiently and effectively. | Instead of maintaining this system without further use, it was decided to back up all the previous data of the system and install the system as a new version in order to | The system is not being used with full efficiency. |

total cost of the e-breeze project was Rs.4,299,000.

However, the other expected functions of event management and study management were not used for the administrative work of the officers.

use it properly. Accordingly, I would like to further inform that the e-breeze system is expected to be used for the maximum duty efficiency of the National Productivity Secretariat through a more accurate use without the existing underutilization situation.

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| 22 | As at 31 December 2022, 639 Productivity Development Officers attached to the Productivity Secretariat had not been properly assigned roles or properly supervised by Head Office. | 2022 – 154(6) 3.6 (b) | Officers should be supervised and delegated work. | A computerized presentation of the work performed is checked before giving increments. Monthly progress reports are reviewed. Necessary arrangements are being made for a staff review programme. | There is no proper system for monitoring. |
| 23 | Although measures have been taken to perform the tasks of policy, program formulation, implementation and follow-up evaluation related to the subjects of the institutions under the Ministry and the administration of the | | | | |

Employees'

Provident Fund and to perform the duties which are stated as the main functions of the Ministry, The following roles were not formally completed.

(a) Implementation of National Manpower and Employment Policy in Sri Lanka.

2023 – 154(6) 3.1 (a) (i) Actions should be taken to fulfill the objectives and the roles.

The Sri Lanka's National Policy On emigration For Jobs and Action Plan were approved by the Cabinet on 12.09.2023 and it was started on 25.10.2023. The National Advisory Committee on emigration for Employment, which is the monitoring mechanism at the national level for the implementation of the national policy, has been established by now and several awareness programs have been conducted for the relevant parties

The mechanism for implementing the national policy has not been made.

(b) Amendment of sections and Regulations of the Employees' Provident Fund Act No. 15 of 1958 for the Administration of Private Provident Funds.

2023 – 154(6) 3.1 (a) (ii) Necessary rules should be framed for the administration of funds.

A committee has been appointed to regulate the activities required for the amendment of the Act and to carry out the necessary activities to increase the provisions. That this is expected to amend the sections and regulations of

The amendment of the Act is not being finalized.

			the Act and to streamline the process of filing lawsuits.	
(C) Implementation of special programs for the people who are returning to the island after working abroad to start businesses.	2023 – 154(6) 3.1 (a) (iii)	A formal program should be implemented.	A multi-purpose loan scheme has been introduced to start businesses for migrant workers returning to Sri Lanka after completing their foreign employment. Development plans are prepared for identified family units that require special attention to go abroad. A training program on entrepreneurship development and financial literacy for field officers who contribute to the emigrant workers to return to the society in the southern province, as a pilot program, business plans were prepared for 29 emigrant workers in the southern province. Organizing by International Organization for Migration (IOM)	Enough actions has not been done.

and Sri Lanka Institute of Helvitas in coordination with our ministry.

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| <p>(d) Amendment of 2023 – Foreign 154(6) Employment 3.1 (a) Bureau Act No. (iv) 21 of 1985.</p> | <p>Ordinances should be amended according to the needs of the time.</p> | <p>Approval for the amendment of the Act was obtained on 24.04.2023. By now, the initial draft has been prepared and after revision of the initial draft from time to time, a discussion on the amendments was held on 14.05.2024 for the last time. After providing the Attorney General's clearance report to the final draft, the approval of the Cabinet can be obtained again and submitted for parliamentary approval.</p> | <p>The process of amending the Act is not completed.</p> |
| <p>(e) Reforms in 2023 – labour laws to 154(6) suit current 3.1 (a) needs. (Unified (v) Labour Law Reforms)</p> | <p>Necessary amendments should be done.</p> | <p>7 rounds of discussions were conducted between trade unions, employers and including other interested parties for the reform of labour laws to suit the current needs. The approval of the cabinet has been obtained On</p> | <p>The role is not over.</p> |

07.08.2023, to amend 13 existing acts and to prepare an Employment Act with new matters to be included to suit the current world of work. The preliminary draft prepared by a committee is being monitored by the Drafting Department. As soon as the final draft is received, the approval of the cabinet can be obtained and submitted for parliamentary approval.

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| 24 | Although the court decided that the compensation should be entitled to the aggrieved party while working, due to the employer's non-payment of compensation according to the relevant order, the amount of unpaid compensation to the employees was Rs.12,344,117 as at 31 December 2023, due to 54 cases. Among this, there were 11 cases that exceeded 10 years after the warrants | 2023 – 154(6) 3.2 (c) | The process of compensation to workers affected by calamities should be streamlined and efficient. | In cases of non-payment of compensation on the order of the Workers' Compensation Court, a warrant is issued under the Workers' Compensation Ordinance to seize the respondent's property. The jurisdiction to execute the said warrant lies with the Magistrate Court in the area where the respondent resides. The decision of the | There has been no change in the compensation process. The amount of unpaid compensation is Rs.12,344,117. |
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were issued, 22 cases between 5-10 years and 11 cases between 1-4 years.

Commissioner of Workers'

Compensation will be carried out by the Registrar of the relevant court. Accordingly, the requesting party should come forward and provide support to the fiscal officers in the Magistrate's Court for activities such as pointing out the property of the respondent, auctioning the prohibited property and collecting compensation. It has not been possible to recover the compensation related to 54 warrant cases due to the non-appearance of the applicants for those activities.

25	The Asian Productivity Organization had agreed to grant an aid of USD 90,000 for the project of distributing medical equipment to Mahiyangana and Theldeniya hospitals. For the implementation of	2023 – 154(6) 3.3 (a)	Expenditure incurred more than the approved provision should be dealt with.	The amount of USD 27,000, which was spent by other projects for the distribution of medical equipment to Mahiyangana and Theldeniya hospitals with the support of Asian Productivity	The cost of USD 2,221 has not been able to recover.
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this project, 63,000 USD was received in advance in the year 2021. USD 27,000 received for another project (fertilizer project) was spent to complete the project. Although the medical equipment distribution project was completed in April 2023, due to the delay in the reimbursement process, until now, it was not possible to reimburse this amount. Due to the necessary procurement activities were not organized promptly, therefore it was not possible to purchase two basically planned items, and in a situation where the foreign exchange rate continued to decline from the year 2021 to the year 2023, an expense of USD 2,221 had to be incurred more than the approved aid amount.

Organization aids, has now been reimbursed to the Treasury by the Asian Productivity Organization in terms of state account circulars.

26	For the Setsiripaya Second Phase, 10th Floor Premises, where the productivity Secretariat office is	2023 – 154(6) 3.4 (b)	It should be done in such a way that costs are minimized.	In the meeting to inquire about the progress of the Ministry's main output areas on 30.04.2024 under	The process is not completed.
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maintained, the cost per square foot for rent and service charges for the period from January 2023 to January 2025 had increased by 50 percent. For this, the institute had contracted with a private company. The monthly rent is Rs.3,548,342 from the year 2023 and the annual rent value is Rs.30,578,901. In order to reduce the above rents, attention was not paid to obtaining a premises from the space owned by the Department of Labour under the Ministry of Labour and Foreign Employment.

the chairmanship of the Minister of Labour and Foreign Employment, After carrying out the repairs to be done in the General Secretariat of Labour building, it was discussed about moving of the National Productivity Secretariat office to that premises.

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| 27 | Due to the fact that administrative information such as date of submission of applications for compensation, nature of accident, date of summons, date of trial, deposit of compensation money etc. is not included in a computer system, files and documents should be physically checked to verify the | 2023 – 154(6) 3.5 | Actions should be taken to facilitate administrative work by computerizing information. | Separate records of all compensation courts are maintained up-to-date. | A computer system has not been developed. |
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information. Due to this, it is difficult to get the information in the files quickly and also there is a risk of not being able to get the information due to misplacing a file.

28	According to Section 13(1) of Part IV of the Workers' Compensation Amendment Act No. 10 of 2005, the amount of compensation deposited to the Commissioner of Compensation should be distributed to the persons entitled to it, but the compensation amount of Rs.4,689,859 held in the general deposit account was not distributed by 31 December 2023.	2023 – 154(6) 4.1	Arrangements should be made to provide the benefits to the aggrieved labours promptly.	The compensation deposited to the Commissioner of Compensation, but not yet distributed, held in the general deposit account is Rs.3,074,493. In this amount, there is an amount of Rs.1,155,996 which has been deposited in relation to 04 files for more than 06 months.	Further, there is compensation of Rs.3,074,942 in the general deposit account.
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3.5 Ministry of Health

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Surplus (deficit) Rs.	Audit Opinion
2021	193,057,152,383	1,614,661,568	191,442,490,815	-	Qualified
2022	203,692,711,803	1,858,555,082	201,834,156,721	-	Qualified
2023	207,990,644,076	1,980,022,523	206,010,621,553	-	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
01	The cost of non-financial assets had been understated by Rs. 46,940.73 million in the year 2018 and a sum of Rs.7,102.99 million out of which had been stated in the year 2019 as a new land acquisition.	2022,2023	Necessary steps should be taken to correct these errors.	Assets accounting will be checked by obtaining monthly account summary of 61 health institutions to the Warehouse Survey Division to discuss and resolve existing issues with the Department of State Accounts.	This recommendation had not been implemented up to October 2024 .
02	Due to the understatement of capital asset acquisitions by Rs.14,793.13 million in the year 2018, capital assets as at 31 December 2019 had been understated by an amount equivalent	2022,2023	Necessary steps should be taken to correct these errors.	-do-	This recommendation had not been implemented up to October 2024 .

to that.

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| 03 | The cost of buildings and construction acquired during the year 2019 amounting to Rs.6,501.94 million as per the Treasury Accounts Statements had not been included in the statement of non-financial assets and due to overstatement of Rs.2,967.27 million in the cost of assets acquired during the year 2019, non-financial assets had been overstated by the same amount as at 31 December 2019. | 2022,2023 | Necessary steps should be taken to correct these errors. | Instructions had been given to account for all assessed lands and buildings related to hospitals and institutions under the control of the central government that have been provided to the Ministry of Finance by the Valuation Department. Steps have been taken to account for all assessed lands and buildings. | This recommendation had not been implemented up to October 2024 . |
| 04 | Finding out the reasons for the difference of Rs. 19,789.44 million remained in the cost of non-financial assets as at 31 December 2020 as per the SA 80 non-financial assets account monthly summary and SA 82 cumulative non-financial assets account report maintained by the Treasury and making adjustments thereon, had not been carried out. | 2021,2022,2023 | Actions should be taken to find out the reasons for the variations and make the necessary adjustments. | Steps have been taken to update the New-Cigas system that cannot process monthly account summaries without taking all purchases to inventory from 30.09.2024 . | This recommendation had not been implemented up to October 2024 . |

05	Although the cost of property, plant and equipment as at 01 January 2021 was Rs.192,229.15 million as per the statement of financial position as at 31 December 2021, thus the values had been Rs.172,439.71 million and Rs. 184,327.77 million as per monthly summary of non-financial assets account (SA 80) and cumulative non-financial assets account report (SA 82) maintained by the Treasury respectively, the reasons for the differences of Rs.19,789.44 million and Rs. 7,901.38 million respectively were not revealed.	2021,2022,2023	Actions should be taken to find out the reasons for the variations and make the necessary adjustments.	-do-	This recommendation had not been implemented up to October 2024 .
06	The reasons for the difference of Rs.16,877.89 million in between the values as per the expenditure statement (ACA Format 2 (i)) according to the programmes of the year 2021 and monthly expenditure summary (SA 10) maintained by the Treasury and, as per capital asset acquisitions and the	2022,2023	Actions should be taken to find out the reasons for the variations and make the necessary adjustments.	-do-	This recommendation had not been implemented up to October 2024 .

account statement
(SA 82) of
accumulated non-
financial assets
maintained by the
Treasury were not
revealed.

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| 07 | Although it was confirmed that 2,444 units of goods and equipment valued at Rs. 1,339.25 million and medical supplies had been given as non-financial assistance or donations to the Ministry and the hospital institutions and various departments under it by various local and foreign institutions, organizations and individuals in the year 2020, the values of them had not been included in the financial statements. | 2022,2023 | Actions should be taken to identify all the assets which were not brought to accounts and account for. | -do- | This recommendation had not been implemented up to October 2024 . |
| 08 | The acquisition of non-financial assets and development expenditures incurred included in the expenditure of Rs.7,603.09 million under 54 foreign aid projects implemented by the Ministry during the period from the year 2010 to 2020 had not been | 2022,2023 | Written evidences confirming that all assets acquired under the projects were accounted for, should be promptly submitted to the audit. | -do- | This recommendation had not been implemented up to October 2024 . |

accounted for under
non-financial assets.

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| 09 | A difference of Rs.5,244.56 million was observed between the value as per statement of financial position as at 31 December 2021 and accumulated non-financial assets account report (SA 82) and, value of non-financial assets as at that date and as per Treasury accumulated non-financial assets account report (SA 82) for the year 2022 as at 01 January 2022 and, the reason for this difference was not cleared to the audit. | 2022,2023 | Actions should be taken to find out the reasons for the differences and make the necessary adjustments. | -do- | This recommendation had not been implemented up to October 2024 . |
| 10 | As per statement of expenditure according to the programmes of the year 2022 (Format ACA 2(i)) and Treasury printout SA 10 and, according to the statement of accounts (SA 82) of acquisitions of capital assets and accumulated non-financial assets of the Treasury in the year 2022, there was a difference of | 2022,2023 | Actions should be taken to find out the reasons for the differences and make the necessary adjustments. | -do- | This recommendation had not been implemented up to October 2024 . |

Rs.11,423.16 million
between those values.

11	Non-financial assets valued at Rs.6,326.05 million as at 31 December 2022 had been purchased by the Covid 19 Emergency Response and Health Systems Preparedness Project and the cost of these assets had not been accounted for under non-financial assets of the Ministry.	2022,2023	Actions should be taken to find out the reasons for the differences and make the necessary adjustments.	-do-	This recommendation had not been implemented up to October 2024 .
12	As per the computer soft copies showing the information about non-financial assets as at 31 December 2022 in relation to the Ministry of Health and 59 institutions belonging to it submitted to the audit, lands of 25 hospitals / institutions as well as buildings of 05 hospitals / institutions had not been assessed and brought to accounts.	2022,2023	Actions should be taken to promptly assess these assets and account for.	Instructions had been given to account for all assessed lands and buildings related to hospitals and institutions under the control of the central government that have been provided to the Ministry of Finance by the Valuation Department. Steps have been taken to account for all assessed lands and buildings.	Accounting for all lands and buildings had not been done.
13	The cost of two vehicles which were transferred the ownership to the Sri	2022,2023	Necessary steps should be taken to correct these errors.	Measures have been taken to make the relevant corrections.	The relevant confirmations were not submitted for

	Lanka Police Department and the Ministry of Tourism and Civil Aviation amounted to Rs 11,550,000 had been entered into the financial reports of the Ministry of Health as at 31 December 2022.				audit.
14	Goods valued at Rs.2,588.30 million received in the years 2020 and 2021 to 31 institutions / hospitals and divisions and the goods related to 2057 cases where the information about the value received to 30 institutions/ hospitals and divisions were not included, had not been formally documented and entered in the financial statements of the Ministry.	2022,2023	Actions should be taken to properly account for all the donations.	Arrangements have been made to provide instructions for accounting for all donations and to account for them accordingly.	This recommendation had not been implemented up to October 2024 .
15	The value of non-financial assets as at 31 December 2022 was Rs. 200,118.27 million as per the accumulated non-financial assets statement of accounts (SA 82) for the year 2022 and that value was Rs. 195,221.42 million as at 01 January 2023 in	2023	Actions should be taken to find out the reasons for the differences and make the necessary adjustments	Steps have been taken to update the New-Cigas system that cannot process monthly account summaries without taking all purchases to inventory from 30.09.2024 .	This recommendation had not been implemented up to October 2024 .

the report prepared for the year 2023. Accordingly, a difference of Rs.4,896.85 million was observed and the reasons for this difference were not explained.

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| 16 | <p>Although the cost of acquisition of capital assets in the year 2023 according to Expenditure Statement (Format ACA 2 (i)) of the Programme and Treasury Printout SA 10 was Rs. 11,605.50 million, thus the purchase of assets in the year under review was Rs 3,698.37 million as per Treasury accumulated non-financial assets account report (SA 82), the cost of assets had been understated by Rs. 7,907.13 million.</p> | 2023 | <p>Actions should be taken to find out the reasons for the differences and make the necessary adjustments.</p> | <p>Steps were taken to make the relevant corrections and actions are being taken to account for the values that are being identified.</p> | <p>This recommendation had not been implemented up to October 2024 .</p> |
| 17 | <p>Although the value of non-financial assets as at 31 December 2023 was Rs.204,292.96 million according to the financial statements of the Ministry, the value of those assets had been</p> | 2023 | <p>Actions should be taken to find out the reasons for the differences and make the necessary adjustments.</p> | <p>Steps have been taken to update the New-Cigas system that cannot process monthly account summaries without taking all purchases to inventory from 30.09.2024 .</p> | <p>This recommendation had not been implemented up to October 2024 .</p> |

stated as Rs 215,870.86 million as per the computer soft copies showing the information about the non-financial assets of the Ministry of Health and its 63 institutions as at 31 December 2023 submitted to the audit. Accordingly, a difference of Rs 11,577.90 million was observed.

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| 18 | Even though non-financial assets as at 31 December 2023 totalled to Rs 6,620.90 million had been purchased as per the financial statements related to 05 projects under the Ministry submitted to the audit on 25 March 2024, only assets valued at Rs 3,385.32 million out of these assets, had been accounted for under non-financial assets of the Ministry. | 2023 | Actions should be taken to account for the accurate values. | Steps were taken to make the relevant corrections and actions are being taken to account for the values that are being identified. | This recommendation had not been implemented up to October 2024 . |
| 19 | As per the computer soft copies showing information about the non-financial assets of the Ministry of Health and its 63 hospitals/institutions as at 31 December 2023, it was observed | 2023 | Actions should be taken to promptly assess and account for these assets. | All assessed values provided by the Valuation Department have now been entered into the New-Cigas system and steps will be taken to remove land and | Accounting for all lands and buildings had not been made. |

that the lands of 27 hospitals/ institutions as well as the buildings of 04 hospitals/institutions had not been assessed and brought to accounts.

buildings related to institutions not controlled by the Ministry of Health.

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| 20 | Even though a kidney treatment unit and a surgical ward complex consisting of 03 floors had been built after the year 2018 in Peradeniya hospital premises under the provision of University of Peradeniya, the value of these buildings had not been recognized and accounted for. | 2023 | Actions should be taken to bring into accounts. | The necessary further actions are being carried out for these building assessments. | This recommendation had not been implemented up to October 2024 . |
| 21 | Since detailed schedules of non-financial assets with a total cost of Rs.204,292.96 million, Board of Survey Reports and information on assets indicated under the CIGAS programme and detailed schedules on the amount of Rs.20,775.78 million which was adjusted to the asset balance as at 31 December of the preceding year, as well as the assets | 2021,2022,2023 | These information should be submitted for audit and actions should be taken in terms of Section 42 (a) of the National Audit Act No. 19 of 2018. | Steps have been taken to update the New-Cigas system that cannot process monthly account summaries without taking all purchases to inventory from 30.09.2024 . | This recommendation had not been implemented up to October 2024 . |

purchased for Rs.3,698.37 million made during the year under review and the asset disposals of Rs.6,944.27 million were not submitted, those values could not be satisfactorily verified.

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| 22 | Although the balance of liabilities was Rs.79,784.95 million as per the Statement of Commitments and Liabilities presented by the Chief Accountant of the Medical Supplies Division, thus the balance was Rs. 1,274.91 million as per the financial statements of the Ministry, the liabilities amounted to Rs.78,510.04 million had been understated in the financial statements. | 2023 | Actions should be taken to correct. | The awareness campaigns have been completed to take necessary steps to accurately present the financial statements 2024 by avoiding errors. | Awareness had been raised to carry out the necessary activities to accurately present the financial statements 2024 by avoiding errors. |
| 23 | Although the ad hoc sub-impreses received should be settled within 10 days of completion of the task in terms of Financial Regulation 371 (5) as amended by Public Finance Circular No. 03/2015 dated 14 July 2015, the ad hoc sub- | 2021,2022,2023 | The ad hoc sub impreses should be settled immediately after the completion of the task. | Actions are being taken to further streamline the internal control mechanisms necessary to resolve the problem. | All divisional heads had been informed to settle the matter within a maximum of 10 days as soon as the task is completed in accordance with the provisions on ad hoc sub |

imprest totalled to Rs 3.12 million given in 67 cases during the year under review (2023) had been belatedly settled a period ranging from 01 and 02 months after completion of the relevant task.

imprest as per F.R. 371 and the delegation of authority of the Financial powers.

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| 24 | Actions had not been taken even by the year under review to settle the advance of Rs. 1,222,599,026 given many years ago to the Medical Supplies Division under other advances (7000-0-0-111-0-002) submitted for the year ended 31 December 2023. | 2023 | Unsettled advances should be properly accounted for and actions should be taken to settle these advances promptly. | A committee has been appointed on the advice of the Department of State Accounts to make necessary recommendations to settle the imprest account and the said committee has met by now and recommended that it would be appropriate to settle this dormant advance balance by obtaining a nominal provision in the year 2024. | Instructions had been given to settle the matter by the end of 2024 by having received nominal provisions according to the recommendation of the committee appointed in this regard. |
| 25 | The unsettled advances amounted to Rs.2,288,037 and Rs.6,321,785 as at 31 December 2023 from the amount provided by the Treasury in order to settle the related losses occurred from the robbery of the Sri Lanka Dental | 2023 | Necessary rectifications should be made in consultation with the Treasury. | These values have not been included under Expenditure Head 111 of the Treasury Printouts 2023 . | The relevant officers had been informed to take urgent actions in respect of recovery of these losses. |

Hospital and the Anuradhapura Teaching Hospital in the years 2002 and 2019, had not been disclosed under sundry advances of the financial statements (ACA-5)

- 26 The debtor balance 2021,2022 Actions should be The debt balances A sufficient receivable from 2,2023 taken to get settled of the officers who progress had not transferred officers the debt balances have been received transferred out to within 03 months internally by October 2024 other Government Ministries/ Departments as per Annexure 3 of the reconciliation statement was Rs. 59.91 million. It was observed that the provisions set out in the Budget Circular No. 118 dated 11 October 2004 and Sections 1.6 and 1.7 of Chapter xxiv of the Establishments Code had not been complied with. Out of these debtor balances, the debtor balances of Rs. 42.23 million were for more than 5 years old debt balances and it was about 70 per cent of the total debtor balance. Out of the remaining debtor balances, the debtor balances of Rs.14.45
- Out of the transferred out in terms of the Establishments Code and the provisions of the Circular.
- The debt balances of the officers who have been transferred out and arrived from the year 2020 are settled within the same year after bringing them to the Head Office, details on old debt balances will be checked and get settled, the debt balances of the officers who have been transferred to the Ministry from the Provincial Councils will be promptly cleared and the related Provincial Council institutions will be notified to settle the debt balances of the officers who have transferred out..

million were the debtor balances that exceeded 03 months.

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| 27 | The debt balance to be collected from 271 suspended officers as at 31 December 2023 was Rs. 11.22 million and a sum of Rs. 7.48 million out of that, that is 67 per cent of the debt balances were more than 5 years old and the debt balance of Rs.9.49 million that is 85 per cent was for more than a year old. | 2021,2022,2023 | Actions should be taken to recover the debt balances in accordance with the provisions of the Establishments Code. | making aware the officers to settle the debt balances after obtaining the current addresses of the officers from the Election Commissioner to get settled the debt balances of the suspended officers, actions will be taken to get settled the debt balances by taking actions like informing through Grama Niladhari Officers, informing respective police station divisions and informing of guarantors. Out of the receivable balance as at 31 December 2023, a sum of Rs. 815,404 was recovered by 30.06.2024 . | A sufficient progress had not been received by October 2024 . |
| 28 | The debt balances totalling to Rs 34.90 million as at 31 December 2023 should have been recovered from 1121 officers who had left the service. Debt balance of Rs. | 2022,2023 | Arrangements should be made to recover the debt balances in accordance with the provisions of the Establishments Code. | Necessary actions are being taken to streamline the internal control mechanisms necessary to resolve the problem furthermore. | A sufficient progress had not been received by October 2024 . |

11.76 million that is 34 per cent of the debt balance out of that was for more than 5 years old and debt balance of Rs.22.40 million or 64 per cent of the debt balances were the debt balances older than one year. This balance continues to increase year after year, and adequate actions had not been taken to recover the debts.

Out of the receivable balance as at 31 December 2023, a sum of Rs. 3.9 million was recovered as at 30 June 2024 .

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| 29 | The debt amount receivable from 423 retired officers was Rs. 19.99 million and out of which a sum of Rs. 7.85 million that is 39 per cent of the debt balance was the debt balance for more than a year old as at 31 December 2023 | 2021,2022,2023 | Arrangements should be made to recover the debt balances in accordance with the provisions of the Establishments Code. | The instructions have been given to inform the Pension Department and the heirs of deceased officers to make recoveries and to complete the recoveries as per other provisions. Out of the receivable balance as at 31 December 2023 a sum of Rs. 9.5 million was recovered as at 30 June 2024 . | A sufficient progress had not been received by October 2024 . |
| 30 | Although immediately after any loss or damage occurs, investigations are to be initiated to ascertain the extent and cause thereof and | 2022, 2023 | Actions should be taken in terms of Financial Regulations. | Progress will be reported promptly by doing the necessary works by identifying these situations and obtaining | A sufficient progress had not been received by October 2024 . |

to determine the persons responsible for the same in terms of Financial Regulation 104, and although between 3 years and 14 years had elapsed in relation to medicines shortages of Rs. 22.91 million, medicines expirations of Rs. 218.04 million, and damages for medicines amounted to Rs. 199.26 million, actions had not been taken in terms of Financial Regulations even by 31 December 2023 the date of audit.

clarifications from the relevant parties in the future. Actions have been taken to carry out preliminary investigations on 15.10.2024 by giving approval to newly appointed members on 09.09.2024 .

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| 31 | After the Kotikawatta No. 53 warehouse belonging to the Medical Supplies Division was flooded on 18 May 2016, the damage caused had been calculated as Rs.405.57 million and out of which only Rs. 206.31 million had been given from the respective insurance company in the two days of 30 January 2017 and 21 September 2017. Accordingly, the amount to be | 2022, 2023 | Immediate actions should be taken in this regard. | The insurance company had informed on 17.07.2024 that it could no longer make payments and the instructions have been given to the relevant officers to take prompt actions to forward the relevant documents to the Director General of Public Finance for writing off the books in accordance with | A sufficient progress had not been received by October 2024 . |
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recovered was Rs. 199.26 million and although more than 07 years had elapsed, it was observed during the audit that the necessary activities had not been carried out as per Financial Regulations 101 to 113 in this regard.

the Financial Regulations.

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| 32 | All government institutions should take steps to keep records of officers' arrival and departure from office by using fingerprint recording machines in terms of Administration Circular No. 03/2017 dated 19 April 2017 and if fingerprint machines are not operational from 01 July 2017 to prove attendance and exit of health staff, overtime allowances should have been paid as per current rate of pay as per the letter issued by the Treasury Secretary No. DMS/0016 dated 12 May 2017 to the Secretary of the Ministry of Health. Nevertheless, the 213 fingerprint machines installed by | 2021,2022,2023 | Arrangements should be made to maintain the records related to the arrival and departure of the officers as per the circular provisions and to maintain the necessary internal control systems regarding the payment of extra duty allowances of the officers in accordance therewith. | All department heads had been informed by internal Memo No. CA/GCR/Audit/06 /2021 and dated 28.06.2024 titled "Regularization of internal control over the arrival, departure and departure of officials of the Ministry of Health during working hours" . | This recommendation had not been implemented up to October 2024 . |
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the Ministry at a cost of 31.08 million rupees for the Ministry, its hospitals and institutions remained unused and idle and a total amount of Rs 82,827.53 million had been paid as a sum of Rs. 44,590.70 million for salaries and Rs. 38,236.83 million for overtime and holiday pay in the year under review based on current salary. Similarly, the total amount spent on overtime and holiday pay was about 72 per cent of the salary cost.

33	Even though approximately 1,103 field mosquito control assistants who were recruited informally under contract basis in 2017 were employed for dengue control activities, only 5 positions were included in the staff information. Formal approval had not been received until March 2024 for these positions, which are employed at a monthly allowance of about Rs. 27,000.	2022,2023	Steps should be taken to fill essential vacancies in order to maintain the work efficiently and officers and employees should be assigned to each hospital and institution without exceeding the approved number of staff.	The relevant heads of departments and heads of institutions have been informed to take necessary steps regarding vacancies and excesses in each institution.	This recommendation had not been implemented up to October 2024.
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According to the information submitted to the audit, despite there was a shortage of 14,307 officers in 49 positions, 2,942 officers had been employed in excess. In addition to the positions that were excess and shortages, there were staff shortages of 2,932 officers in respect of another 201 posts. Similarly, in addition to the posts with surplus and shortages, there was a staff surplus of 283 officers in respect of 26 other posts. The Department of Management Services had approved one post in the Special Grade of the Sri Lanka Planning Service under the title of Director General (Planning) to the Ministry on 07 November 2017. Nevertheless, actions had not been taken to fill those vacancies.

34	Phase I of the construction of the Eye ward building with an operating	2021	Arrangements should be made to encash the advance guarantee	The relevant activities have been completed with the allocation	Information related to the cashing of the advance
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theater in Kalutara Teaching Hospital had been completed on 03 December 2016 with a work value of Rs.44.01 million and phase II had been awarded to a contractor on 01 June 2017 with a contract value of Rs.158.71 million on the condition of completion of work within 455 days and Rs.34.29 million with taxes had been paid as advance for commencement of work on 21 July 2017. The contractor had abandoned the work site since 30 August 2018 and due to that; the contract had been terminated by the ministry on 13 December 2018. The uncovered advance amount as at 30 August 2018 was Rs.26.67 million and the advance guarantee amounting to Rs.29.82 million had failed to be encashed even by 07 February 2022. The contractor had filed a case in the Western Province Commercial High Court against the cancellation of the contract by the

and further steps should be taken to ensure that the amount spent on the building does not become an idle expense. provided to the Kalutara Hospital to apply a method to protect the steel wire used for the building and the final bills have now been submitted for payment. the guarantee was not submitted to the audit.

Ministry and the Attorney General's Department had informed on 05 November 2019 that there is a possibility of completing the remaining construction with a new contractor in accordance with the procurement rules and procedures. However, they had failed to act according to the recommendations of the Attorney General's Department by 07 February 2022 and had not taken measurements with the contractor and prepared the final bill. Due to abandonment of a work site with construction costing Rs.44.01 million under phase I and construction costing Rs.21.29 million under phase II, the building was being destroyed due to the steel wire used in the concrete beams and slabs of the second and third floors of the building were rusted and destroyed, rainwater seepage and entry of various animals. The ground

floor which was completed on 03 December 2016, was usable after renovation, but no attention had been paid to it by 07 February 2022. Due to the provision of financial provisions related to this construction under an incorrect expenditure subject, Rs.91.36 million spent on the project had not been accounted under non-financial assets in the financial statements of the Ministry.

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| 35 | The work on 03 construction projects with an estimated cost of Rs.610.93 million planned to be implemented by the Ministry had not started even on 31 December 2020 and there were delays in the implementation of 09 projects with an estimated cost of Rs.3,080.33 million in 08 hospitals and institutions under the Ministry from 01 to 15 years. | 2021 | All the responsible parties involved in these projects should work together and take formal steps to complete the projects. | All relevant projects have been identified by now and necessary steps are being taken to re-implement the projects and it has been planned to include it in future budget proposals as well. | A sufficient progress had not been received by October 2024 . |
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36	Based on the basic estimate of Rs.1,333.04 million given by the State Engineering Corporation of Sri Lanka on 16 September 2015 for the construction of the six-storied theaters building at the Horana Base Hospital, the contract had been awarded to the State Engineering Corporation of Sri Lanka on 27 November 2017 subject to the condition of completion of the work within 24 months for a contract value of Rs.1,333.04 million with taxes on the basis of design and build subject to the approval of the Standard Technical Evaluation Committee of the Ministry of Housing and Construction. Although the work should commence within 14 days as per the contract award letter, even by knowing that it is not possible to start the work due to the problems prevailed at the construction site, Rs.221.14 million	2021	All the responsible parties involved in these projects should work together and take formal steps to complete the projects.	That the institution has been informed to take steps to refund the relevant advance amount, the necessary collection activities are being carried out with the instructions of the Treasury to recover from bills of other work items which are to be paid.	A sufficient progress had not been received by October 2024
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with taxes had been paid to the contractor on 15 December 2017 as an mobilization advance and a formal contract agreement was not entered as per Guideline 8:9:1 of the Code of Government Procurement

Guideline. The work had started after 06 months from the date of payment of mobilization advance.

After allocation of Rs.19,065 million for this contract in the year 2019, actions had not been taken to make allocations until the year 2022. Due to failure to maintain satisfactory progress of the construction, only Rs.4.82 million could be covered from the mobilization advance amount and the work had not been completed even by 25 January 2022 .

37	The contract for the supply and installation of an air condition system and medical gas system for the Catheter Laboratory of the Kalutara Teaching Hospital was awarded to a contractor on 16	2021	A formal investigation should be conducted in this regard and further action should be taken.	The file has been closed by instructing the relevant officers asking explanations accordingly, by carrying out the preliminary investigation under	Sufficient actions had not been taken against the responsible parties.
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September 2020 with a contract value of Rs. 5.11 million on the basis of completion of the work within 63 days. Due to that the price analysis related to 04 work subjects costing Rs. 3.02 million and a reconciliation report for confirming the technical specifications related to those 04 work subjects was not submitted for audit, the estimated unit price or the correctness of the construction related to the 04 work subjects could not be confirmed. Different types of equipment than those agreed to be installed as per the technical specifications were supplied and installed without having an agreement or approval of the hospital.

No.
MH/FS/PI/26/2022
/A-188/390 .

38	The contract to upgrade the Angiogram Room of the Kalutara Teaching Hospital into a Catheter Laboratory had been awarded to a contractor on 24 August 2020 with a	2021	A formal investigation should be conducted in this regard and further actions should be taken.	-do-	Sufficient actions had not been taken against the responsible parties.
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contract value of Rs.7,897,480 on the basis of completion of the work within 63 days. Although a minus value of Rs.400,000 had been included in the engineering estimate for removing and taking away from the hospital premises 02 doors and 02 windows with lead plates installed at an expenditure of Rs.2.21 million on the fourth floor of the new clinical building which was completed on 25 May 2017, the related price analysis was not submitted for audit. Also, it was not confirmed for what purpose the estimates were prepared to remove those doors and windows. Although a minus Rs.400,000 was included in the cost estimate for this work subject, information had not been included in the bid documents that the price is a minus value or that the amount will be deducted when paying for the work done. An installment payment of Rs.4

million had been made on 30 May 2021 based on the completed work as at 23 December 2020 with a value of Rs.8.67 million. However, although the problematic situation that had arisen in connection with the settlement of the final bill had been referred to the Ministry for advice, proper attention had not been given to it and proper advice had not been given. Instead, the Administrative Officer (Building) of the Ministry had recommended paying Rs.5,000 to the contractor and taking away 02 doors and 02 windows with lead sheets to the contractor.

Accordingly, due to the intentional or negligence of the officers arrangements had been made to pay Rs. 5,000 to the contractor to remove and take away 02 doors and 02 windows, which had been installed but not used in 2017, at a cost of Rs.2,214,000. Similarly, price

analysis relating to two work subjects included in the cost estimate amounting to Rs.1,350,000 was not submitted for audit.

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| 39 | De Zoysa Women's Hospital had paid Rs.2.24 million to contractors for the period from December 2019 to October 2021 for the removal and burial of dead body parts such as baby corpses, abortion parts, non-living body organs and placentas. Due to not preparing a basic cost estimate of a disposal unit, allowing the use of contractor's scale, not ensuring that the scales are calibrated up-to-date, Non-introducing a method of measuring the weight of the placenta after removing the water, allowing more weight to be applied to disposals and not verifying that these disposals are done legally, it was observed that the internal control and supervision of the hospital regarding the | 2021 | A formal investigation should be conducted in this regard and further action should be taken. | The preliminary investigation has been conducted under No. MH/FS/PI/11/2022 /A-193/395, the officers were questioned for their excuses, given strict warnings, and the file was closed and actions have been taken to recover the amount of Rs. 1,020,970 that was overpaid to the contractor during the period from 29.11.2019 to 30.12.2021 . | Written evidence related to the recovery of the overpaid amount was not submitted to the audit and sufficient actions had not been taken against the responsible officers. |
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disposal of body parts was poor in condition. Due to that no cost estimate has been prepared for the disposal of 01 kg of placenta, 01 kg of fetal remains, 01 kg of abortion parts and 01 kg of body organs, the hospital had made payments based on unit prices submitted by contractors with unfavorable price variations ranging from 521 per cent to 6371 per cent per unit of material in 2021 compared to 2020 unit prices without any comparison. As a result, the expenditure of disposing of non-living body parts in the year 2021 compared to the year 2020 had increased by 8070 per cent and the expenditure of disposing of aborted parts by 696 per cent. During the physical audit conducted on January 26, 2022, it was observed that due to the poor functioning of the refrigerator, which contained 550 kg containers of placentas removed from 553 deliveries

in the hospital during the period from 21 December 2021 to 25 January 2022, water had accumulated in those containers. Accordingly, the average weight of a unit of placenta with water was 995 grams. Also, in 19 deliveries on 02 and 03 February 2022, the weight of the discarded placenta unit was 563 grams. According to the information obtained from the internet, it was observed that the weight range of placenta expelled during delivery range from 500 gm. to 800 gm. and it was observed that the weight of placenta with accumulated water due to storage in refrigerator is 01 kg. When calculated on that basis, it was observed that Rs. 1.02 million had been overpaid to the contractors for 29,616 kg of placenta during the period of 01 year and 11 months from 29 November 2019 to 26 October 2021 .

- 40 According to 2021 information submitted for the audit, It was observed that out of the 62 construction projects implemented by the ministry in the year 2020 in 30 projects with an estimated cost of Rs.31,650,382,750, both the positions of Contractor and Consultant/ Engineer were assigned to the same institution and due to that, there may be effects on the more efficient execution of a project, as well as on protecting the fairness, independence and transparency of project implementation.
- According to an agreement signed by the Director General of Health Services with the Central Engineering Consultancy Bureau in the year 1991, the consulting works were assigned to that bureau without inviting competitive bids until the year 2021 and out of the 62 projects implemented in the
- The contractor and consultant parties should be independent institutions and these institutions should be selected as that the government incur the least cost and can get the best quality service.
- Procurement activities have not been begun for registration of consultants required to obtain competitive quotations for consulting services.
- A sufficient progress had not been received by October 2024.

year 2020, the bureau had been assigned to provide consultancy services in 52 projects. Accordingly, the economic advantages that could be obtained through competition had been lost, it was also observed that the Ministry had not implemented a permanent and formal policy on obtaining consultancy services as the State Engineering Corporation and the State Development and Design Corporation had been selected for consultancy services only in some cases.

41	<p>The structural construction was being done as at 23 September 2022 the date of audit, in the Medical Ward Complex Building of District General Hospital, Chilaw to be constructed by the State Engineering Corporation (SEC) with an estimated value of Rs 583.78 million under the consultancy of Central Engineering Consultancy Bureau</p>	2022	<p>Actions should be taken to complete in due period of time as planned.</p>	<p>Since we are discussing with the Lyceum Institute to complete the medical ward complex building of the Chilaw District General Hospital by converting into a professorial unit, the construction has been temporarily stopped.</p>	<p>A sufficient progress had not been received by October 2024</p>
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(CECB), which is a government institution. The contract period of 735 days of this Project, which was commenced on 19 February 2018, had exceeded by 937 days as at the date of audit.

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| 42 | An Elekta Synergy Platform LINAC machine at a cost of Rs. 364.09 million had been installed in the New Cancer Unit and out of that, an amount of 80 per cent that is Rs. 293.37 million had been paid on 28 June 2019 and 25 October 2019. There was the ability to accurately identify the cancer area and its boundary and direct the radiation very precisely to the cancer, minimizing the side effects by that and, a number of 771 patients had been treated from 11 November 2021 to 14 November 2022 using this machine. Further, there was an ability of treating 50 to 60 patients per day by this machine. Nevertheless, due to failure of the compressor of the | 2022 | A complete formal investigation should be carried out in this regard and necessary actions should be taken against the responsible parties. | 01. | A number of 1370 treatments were performed from September 2 to September 30, 2024 from the Elekta Synergy Platform LINAC Machine. | A full and formal investigation had not been conducted in this regard as per the audit recommendation. |
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centralized air conditioning system mentioned in the above paragraph in the bunker where the machine is installed, it was unable to use this machine for treating patient from 14 November 2022 .

An Elekta Compact LINAC machine cost at Rs. 233.55 million had been installed in the New Cancer Unit on 06 April 2021 and it had remained idle for a period of 23 months from that date to 20 March 2023, and as a result, it was observed that there was a risk of the warranty period of the machine running out whilst the machine had remained in idle.

43	The Biomedical Engineering Services Division had commenced procurement in 2019 for the purchase of two digital fluoroscopy machines for the two teaching hospitals of Hambantota and Maharagama as per decision of Medical Equipment Evaluation	2022	A complete formal investigation should be carried out in this regard and necessary actions should be taken against the responsible parties.	The relevant machine has been restored and used for patient treatment.	A full and formal investigation had not been conducted in this regard as per the audit recommendation.
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Committee according to the Procurement Plan 2019. The equipment cost at Rs.172.40 million and the installation and room improvement amounting to Rs.4 million had been ordered on 16 October 2020 subject to a 2 year warranty. Although the equipment should be supplied before 25 December 2020 as per the conditions of orders, the equipment was handed over to the main warehouse of the Biomedical Engineering Unit on 12 February 2021. The machine that was planned to be installed at the Hambantota Teaching Hospital had been installed at the Karapitiya Teaching Hospital and the construction of the machine installation site at Maharagama Hospital had not been completed even by 31 March 2023 and the warranty period of this device had expired on 13 February 2023 .

44	<p>The construction of a wall around the Iavelikkandam land with an area of 1.4309 hectares which was given in the year 2019 to Ashroff Memorial Hospital in Kalmunai had been done in 3 phases at a total cost estimate at a cost of Rs. 27.84 million in the year 2021 . The Structural Plans, Taking Off Sheets which confirms how the estimated work quantities were calculated and Field Note Books which were prepared in relation with all three phases of this procurement had not been submitted to the hospital by the consulting service provider even by 29 November 2022 at the event of audit and the hospital had made payments to the institution without being obtained the documents. Although the estimated amount of gravel to be applied in three inch layers on both sides of the foundation of the boundary wall using gravel or filling medium of approved</p>	2022	<p>A formal examination should be done and the facts in the answer should be confirmed and submitted for audit and necessary actions should be taken on matters that cannot be confirmed and the accuracy of the measurements proposed by the audit should be confirmed by the physical examination.</p>	<p>As this land which is located close to the lagoon was at a low level, it floods even with very little rainfall. However, it is expected that the date for the audit will be announced as soon as the work site is ready for the audit.</p>	<p>This recommendation had not been implemented up to October 2024 .</p>
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quality under work item A-01 for the third phase was 575 cubic meters, a sum of Rs. 4.88 million had been paid without properly ascertaining the amount of work done that the contractor applied 2235.86 cubic meters of gravel i.e. 289 per cent of gravel exceeding the estimated requirement, based on an inaccurate Contour Plan and without laboratory test reports on the quality and consistency of the filling medium applied. Although it was requested in audit to confirm the accuracy of the measurements for this work item by physical examination, the physical examination was not organized up to 17 July 2023. Likewise, without obtaining laboratory test reports, an amount of Rs. 1.06 million had been paid to the contractors for all three phases, for the use of concrete for concrete beams and

concrete columns and a value added tax of Rs.748,649 had been paid to the contractor and the consultant without obtaining a formal tax invoice in terms of Section 20 (1) of the Value Added Tax Act No. 14 of 2002 .

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| 45 | <p>Even though Fully Automated Biochemistry Analyzer equipment valued at Rs. 7.50 million had been purchased in May 2021 by calling quotation on 30 August 2019 following the National Competitive Bidding System for the purchase of the equipment for the laboratory of the Outpatient Division of the Colombo National Hospital, it was observed that, the necessity to purchase this equipment, which can perform at least 4,000 tests daily, beyond the average daily test capacity of 614 tests performed using the equipment that the outpatient laboratory had at that time, was not</p> | <p>When purchasing the equipment, the requirement of it should be evaluated accurately and it should be properly documented.</p> <p>Likewise, the Chief Accounting Officer shall make it mandatory by a circular if there are standard technical specifications then those approved specifications should be used and in the absence of standard technical specifications, the prepared technical specifications should be sent to the Biomedical Engineering Division and get approved. The provisions of the Government Procurement Guidelines should</p> | <p>A sufficient progress had not been received by October 2024 .</p> <p>A preliminary investigation is being conducted under No. MH/FS/PI/24/2022 /A-190/392, Similarly, the following measures are currently being implemented.</p> <ul style="list-style-type: none"> • Obtaining approval from the Biomedical Engineering Division is occurred specifying |
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recognized, the technical specifications prepared by the hospital in relation to this procurement were not forwarded to the Biomedical Engineering Division and approved and it did not include 02 critical criteria that should be included in the purchase of such equipment, out of the specifications submitted by the selected bidder, 05 CRITICAL

specifications were against the required specifications, so the bid should have been rejected, instead, the Procurement Committee had given the recommendation to buy the equipment from that bidder without explaining it, the specification of Original Equipment Manufacturer (OEM) certificate certifying the equipment is brand new and the date of Manufacturer certified by the manufacturer shall be handed over with the equipment as per Item No. 41.4 of the Specifications was a major criteria, as this

be followed. A formal examination should be carried out and the facts verified in respect of non-inclusion of required criteria in the bid documents, contradiction with required specifications, and the lack of focus of the Technical Evaluation Committee and the Procurement Committee regarding the 27 per cent increase in the price of Reagent, Consumable and Calibrator. It should expedite the identifying of the 15 types of tests performed using third-party reagents and obtaining an open competitive minimum quotations for those reagents.

the equipment requirements.

- For this purpose, standard specifications prepared by the Biomedical Engineering Services Division are used and an engineer from the Biomedical Engineering Services Division will be included in the Technical Evaluation Committee.
- Officials have been instructed to follow the provisions of the Government Procurement Guidelines in all procurements.
- Pre-bid

certificate was not given at the time of delivery of the above device, it was not confirmed whether this device was a brand new device, the hospital had not taken actions until 31 March 2022 to identify the 15 types of tests performed using third-party reagents and obtain an open competitive minimum price for those reagents, the procurement was not carried out in accordance with provisions 2.12, 2.14.1, 4.2.2 and 6.3.6 of the Procurement Guidelines and Manual, because the Technical Evaluation Committee and the Procurement Committee did not focus on the price increase of 27 per cent between the unit prices (without VAT) that were presented 01 year and 08 months ago on 06 January 2017 and the unit prices (without VAT) that were presented on 17 September 2019 regarding Reagent, Consumable and

meetings will be held.

- Open quotations where necessary, will be called for certain types of tests performed using third-party reagents.

Calibrator used for this type of equipment, an environment where more value is paid to the supplier for the Reagent, Consumable and Calibrator used for the above equipment had been created by the hospital.

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| 46 | <p>It was observed that the necessary rectifications regarding the audit observations included in the Special Audit Report on Vehicle Management of the Ministry of Health issued by the Auditor General on 22 April 2019 and the implementation of the recommendations included in that Special Audit Report were not at a satisfactory level. The information related to the two years 2021 and 2022 regarding the use of vehicles owned by the Ministry was not submitted to the audit.</p> | 2022 | <p>These information should be submitted to the audit expeditiously.</p> | <p>It is kindly informed that the Information regarding the utilization of vehicles owned by the Ministry has been forwarded to the audit under the number CA/AQ/FCC 05/INFO/2023/38 dated 2024.09.10 and the information provided thus indicates the current situation for the years 2021 – 2023 .</p> | <p>The implementation of the recommendation s of the special audit report on vehicle management in the Ministry of Health issued by the Auditor General was in a very poor state.</p> |
| 47 | <p>Although it was shown that data on 1301 vehicles had been entered on 17</p> | 2022 | <p>The Vehicle Management Computer Data System should be</p> | <p>Actions have been taken to correct errors in data entry.</p> | <p>A sufficient progress had not been received by October 2024</p> |

March 2023 as per the Vehicle Management Computer Data System of the Ministry, among those vehicle numbers, 04 vehicle numbers were included in 3 cases each and 98 vehicle numbers were included in 2 cases each.

handed over to a responsible officer and properly maintained.

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| 48 | The asset records maintained by the Transport Division of the Ministry had not been formally maintained in the custody of a responsible officer. When issuing a number of 1167 vehicles it had not been issued on an issuing order as per the identifiable notes included in these two asset registers and actions had not been taken to obtain a Goods Received Notes in respect of 1870 vehicles | 2022 | Asset records relating to vehicles should be maintained in the custody of a responsible officer and in a proper manner and releases, transfers or releases should be properly recorded in these asset records and certified by a responsible officer using his name and signature. | The register of assets has been entrusted to the Chief Management Assistant and issuance and receipt orders are currently being issued properly. | A sufficient progress had not been received by October 2024 |
| 49 | It had been stated that 679 vehicles owned by the Ministry were missing as per the above mentioned Special Audit Report. | 2022 | Prompt actions should be taken in respect of missing vehicles. | A physical investigation was carried out covering all areas of the island, and information analysis is being | A sufficient progress had not been received by October 2024 |

Although it was mentioned that 240 vehicles out of that were identified, sufficient information was not submitted to the audit to confirm the same and it had been impossible to find information on 439 vehicles up to 15 October 2024, even though about 5 years have passed since the issuance of the aforementioned special audit report.

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| 50 | <p>According to the 2022 information submitted to the audit, the details on 201 vehicles out of the 1216 vehicles owned by the Ministry and 68 entities /hospitals and Divisions , had not been entered in the computer data system maintained by the Ministry and details of 277 vehicles had not been included in the Register of Assets.</p> <p>According to the information identified and received during the audit, the specific information regarding 2299 vehicles received/ purchased by the Ministry was</p> | <p>Data system and asset records related vehicles should be properly maintained.</p> | <p>Out of the 201 vehicles that were not included in the database, information on 23 vehicles has been included in the database and since two other vehicles had been returned to the relevant institutions, the data had not been entered into the system.</p> <p>Accordingly, the institutions using the remaining 176 vehicles had been notified to enter the information into the database.</p> <p>Updates to this database should be made by the relevant company</p> | <p>A sufficient progress had not been received by October 2024 .</p> |
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not submitted to the audit. Even though 1540 vehicles out of these 2299 vehicles had been entered in the Register of Assets maintained by the Transport Division, 35 vehicles out of that, had not been recorded for which locations they were issued. Likewise, information about 759 vehicles had not been included in this Register of Assets. In addition, information about another 56 vehicles was also not submitted to the audit.

itself and the company is not responding at this time.

Accordingly, the Comptroller General's Office uses the database system to collect vehicle information and the FMIS data system is used for fuel.

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| 51 | <p>The Ministry had not implemented a system for the prompt disposal of vehicles that are removed from use for many years. The vehicle disposal process commenced in 2018 had not been completed even by 10 April 2022 .</p> <p>The Western Provincial Department of Motor Vehicles had informed in writing to the Secretary of the Ministry of Health on 28 January 2022</p> | 2022 | <p>Actions should be taken for the expeditious disposal of vehicles to be disposed which had remained of ownership in the name of the Secretary of Health or the Director General of Health Services.</p> | <p>All 70 vehicles, 40 of which were used and 30 as dilapidated vehicles, were auctioned at a public auction at the Mulleriyawa Vehicle Yard by the Ministry of Health on 29.01.2024 .</p> | <p>A sufficient progress had not been received by October 2024 and it was observed that there were a large number of other vehicles that needed to be disposed of.</p> |
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regarding taking possession of a vehicle owned by the Ministry of Health by submitting false information as a vehicle sold at auction in the year 2022. But the responsible officers had not taken sufficient measures even up to 10 April 2023 to legally take over this vehicle again to the Ministry.

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| 52 | A number of 805 motorcycles purchased at a cost of Rs. 239.48 million had not been entered into the Register of Assets of the Ministry in the year 2020 and the responsible officers had not made arrangements to enter into written agreements with the persons who were provided these motorcycles. | 2022 | Written agreements should be promptly entered into. | Agreements have been entered into with public health inspectors regarding 778 out of 805 motorcycles. There are 27 motorcycles still remained to be contracted. The relevant Regional Health Services Directorates have been made aware in this regard. | A sufficient progress had not been received by October 2024 . |
| 53 | Details of 721 motorcycles registered in the name of Secretary of Ministry or Director General of Health Services had not been entered into the | 2022 | These information should be promptly submitted to the audit. | Out of 721 registered motorcycles 497 motorcycles have already been included in the Register of Assets and another 105 | A sufficient progress had not been received by October 2024 . |

Register of Assets of the Ministry.

motorcycles are currently being added to the Register of Assets. Since the information on the remaining 119 motorcycles is not sufficient to be included in the Register of Assets, actions are currently being made to find that information.

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| 54 | The number of 2022 motorcycles included in the Register of Asset was 891 and out of these, the issuance of 840 motorcycles had not been done through an Issuing Order. | These information should be promptly submitted to the audit and steps should be taken to strengthen the existing internal control system regarding the motorcycles owned by the Ministry. | Actions are being taken to strengthen the internal control system. | A sufficient progress had not been received by October 2024 . |
| 55 | A new operating room was built in the maternity ward of the Peradeniya Teaching Hospital in the year 2018 and even though the physical resources such as a surgical bed, anesthesia machine, monitor machine etc. necessary for that are provided, actions had not been taken to | The ability to meet the human resources needed to implement the project should also be considered in the planning of project. | Even though the maternity ward of this hospital had been built and the necessary equipment had been provided, due to the lack of essential staff to operate the new operating room, surgeries were performed in the old operating | Actions had not been taken to get provided human and physical resources to make use of this maternity ward. |

begin operations in the new operating theatre even by 22 October 2023 .

room.

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| 56 | Karapitiya Teaching Hospital had entered into an agreement with a private company for the construction of the National ECMO Center Unit on 27 December 2021 for a value of Rs.21 million. A total of Rs 7.32 million had been paid to the contractor by the date of audit for this construction, which started construction near the cardiac and thoracic surgery intensive care unit of the hospital and stopped work whilst functioning. This work had not yet been completed. | 2023 | Projects should be promptly completed and desired objectives should be met. | The construction is being carried out by a voluntary organization and will be utilized for healthcare services after the construction is completed. | A sufficient progress had not been received by October 2024 . |
| 57 | Works had been commenced for the construction of an 8 storied building on 13 August 2014 at an estimate valued at Rs. 790.08 million for the establishment of the Hemodialysis Unit and the Renal Vascular Transplantation Unit at the Karapitiya Teaching Hospital | 2023 | Answers sent by individual organizations should not be submitted to the audit as such and actions should be taken to complete and utilize the work items of this project soon. | The construction of the Hemodialysis Unit and the Renal Vascular Transplantation Unit has been 99 per cent completed, since the Ministry of Health officials, hospital directors and unit heads who inspected the | A sufficient progress had not been received by October 2024 . |

and although 08 years have passed since the commencement of construction by the date of audit 02 June 2023 the construction works had not been completed as per the estimate. Similarly, 114 items of surgical and medical equipment related to 20 categories valued at Rs 83.57 million had remained in idle even by the audited date of 02 June 2023. Prior to the completion of the construction works of the building, required surgical and medical equipment and office equipment valued at Rs 198.86 million had been purchased for the Hemodialysis Unit and the Renal Vascular

Transplantation Unit and they were piled up and lying idle in place to place of the building as at 02 June 2023. It was observed that water was leaking into the interior of the building through the centralized air conditioning system installed in the building and the amount of Rs.73.45

units have observed that there are deficiencies in the construction of the operating theatre and intensive care unit of the unit that is currently to be taken over, the relevant construction parties have been informed to implement those recommendations without delay, However, it has been informed about the deficiencies in the parts that have been taken over from the staff currently working in that unit and the construction defects in the operating theatre and intensive care unit that are to be accepted, the contract agency is urgently making the relevant rectifications and as soon as the construction is completed, actions will be taken to take over the operating theatre and intensive care unit that are not

million paid to the contractor for that had been useless.

currently occupied the by hospital and patient care services will be begun in those units.

58	<p>A total of Rs 1,361.7 million had been paid to a contractor for the 03 projects as at the date of audit for 05 buildings which were implemented under various project programmes in Karapitiya Teaching Hospital totalled to Rs. 4,133.5 million and the information about the money paid to two contractors for 02 projects was not submitted to the audit . Even though a sum of Rs.1,361.7 million had been paid to contractors for 05 projects totalling to Rs.4,133.5 million, the works had not been completed and the delay period was between 06 and 34 months. A sum of Rs.334.2 million had not been recovered out of work advances amounting to Rs.681.4 million paid to contractors. The physical progress of</p>	2023	<p>Steps should be taken to make the money spent on these projects effective and actions should be taken to recover advances to be received furthermore.</p>	<p>The Ministry has decided to commence the construction of the Children's Ward Complex, which was temporarily halted, to resume in 2024, although the construction of the dental ward complex was temporarily suspended by the RAMP Committee, the construction work has resumed and is being carried out expeditiously, although the construction of the renal unit has been completed, since some construction defects have been identified in the building, the relevant parties have agreed to correct the deficiencies as soon as possible and hand them over to the hospital</p>	<p>A poor progress was shown in the process of recovering the advances that should be collected furthermore.</p>
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the construction of 03 construction projects to be completed with a total of Rs.3,274.6 million had been less than 50 per cent as at the date of audit.

in accordance with the decisions taken, those recommendations are currently being implemented and once the work is completed, arrangements will be made to take over the building to the hospital, it is also expected that patient care services will be started in new units. The construction of the surgical ward complex is showing physical progress of about 55 per cent by the end of the second quarter of 2024 and it is expected that the construction of the ground floor, third floor, fourth floor and fifth floor will be completed by December 2024, it is expected that patient care services will commence in this building in 2025, Patient care services at the stroke unit have already been commenced, works on the upper

floor respiratory treatment unit is expected to begin in 2024, However, instructions have been given to the Additional Secretary (Engineering Services) to take the necessary steps to recover the advance money that is still to be recovered.

- 59 Actions had not been taken to prepare a formal, transparent procedure, obtain formal approval for it, and issue the procedure as a circular or other written order to all parties involved in this process to refer to Sri Jayewardenepura Hospital for heart surgeries of the heart patients coming to existing hospitals under the Ministry of Health and for implementing a programme to offset the costs of heart surgeries and treatments performed by that hospital for those patients against the value of medicines and other
- 2023
- A system with transparency should be prepared and formally approved and the methodology should be published as a circular.
- Currently, the Sri Lanka National Hospital and Kurunegala Teaching Hospital refer patients through Referral Forms. Since Sri Jayewardenepura Hospital is an institution under the Ministry of Health, although a decision had been taken to prepare a Memorandum of Understanding (MOU), the decision was not implemented due to the realization that it is not necessary. But these heart surgeries are performed according to a formal procedure.
- Audit recommendation had not been implemented up to October 2024 .

medical supplies issued by the Ministry of Health to that hospital. Although a decision had been taken to prepare a Memorandum of Understanding (MOU) between the two parties, actions had not been taken accordingly. According to the information submitted to the audit, the value of medical supplies, including medicines, had not been stated in the invoices issued by the Medical Supplies Division to the Sri Jayewardenepura Hospital in relation to 207 cases. A formal approval for the issuance of medical supplies to the Sri Jayewardenepura Hospital without charging so, was not presented for audit.

A three-member committee was appointed on 02.08.2023 pursuant to the Cabinet approval No. CP/23/0741/610/029 dated 08.05.2023 based on the observations of the Minister of Finance and patients are sent to the Sri Jayewardenepura General Hospital with the recommendations and approval of that committee. Additional provisions have been allocated under a separate expenditure item under the Additional Secretary (Medical Services) from the year 2024 to settle heart surgery bills. Accordingly, payments for bills sent by Sri Jayewardenepura Hospital are made through this Expenditure Head from January 2024.

60	According to an 2023	A full formal	A preliminary	Information on
	unsolicited project	investigation	investigation is	progress
	proposal, the	should be carried	being carried out	regarding the
	Secretary to the	out regarding the	under No.	revision of
	Ministry of Health	type of	MH/FS/PI/31/2024	agreements was
	had implemented the	conducting of the	/A-17/30 .	not submitted to
	project of	responsible		audit.
	establishing Picture	officers since the		
	Achieval and	inception of this		
	Communication	Project and		
	System, Radiographic	disciplinary		
	Information System	actions should be		
	(PACS/RIS) in 20	taken against the		
	hospitals according to	responsible		
	an agreement signed	officers and		
	on 02 October 2019	actions should be		
	between a Chinese	taken promptly to		
	Company and a	decide on the		
	Malaysian Company.	future		
	No evidence	implementation of		
	whatsoever was	the project and		
	submitted to the audit	revise the		
	that any feasibility	agreements		
	study, preparation of	according to the		
	cost estimate or cost	economic situation		
	benefit analysis	in the country.		
	related to the project			
	was carried out at the			
	Ministerial Level.			
	The cost of			
	implementing the			
	project in the			
	proposed 20 hospitals			
	was USD 33.25			
	million and an			
	amount of USD 1.31			
	million had to be			
	paid within 11 years			
	with the interest of			
	that amount. Even			
	though it had agreed			
	to complete the			
	installation of the			
	system in 05			

hospitals within 03 months as the first phase of this Project and to complete the installation of the system in the remaining 15 hospitals within 02 years, the respective parties had not worked to implement the works of the Project in any way within the stipulated time frame. A committee consisting of 05 people had made an evaluation the effectiveness of the Project in July 2022, before paying the first installment of this Project in relation to 05 hospitals and accordingly, it had been stated that 04 criteria are not satisfactory and 38 criteria are partially satisfactory. Thus, as a whole, it was confirmed that the implementation of this project in 05 hospitals was not at a satisfactory level according to this evaluation. Even though the approval was given in the Meeting of Cabinet of Ministers held on 20 March 2023, for

part payment in respect of the 05 hospitals where the Project was implemented, the full installment amount of USD 3.02 million, which was payable in the next coming year, had been paid after successful implementation of the Project in all 20 hospitals without considering the recommendation of the 05-member committee appointed by the Ministry, the approval of the Cabinet of Ministers or the facts submitted by the Department of National Budget.

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| 61 | <p>Although the Bidders should have obtained the Registration Certificate from the National Medicines Regulatory Authority as per Bid Conditions 3.7 in the procurement of 4,000 SP02 Sensors valued at Rs.24,520,000 for Patient Monitors to the Electronics Division under the Biomedical Engineering Services Division, the contract had been awarded to</p> | 2023 | <p>This should be investigated and disciplinary actions should be taken against the responsible officers.</p> | <p>A preliminary investigation is being carried out under No. MH/FS/PI/30/2023 /B-173/346 .</p> | <p>A preliminary investigation had been commenced.</p> |
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a bidder who did not hold a Registration Certificate by calling samples from three bidders who do not have a Registration Certificate so and evaluating bids. The 2.7.7, 7.8.6, and 7.11 of the Procurement Guidelines had also not been followed in the evaluation of bids.

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| 62 | <p>Actions should be taken to import and purchase 03 million meters of surgical gauze valued at Rs.268,500,000 through Health System Improvement Project (HSEP) by Medical Supplies Division in the year 2022. According to the information obtained from the PRONTO system, the annual gauze requirement of hospitals was approximately 53 million meters and although the Medical Supplies Division had placed orders for only 30 million meters annually, the Ministry had given quota for only 24 million meters at 6 million meters per</p> | 2023 | <p>An investigation should be conducted in this regard and disciplinary actions should be taken against the responsible officers.</p> | <p>A preliminary investigation is being carried out under No. MH/FS/PI/2024/27 /A-74/133 .</p> | <p>A preliminary investigation had been commenced.</p> |
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quarter. As a result, it was also observed that an opportunity was provided to make emergency purchases by showing a false shortage. Due to 36 suppliers out of 302 registered surgical gauze suppliers in the Medical Supplies Division in the year 2022 had informed that it is not possible to supply gauze related to its quota at the prevailing prices due to the economic crisis in the year 2022 and because of failure to estimate the total annual requirement accurately and to meet the requirement, it was observed that a shortage of gauze in hospitals had arisen. Accordingly, approval had been given to obtain 03 million meters of gauze to maintain a safety stock of 03 months, to reduce the order to 03 million meters and call for bids due to the inability of the Project Procurement Committee to procure more than Rs.500 million, to award the order of 03 million

meters of gauze to the only bidder who had submitted bids stating that it was an urgent need in the Medical Supplies Division in the Project Procurement

Committee held on 21 November 2022 with the participation of the Acting Director of Medical Supplies. It was observed that there was no urgent need to buy gauze at a higher price in the Medical Supplies Division at that time and local suppliers had supplied 3,635,700 meters of gauze to the Medical Supplies Division by the time the order was awarded. It was observed that this supplier was a local supplier who supplied gauze at Rs.74.96 per meter under the quota system of the medical supply sector, and in this order, he had submitted a bid to import and supply from India at Rs.89.50 per meter. Nevertheless, the Medical Supplies Division had not confirmed whether the stock was actually procured from the

Indian manufacturer or locally produced. As a result, it was observed that, the government will incur a loss of Rs. 43.6 million by purchasing 03 million meters at an extra rate of Rs.14.54 per meter due to importation of gauze whilst stock was available locally, there is no need to maintain a waiting stock by facing a loss of Rs.43.6 million and the officers had not taken actions to properly estimate the total annual requirement and raise the quota of domestic suppliers to procure relevant supplies in the manner of preserving the domestic industry.

63	Even though a cost of 19,970,008 had incurred for the installation of GE Health Care/ Model/Optima XR 646 Digital Static X – Ray machine valued at Rs. 20,940,561 (USD 73,734.37*284) provided to Nawalapitiya District Hospital on 29 March 2022 by the project to	2023	An independent investigation should be carried out in respect of providing of equipment remained in idle for more than two years.	As soon as the ordered Lead Door device is expected to be used soon for patient care service after the relevant company conducts a test run.	Audit recommendation had not been implemented up to October 2024 .
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improve the health system of hospitals under Chinese aid, it had been impossible to use the machine for the treatment of patients even by 31 December 2023 .

64	It was confirmed according to the information obtained from the Department of Immigration and Emigration that a doctor who had been approved for two years paid foreign leave from 04 February 2021 to 03 February 2023 had gone abroad on 04 February 2021 and returned to Sri Lanka on 07 July 2021. However, after his arrival in Sri Lanka, the Ministry had not been informed about it and he had received the relevant training allowance and monthly salary. He had received salaries and foreign training allowance without reporting to work as scheduled in this manner, from 08 July 2021 to 02 September 2021. The doctor had assumed duties at the Jaffna Teaching Hospital on 03	2023	Disciplinary actions should be taken against the officer by conducting a complete formal investigation.	Actions will be taken to announce the Progress later.	Audit recommendation had not been implemented up to October 2024 .
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September 2021 .
Even though the training allowance relating to this period had been reimbursed subsequently, the salaries and allowances paid without obtaining formal authority had not been recovered.

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| 65 | <p>It was confirmed according to the information obtained from the Department of Immigration and Emigration that a Medical Officer had returned to Sri Lanka on 11 February 2020 during his overseas training regarding his travels abroad. However, you have informed that the date of the doctor returned to Sri Lanka was 30 March 2020. Accordingly, the reason for the doctor not reporting for duty from 11 February 2020 to 15 May 2020 was not confirmed in audit. Similarly, information about salaries and allowances paid in relation to this period was not submitted to the audit and it was also not confirmed the basis of payment</p> | 2023 | <p>Disciplinary actions should be taken against the officer by conducting a complete formal investigation.</p> | <p>Actions will be taken to announce the Progress later.</p> | <p>Audit recommendation had not been implemented up to October 2024 .</p> |
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of salaries and allowances and what approval was obtained, to the audit. Likewise, although it had been stated that the doctor was on duty from 30 March, 2020 to 27 November 2021, written evidence confirming in which organization and what duties performed from 30 March 2020 to 15 May 2020 were not submitted to audit.

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| 66 | A specialist radiologist doctor at the Colombo National Hospital had made 29 foreign tours from the year 2009 to the year 2023 . Six months overseas leave with pay from 01 March 2018 to 31 August 2018 had been approved for this officer for training in radiology. There, it had been planned to complete this training for a period of 03 months at a university in the United States of America and for a period of 03 months at the Medanta Neuro and Vascular Center in India. However, he did not participate in | 2023 | Disciplinary actions should be taken against the officer by conducting a complete formal investigation. | A preliminary investigation is being done under No. MH/FS/PI/2024/08 /A-144/269. | A preliminary investigation had been commenced. |
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the foreign training during the approved period and an air ticket fee of Rs. 289,400 and an amount of US\$ 5,781 (Rs. 1,849,920) as living allowance for 03 months and 75 British Pounds (Rs. 30,525) as warm clothing allowances had been paid to the officer for that. But according to the information obtained from the Department of Immigration and Emigration, this officer had returned to the island on 31 July 2018 after traveling abroad on 30 June 2018, he had traveled abroad for only 32 days accordingly and due to approved foreign leave with pay ends on 09 July 2018, it was also observed that from 10 July 2018 he returned to Sri Lanka and stayed for a period of 22 days without extending his approved foreign leave up to 31 July 2018. Similarly, a sum of Rs. 119,200 as air ticket fee and a sum of Indian Rs. 211,143 (valued

Sri Lanka Rupees 812,900) as living expenses had been paid for the 03 months of training that was to be obtained at the Medanta Neuro and Vascular Center in India from the above 06 months training period. However, it was also observed that this officer had gone abroad for only 06 days according to information obtained from the Department of Immigration and Immigration.

According to information obtained from the Department of Immigration and Emigration this officer had traveled abroad 29 times from 2009 to 2023 and the officer had not formally submitted foreign leave request letters in relation to 20 cases of going abroad, and had not got the foreign leave approved in accordance with Chapter XII, 23:1 of the Establishments Code of the Democratic Socialist Republic of Sri Lanka. Accordingly, actions had not been

taken to take
necessary
disciplinary action
against this officer in
respect of going
abroad without
obtaining approval of
foreign leave whilst
in Government
service in contrary of
the Establishments
Code and to calculate
and recover the
wages and
allowances paid for
the time he was in
abroad.

3.6 Head 187 – Ministry of Investment Promotion

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	Profit / (Loss) before tax Rs.	Audit Opinion
2021	-	-	-	-	-
2022	73,350,530	270,510	73,080,020		Unqualified
2023	58,008,222	602,248	57,405,974		Unqualified

Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1. During the year 2021, with the purpose of developing knowledge of Information Technology of community, 2 Information Technology Parks (IT parks) in the areas of Jaffna and Mannar had been established under the Ministry of North East Development, Rehabilitation and Reconstruction and these IT parks which were under 11 Ministries time to time, had transferred to the	2023	A complete Supervision on behalf of the functioning of IT parks should be carried out by the Ministry and prompt actions should be taken for necessary functions.	On 25 October 2023, a discussion was held under the chairmanship of the State Minister regarding the transfer of the Information Technology Park to the Vocational Training Authority, with the participation of the Vice Chairman of the Vocational Training Authority. Accordingly, since the Information Technology Park is currently in the process of being transferred to the Vocational Training Authority, it has	Efforts are currently underway to transfer the Information Technology Park to the Vocational Training Authority, which operates under the Ministry of Education.

Ministry of Investment Promotion in accordance with the Extra Ordinary Gazette No 2289/43 dated 22 July 2022. Even though, definite cadre had not been identified and proper approval had been obtained, 47 staff members for Jaffna IT parks and 12 staff members for Mannar IT park had been recruited. However, the staff for Jaffna IT park and Mannar IT park had decreased to 7 and 6 staff members respectively as at the current year. Due to the non-preparation of Scheme of Recruitments, an officer in Grade II in the Service of Development Officer had been recruited for the post of Executive Officer in Jaffna IT park. However, the Ministry had not taken necessary actions regarding existing vacancies in theses

been noted that action regarding the request of the officer in charge of the Jaffna Information Technology Park has been delayed.

parks, programmes for attracting students and introducing new courses.

2.	Even though, it was planned to register 320 students for the 11 Certificate Courses and Diploma courses and 3 Workshops on Online and Internet Technology under Jaffna IT park within the year under review, the number of students who registered for 2 Courses and one Workshop was 43, i.e. 13 percent. It was further observed that number of registered students from the year 2020 to the year 2023 had been gradually decreased from 126 to 43. Similarly, even though the expected number of students for 10 Courses under Mannar IT park was 300, number of students who had registered for 3 Courses was	2023	- Do -	It is noted that efforts are being made to transfer the Information Technology Park to an institution such as the Vocational Training Authority, which has the capacity to manage it effectively. Furthermore, it has been observed that student enrollment is predominantly higher at well-regarded institutions.	-Do -
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155. Although, the expected income of the Course fee for the 2 parks in Jaffna and Mannar was Rs. 1,129,000 and Rs. 2,185,000, it was collected only Rs. 131,080 from Jaffna Park and Rs. 833,500 from Mannar Park for Government Revenue due to the decrease of number of registered students. The cost incurred for the maintenance of parks and conducting Courses in Jaffna and Mannar IT parks during the year under review was Rs. 6,330,201 and Rs. 4,999,863 respectively. Accordingly, 2 parks had spent Rs. 10,365,484 in excess to the income collected from 198 students.

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| 3. The Colombo Port City Development Project was initiated as a proposal to reclaim land adjacent to the Colombo Port to | 2023 | Actions should be taken in a manner that does not cause any loss to the Government. | This is due to Cabinet Memorandum No. PMO/06/03/CM/70 /2016 and dated 14 July 2016. | Action is being taken in accordance with Cabinet Decision No. AMP/10/1377/702 /018-I dated 10 August 2016, |
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expand the city of Colombo to meet the ever-increasing demand for land. This project was suspended due to the policy changes of the Sri Lankan government. As a result, the project company had applied for a compensation amount of USD 143 million and instead, a commercial land of 2 hectares had been given to the project company. The assessed value of this land had not been recorded and there was a loss to the Government either in compensation or in the value of the land.

regarding the 'Port City Development Project - Acquisition of Land Rights by the Colombo Port City Project Company'; therefore, no progress had been reported.

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| 4. | Although the estimated cost for a temporary solution for managing wastewater in the port city was Rs. 1,000 million until a permanent solution is provided, due to changes in the plan and rising costs, the estimated cost | 2023 | The Covid-19 pandemic and the global economic crisis that occurred during 2020 and 2021 did not impact the completion of the temporary solution under Rs. 1000 million in 2019. Actions should be done in accordance with tripartite | Due to changes in the plan and rising costs, the project expenditure estimate has increased from Rs. 1,000 million to Rs. 3,700 million, and it had been decided to complete the Northern wastewater Connection within a period of three | As of now, the progress of the construction for the management of the wastewater of the Colombo Port City stands at 84.83%. By the year 2024, the total expenditure was amount to Rs. 793.05 million. All construction activities are |
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had been increased to Rs. 3,700 million. According to the tripartite agreement of the Colombo Port Development Project, though this work was supposed to be completed in the year 2019, the project's work had started in December 2022. Although, amount of Rs. 1,600 million had been given by the Treasury during 2017-2019 period, but the project had not been completed even by 30 September 2023. Also, though the work of the permanent solution, which was estimated at a total cost of Rs. 2,900 million, was to be completed in the year 2022, the work on this project had not yet started by 30 September 2023. As both the temporary and permanent solutions had not been started by the year 2022, it was

agreement.

years.

planned to be completed by December 2025.

observed that the Rs. 3,700 million spent on the temporary solution is a loss to the government due to non-focus of Ministry on implementing the permanent solution.

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| 5. | According to clause 24.1.2 of the tripartite agreement, although the coastal area within the 91 hectares of common land in the port city should belong to the Government of Sri Lanka, the project company had temporarily leased the coastal land to several restaurants and collected revenue from them. | 2023 | Action should be taken in accordance with the tripartite agreement. | The Colombo Port City operates as a special economic zone for construction purposes, with all maintenance and administrative activities being conducted by the Colombo Port City Development Company, incurring no associated costs. Therefore, the revenue generated from these activities is collected by the project company. | Based on the instructions received from discussions held with the Attorney General's Department on 27 March 2024, the Port City Economic Commission has determined that there are no provisions for the temporary leasing of lands belonging to the coastal area under the Port City Economic Commission Act. Consequently, it has been decided not to grant any extensions for the currently operational activities and to refrain from issuing licenses for any new activities in the future. |
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6.	According to 2023	-Do -	After the company	At present,
	Annexure 10 of		submits the completion	
	the tripartite		necessary certificates have	
	agreement,		documentation, been issued for all	
	although the		both the Project commercial and	
	development of		Management Unit public land lots. As	
	118 land plots,		and the relevant of 31 July 2024,	
	including		Ministry will progress on the	
	commercial,		undertake the construction of	
	public, and road		required measures roads and	
	land, was to be		to issue the pedestrian	
	completed by 16		completion walkways,	
	September 2019,		certificate for the vehicular bridges,	
	completion		remaining land lots. access roads, and	
	certificates had		Additionally, passenger facilities	
	been issued to only		covering the had been reported	
	85 land plots by 30		external factors to exceed 90%. 3	
	September 2023.		such as the out of 5 bridges	
	Furthermore,		COVID-19 have been fully	
	although roads,		pandemic and completed and 2	
	bridges, and		economic out of 5 vehicular	
	drainage works		challenges that bridges have been	
	were to be		have impacted the fully completed	
	completed by 14		project timeline, it and as on 31 July	
	March 2020, they		is anticipated that 2024 landscaping	
	were completed		the project will be phase, 94.8 percent	
	more than 50		completed within progress had been	
	percent by 30		eight years. achieved. The	
	September 2023,			
	and the			
	construction was			
	not finished.			
	Landscaping			
	works, which were			
	to be completed by			
	9 March 2020,			
	were only 77			
	percent completed			
	by 30 November			
	2023. Even			
	though, The South			
	sewer line, which			
	was planned to be			
	completed by 7			

Phases, was to be finished by 11 July 2023, but three phases of that was under planning stage even as at 30 September 2023.

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| 7. | According to the tripartite agreement, the allocation of land for the public area, marketable land (GOSL), marketable land (project company) was 91 hectares, 62 hectares and 116 hectares respectively. However, the actual allocated land areas were 93.65 hectares, 60.85 hectares, and 118.16 hectares, respectively, resulting in an excess allocation of 3.66 hectares. | 2023 | -Do - | Sections 10 and 11 of Schedule 14 outline the procedure for the allocation of additional land. It has been indicated in the first section of schedule 14 that the process of land acquisition provides an opportunity for equitable distribution of the additional land between the Government of Sri Lanka and the project company." | No change in land allocation has been made. |
| 8. | Techno Park Development Private Limited was incorporated on 29 September 2021 as a wholly owned Government company. This company was transferred to the | 2023 | The financial statements should be submitted for audit as per No. 01/2021 and 6.6 of the Public Enterprises Circular dated 16 November 2021, and action should be taken | This ministry has requested the Presidential Secretary to appoint a Chairman and members of the Board of Directors for the Techno Park Development Private Company, and it has been | The process of appointing the new Board of Directors and secretaries has been completed, and a meeting of the new Board of Directors was held on 4 September 2024. It has been reported that |

		Ministry of Investment Promotion by Extraordinary Gazette No. 2289/43 and dated 14 July 2022. Although a Board of Directors was appointed in the beginning, it was not functional due to periodic resignation of its members. The financial statements of the company were not prepared and submitted for audit in terms of Sections 43(i), (iii) & (iv) and 43(2) of the Articles of association. Further, annual reports were not prepared as per Section 43(5) of the Articles of Association.	accordance with Articles of association.	reported that the Board of Directors members have now been appointed. Due to the resignation of the company's Board of Directors, the company has been unable to function effectively, which has made it impossible to prepare annual reports.	further actions will be implemented according to the decisions of the Board of Directors.
9.	Although the Secretary's to the President letters dated 08 April 2021 and 17 June 2021 informed that 31 acres, 02 rood 23 perches and 50 acres of land should be obtained for Galle and Kurunegala	2023	The reasons for the relevant changes should be found.	Although a letter from the Presidential Secretary's Office dated 8 April 2021 stated that 31 acres, 2 roods, and 23 perch should be acquired, according to the handover certificate issued by the Akmeemana	The new board of directors is conducting oversight activities.

Techno Parks, only 29 acres, 03 rood 7.15 perches were obtained for Galle and 20 acres for Kurunegala.

Furthermore, supervision of the ministry had not been focused regarding the process of providing alternative land for the two houses located on the Kurunegala land.

Divisional Secretary, only 29 acres, 3 roods, and 7.15 perch have been handed over to the Ministry of Technology. The ministry currently does not have the latest information regarding the land acquisition process or information on providing alternative lands for the construction of two houses. Officials from the ministry have been instructed to seek information from the Kurunegala Divisional Secretary's Office.

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| <p>10. The engineering consultant of Galle Techno Park was to be paid Rs.18,173,751 from April 2022, the engineering consultant of Kurunegala Park was to be paid Rs.36,188,088 on 31 December 2023 and the construction contractor of Galle Park was to be paid Rs.950,601,926 on 31 March 2022.</p> | <p>2023</p> | <p>Actions should be taken in accordance with the contract agreement and confirmations of payments should be obtained.</p> | <p>It has been reported that bills have been received from the Central Engineering Consultancy Bureau, and the resignation of the company's board of directors in 2022 has contributed to the cessation of the company's operations.</p> | <p>The process of appointing secretaries had been completed, and a new board of directors meeting was held on 04 September 2024. It has been reported that actions will be implemented according to the decisions made by the board of directors</p> |
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| <p>11. Even though Galle and Kurunegala Techno Parks were started in 2021 and 2 years has passed, construction work had been stopped even as at the date of physical inspection on 05 February 2024. Due to this delay, as per Clause 14.6 of the Galle and Kurunegala Techno Park Contract Agreements, Techno Park Development Pvt Ltd should have paid Rs.236,355,010 and Rs.416,802,172 respectively as default charges to the contractor. Accordingly, the loss to the government was Rs. 653,157,182.</p> | <p>2023</p> | <p>Actions should be taken in accordance with the contract agreement.</p> | <p>The project was active only until April 2022. Due to a lack of funds, construction activities have been suspended in accordance with the Ministry of Finance Circular No. 03/2022 and the budget circular issued on 26 March 2022, regarding state expenditure control. Furthermore, the board of directors of Techno Park Development Private Limited resigned on 25 August 2022. Accordingly, no activities have taken place for the project. That the project company has demanded interest for delay from the Ministry of Investment Promotion.</p> | <p>The process of appointing secretaries had been completed, and a new board of directors meeting was held on 04 September 2024. It has been reported that actions will be implemented according to the decisions made by the board of directors</p> |
| <p>12. Although the company that was selected for the construction of the proposed Techno Parks in Nuwara Eliya and Kandy had submitted the project proposal on 16 November</p> | <p>2023</p> | <p>Actions should be done according to the time frame of the project report.</p> | <p>Agreed with the observation.</p> | <p>The process of appointing secretaries had been completed, and a new board of directors meeting was held on 04 September 2024. It has been reported that actions will be</p> |

2021 and 24 February 2022, the construction work had not started by the date of reporting.

implemented according to the decisions made by the board of directors.

13. 16 vehicles that were given to the Ministry from other government institutions were still being used by the Ministry even as at 31 December, 2023 without transferring and registering the ownership. Accordingly, assets were kept in custody contrary to Asset Management Circular No. 02/2017 dated 21 December 2017 issued by the Comptroller General.
- 2022,2023
- Actions should be taken in accordance with circular provisions.
- Due to the Ministry not having a vehicle suitable for the Honorable State Minister's use, one vehicle has been provided by the Chief Secretary of the Central Province. Additionally, arrangements are being made by the Ministry to formally transfer the vehicles currently in use to the Ministry.
- Necessary arrangements are being made to take possession of the vehicle.

3.7 Ministry of Urban Development and Housing

	Total Assets	Total Liabilities	Equity	Surplus (Deficit)	Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	114,095,064	-	114,095,064	-	Qualified
2022	2,445,023,912	1,991,638,969	453,384,943	-	Qualified
2023	2,392,624,573	1,766,221,584	625,402,989	-	Qualified

Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
Head 411- State Ministry of Urban Development, Waste Disposal and Community Sanitation				
01. A sum of Rs.8,280.18 million had been spent for development activities under the infrastructure development expenditure vote(2506) under other capital expenditure in the year 2021. But the assets arising out of the capital expenditure or the work in progress were not disclosed in the financial statements.	2021	That appropriate action should be taken after discussed with the Treasury.	Disclosure facilities have not been provided through the accounting system introduced by the Treasury and relevant disclosures have been made in the accounts according to the current accounting system.	No action had been taken so far.

02.	The contract to connect the new access road from Homagama High Level Road to Katuwana Junction with the High Level Road under Tech City Development Project was awarded for Rs.713 million. Although more than 3 years have passed since the start of the work, the road development work for a distance of about 50 meters had been stopped since 28 February 2022, due to non-acquisition of two pieces of land and the non-assessment of the compensation amount. This road was handed over to the Road Development Authority on 19 April 2022, Although Rs.540.83 million had been spent for the construction of the road, the road could not be used for public use due to the unfinished distance of 50 meters to connect it to the main road.	2021	Action should be taken according to Section 2.3.1 (b) of the Procurement Guidelines should be followed After dealing with the provisions of the Land Acquisition Act.	No answers were given.	As the court cases are pending for Lot No. 376 and 377, steps will be taken to develop the remaining 50 meters of the road immediately after the proceedings are over.
03.	03 out of 04 light rail tracks were planned to be built on a Public Private Partnership (PPP) basis Under the	2021	Necessary steps should be taken to implement projects as planned.	Time was requested to provide answers.	Work on this project has been suspended until a government policy decision

Western Province
Transport

is made to
proceed.

Development Project.

A sum of Rs. 453.58 had been spent for a feasibility study on the transportation system in 2017, an evaluation of the environmental impact and an evaluation of the social impact. According to the approval of the cabinet, the procurement committee of the cabinet invited applications from investors in September 2018 and gave them a period of 6 months to submit proposals. The evaluation work of 17 investors who came forward was given to a foreign consulting company and Rs. 45.16 million had been paid. But this project was stopped due to a policy decision of the government and this project office had been closed on 31 May 2022. A sum of Rs. 196.65 million had been spent by this ministry for the project office from the year 2017 to October 2020. Accordingly, the total expenditure of Rs. 695.39 million had

been idled.

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| <p>04. A foreign company that claimed one piece of land that had been taken over due to the delay in the payment of compensation during the acquisition of land for the widening of Diyawanna Oya under the Colombo Flood Control Project had filed a case against the Government of Sri Lanka at the International Investment Dispute Settlement Center on 07 July 2016.</p> <p>The total cost for obtaining the assistance of foreign legal consultants for the case filed including the foreign travel expenses of the Attorney General's Department officers was Rs.405 million and a sum of Rs. 25.58 payable to the Sri Lanka Land Development Corporation also in this value as at 31 December 2021. According to the judgments dated 05 March and 02 December 2020, the foreign company should have paid</p> | <p>2021</p> | <p>Necessary actions should be taken to recover the money.</p> | <p>Answer had not be given.</p> | <p>It is planned to take further decisions after held a discussion with the Ministry of Finance on matters related to recovery of money.</p> <p>So far, the Attorney General's Department had not announced a decision regarding the next steps to be taken.</p> |
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387,162.34 pounds to the Sri Lankan government. Ministry had not taken necessary actions to recover the amount due to the non-payment of this amount by the foreign company until 31 October 2022 .

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| <p>05. The construction of the proposed recreational beach from Kollupitiya to Dehiwala Canal was planned to start on 30 April 2017 and to be completed on 31 December 2023 and the estimated cost for this is Rs.1820.78 million. The project feasibility study report and the environmental impact report had been completed by 31 December 2020 and a sum of Rs.117.86 million had been paid for this to the National Aquatic Resources Research and Development Agency (NARA). The Ministry Project Unit was assigned to the Urban Development Authority to take further action after the closure on 20 October 2020 and no further action has been taken</p> | <p>2021</p> | <p>While implementing project activities according to the plan, action should be taken to achieve the desired goals when spending public funds.</p> | <p>After the closure of the project office that implemented this project has been handed over to the Urban Development Authority to continuing the project activities.</p> | <p>After the closure of the project office that implemented this project has been handed over to the Urban Development Authority to continuing the project activities. No reports have been submitted regarding the actions taken by the Urban Development Authority.</p> |
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so far.

A sum of Rs. 99.37 million had been spent for maintain the project office from 2017 to 2020 and the overall physical progress was 47 percent as at 31 December 2021.

Head 123- Ministry of Urban Development and Housing

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| 01. | The Ministry had spent Rs. 15,718.38 million for development activities through the infrastructure development expenditure by object (2506) under other capital expenditure, in the year 2021. But the assets arising out of incurring that expenditure or the work in progress were not disclosed in the statements of accounts. | 2021 | A method should be identified to identify the assets or work in progress arising out of capital expenditure. | No disclosure facility has been provided in this regard in the accounting system introduced by the Treasury, | No action had been taken for that so far. |
| 02. | According to the instruction given by the Attorney General on 28 October 2021 regarding the financial fraud that occurred during the taking over of the Real Estate Exchange (pvt.) | 2021 | Actions should be taken to this resolve with the intervention of the line ministry. | No answers provided. | A committee has been appointed to conduct the F. R. 104(1) inquiry. |

Company Ltd. by the Urban Settlement Development Authority. It was stated that the relevant line Ministry should take action under Finance Regulations 103 to consider whether legal proceedings can be assigned against the relevant persons in connection with the loss the line ministry under that authority the Ministry of Urban Development and Housing had not taken any action in this regard even up to June 2022.

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| <p>03. The contract for the construction of Bulathsinghala Egaloya multi-modal building had been awarded to the Central Engineering Consultant Bureau on 16 August 2016 for a contract value of Rs.41 million under the Sukhita Purwara City Development Project. But after awarding the contract it was divided into 03 phases and the contract value had been increased up to Rs. 153 million by 272 percent. Also</p> | <p>2022</p> | <p>Construction should be planned after identifying the requirements and the constructed building should be completed in usable condition and handed over to the relevant departments.</p> | <p>It has been given to the Vocational Training Authority to conduct courses for a period of 30 years from 16 November 2021 Under a memorandum of understanding.</p> | <p>It is not fully utilized due to incomplete completion of the building, and only the places where classes can be held are utilized.</p> |
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possession of the building was handed over to Bulathsinghala Pradesiya Sabha on 20 October 2018 without completing the works such as installation of seats, air conditioning, lighting, elevator, stage curtaining but due to the incompleteness of the building it had been remained unusable. However the building was handed over to the Vocational Training Authority through a Memorandum of understanding on 16 November 2021. According to this although 04 years has passed since the construction of the building has been completed it was observed that it had not been used for the intended purposes of construction during the physical audit inspection conducted on 03 March 2023.

04.	Mobilization advance amounting to Rs.114 million had been paid on 6 March 2019 and 27 November 2020 to implement the future works of the Pitipana Talagala	2022	The Ministry is responsible to identify projects based on priority needs, legal activities for required land acquisition and to	A case has been filed under No. 49528 and 49529 in the Homagama Magistrate's Court to take legal action	The case is still pending.
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	<p>Road Phase 01 Development Project which had been awarded on 26 October 2018 for a contract value of Rs.563 million. According to section 2.3.1(b) of the Government Procurement Guidelines, the contract had been awarded without confirming the fact that the project could be implemented without interruption, and during the construction work, objections had been raised from the local residents regarding land acquisition and compensation. The construction work had been suspended due to that protests. Therefore, it was observed that despite the use of government funds with an opportunity cost, this road was not able to provide the expected benefits to the public after completing the construction work.</p>	<p>complete the projects within the target period and provide relevant benefits to the public.</p>	<p>against the landowners under the section 14(2)(b) of Government Land Act. Due to protesting for the development works by entering those lands by the landowners.</p>		
05.	<p>Housing Division of the Ministry had planned to construct 27,555 houses under 10 Housing Projects</p>	<p>2022</p>	<p>The projects should be completed and given to the beneficiaries</p>	<p>The cost of building houses has increased due to insufficient</p>	<p>The progress had also not been changed up to 30 September 2024.</p>

with an estimated cost of Rs. 4,989 million initiated during the period 2017-2020. A sum of Rs. 4,025 million had been spent for it as at 31 December 2022 and only 5,604 houses had been completed. According to progress reports there were 07 housing projects with less than 25 percent progress, 02 projects between 25 and 50 percent, and one project with more than 75 percent as at 31 December 2022. The remaining works of other houses to be built under these projects had not been completed and stopped midway.

according to the necessity of complete the started housing continuation projects by projects, non-arranging Funds. receiving of imprest from the year 2020, and increasing the price of building materials. Accordingly, the amount given for a housing unit was not enough to finish the entire work of the house. Accordingly additional funds have been requested.

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| 06. | Although Adequate safe housing and habitat improvement for all by the year 2030 had been identified as a sustainable development goal, but the progress achieved was less than 8 percent of the target amount at the end of 31 December 2022. | 2022 | It is the responsibility of management to identify achievable goals and to work towards achieving them. | New constructions had been temporarily held and half-finished projects had not been reached to the desired targets due to insufficient provisions and imprest. | The progress achieved was between 0% - 49% up to now. |
| 07. | A sum of Rs.74 million and Rs.10,404 million had been | 2021
2022 | The required provisions should be forecast | Estimates had been prepared based on | A higher percentage of the allocated funds |

	saved for 45 recurrent expenditure objects and 45 capital expenditure objects out of the provided amount of Rs.125 million and Rs.28,933 million respectively in the years 2021 and 2022.		accurately.	forecasts that had also are expected to remain in the year 2023. in preparing the budget estimates.
08.	<p>The Holuvagoda Agro-Ecological Park project had been planned to</p> <p>Commence on 21 August 2021 and to be completed on 30 August 2023 according to the revised agreement. But the total cost of this project was Rs.450.56 million, which is 131 percent of the contracted amount as at 31 December 2023 and the construction work of this project had been carried out without the approval of the Director General of the National Planning Department.</p>	2023	Projects should be implemented on formal approval.	<p>The Approval had not been received.</p> <p>The construction work had been implemented up to 2023, considering the potential loss if the project was abandoned due to non-completion of the work and work had been completed as more than 65%.</p>
09.	Aruwakkalu Solid Waste Project at estimated value of Rs.19,127 million has planned to be started on 01 January 2018	2023	Actions should be taken to achieve the expected out come to the public as soon as possible.	<p>EOI has been submitted to 03 institutes and after evaluation by CANC it had been</p> <p>The estimated cost of the project is Rs. 33,237 million at present. To facilitate the</p>

and completed by 30 June 2019 and implemented under 04 packages. Although the construction work of 03 packages of waste transfer center, sanitary landfill and railway line extension packages of the project had been assigned to a Chinese company, the construction work had not been completed at the end of the year under review. Further 04 sets of locomotives had been imported at a cost of Rs.8.27 million under the package of required machinery purchasing as at 31 December 2019 after 03 years laps 94 container boxes had been imported and stored on 22 April 2022 at a cost of USD 0.8 million. Moreover agreement had been signed on 21 October 2019 to import 34 railway wagons from the Indian company at a value of USD 2.3 million but it was not possible to procure railway wagons even at the end of the year under review and the agreement had been canceled due to non-submission of the

resubmitted on operational 22 March 2024. activities of the Accordingly, a project and Cabinet Paper acquire technical had been knowledge submitted for efforts were inviting made to engage Requests for with government Proposals agencies currently involved in waste management operations. However due to the lack of adequate technical and financial capacity within these agencies, the initiative was unsuccessful.

structural conceptual plan as per the agreement by the concerned institution. However, the physical progress had been achieved by spending Rs.24,016 million for this project was 92 percent as at 31 December 2023. Although the Ministry had planned to complete the work and start the operations of this project based on public-private partnership, it had not been implemented yet.

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| 10. | 12 housing construction projects had been started under the Middle Income Housing Project, with the contribution of middle income earners in the years 2020 and 2021. A sum of Rs.11,353.15 million had been incurred for 09 housing projects consisted with 2,939 housing units as at 31 December 2023. However, the construction work of this project was not in progress after 31 December 2022. | 2023 | The project should be completed and the expected benefits should be achieved. | 04 projects have been stopped by following the instructions of National Budget Circular No. 03/2022. Buyers had not come to buy houses due to the increasing prices of houses in 02 projects. One project has been completed on 05 May 2024. Construction of one project has been completed and deficiencies are being rectified. | It has been informed that it is not possible to carry out the remaining construction work due to the current situation. |
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| 11. Construction of 615 houses on Colombage Mawatha an estimated cost of Rs.2,546.10 million under the Urban Regeneration Project, for the low-income earners started on 30 October 2014. But construction had been suspended at 39 percent of its physical progress on 20 November 2020. At that date the Authority had spent of Rs.1,255.30 million or 49 percent of the total estimated value. Due to non-use of houses over 3 years, the amount of Rs.1,255.30 million had been incurred for the said project could be a useless expenditure. | 2023 | The project should be completed and the expected benefits should be achieved. | No comments. | Funds had been requested to allocate funds by the budget of 2024 to recommence of the Colombage Mawatha Project and no allocation had been received so far. Further it has also been requested to allocate provisions for the 2025 budget. |
| 12. The Ministry had assigned Engineering Services Private Company for the reconstruction of the Jaffna Municipal Council building at a contract value of Rs.2,142.48 million. The project was planned to be started on 10 October 2019 and to be completed on 9 October 2021, but the construction work could not be | 2023 | That the recommendations of the Committee on Re-programming and Acceleration of Major Projects (RAMP) should be followed. | The Jaffna Municipal Council refused to accept the project based on the RAMP decision, and the RAMP committee convened another meeting. It was informed to consider a suitable solution for the | The Governor of the Northern Province has requested to allocate money from the budget for the financial year 2025 to carry out the rest of the work. A letter seeking advice on the request has been forwarded for signature of the Secretary of the |

completed within the stipulated period. Therefore, 04 time extensions of 1,125 days had been given up to 09 October 2024. Further its physical performance was 66 percent and financial performance was Rs. 1,636.15 million as at 31 December 2023. Furthermore the contract sum of this project had been increased by Rs.1,627 million up to Rs. 3,769 million. The poor supervision of contract administration and consultancy units had been affected for that. Moreover it was decided to transfer the entire building to the Jaffna Municipal Council along with the responsibility of completing the balance work of the project, by regarding Re-programming and Acceleration of major Projects (RAMP) in accordance with the order issued base on the cabinet decision No. 22/1286/604/022 dated 05 September 2022. But action had not been taken for that according to the decision.

completion of Ministry to the project. submit the Accordingly, it National was planned to Operations complete only Room (NOR). the part identified as phase 1 and hand over the entire project to the Jaffna Municipal Council for acceptance.

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| <p>13. The contract for the construction of Panadura Public Market Complex with 258 stalls had been awarded to the contractor who was rejected during the preliminary bid qualification test at a cost of Rs.385 million (excluding VAT) on 23 September 2021 and the construction to be completed on 24 March 2023. But 297 days time extension had been given up to 15 January 2024 due to non-completion of the work on the scheduled date. The construction work could not be completed even within the revised contract period due to poor supervision and monitoring of the construction work by the Ministry.</p> | <p>2023</p> | <p>The attention of the Ministry should be focused on directing and supervising the construction work of the projects, and action should be taken to complete the work within the stipulated time.</p> | <p>This project is currently implementing in properly. The request for and time extension duly studied and it has been forwarded for approval.</p> | <p>The contract could not be completed within the planned time. The work of initial stage is being carried out.</p> |
| <p>14. It was proposed to construct 14,022 housing units for low-income families under the “Obeta Geyak Ratata Hetak Project” with the treasury allocation of Rs. 8,413 million. Although the construction of this project had to be completed by</p> | <p>2023</p> | <p>Projects should be completed timely as planned</p> | <p>The entire number of houses could not be completed within the stipulated year due to non-availability of allocation from the treasury properly.</p> | <p>The progress had not been changed up to 30 September 2024.</p> |

December 2022, only 79 percent progress or 7,744 housing units had been completed as at 31 December 2023 by spending Rs.7,704.95 million and construction of 75 housing units had been suspended.

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| <p>15. According to paragraph, 2(i) of Asset Management Circular No. 02/2017 dated 21 December 2017; vehicles that are used without registration rights in the name of their organization should be registered in the organization or formally transferred to the owner organization.</p> <p>However, Ministry had used 31 vehicles at a value of Rs.414.81 million without legal ownership.</p> | <p>2023</p> | <p>Actions should be taken as per the circular instructions.</p> | <p>Due to problems in taking over the title, there has been a delay in taking over the legal ownership of those vehicles.</p> | <p>The ownership of 21 vehicles had not yet been settled.</p> |
| <p>16. 29 projects valued at Rs. 8,845 million had not been legally handed over to the relevant institutions which were done under the Hundred Cities Programme, There was a possibility of been left these assets in the accounts due to non-</p> | <p>2023</p> | <p>Assets should be handed over to the relevant institutions legally.</p> | <p>Although the relevant institutions have given their consent to undertake them at the time of the implementation of these projects, but after the</p> | <p>No action has been taken yet.</p> |

including of those assets in the account statements of any organization.

completion of the construction, they are delaying the acceptance of the projects by presenting some problems.

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| <p>17. The front shops and the canteen with all facilities of Mahara administrative and commercial complex had been remained idle over 05 years which was valued at Rs. 370 million and work completed on 30 September 2019. Furthermore two elevators and auditorium with 428 seats with all facilities had not been used since the date of completion of the work.</p> <p>Some group had removed the lightning conductors and electrical circuits of the building. Moreover retention money of the contract had been settled against bills and retention money payable for other projects on 06 June 2023. Further it was observed that The non-use of this</p> | <p>2023</p> | <p>Revenue should be generated in favor of the government by completing the defects of construction of the building and utilizing fruitfully.</p> | <p>It has been proposed to construct a multi-purpose building at the place where the building owned by the local council to overcome the lack of a formal place for government institutions and public affairs in the Mahara area.</p> | <p>Considering the request of the Mahara Pradeshhiya Sabha, it has been agreed to transfer the administrative and commercial complex to the Pradeshhiya Sabha for a period of 30 years, subject to the approval of the Management Board.</p> |
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building was an inefficient use of public funds and no action had been taken by the Ministry in this regard so far.

3.8 Ministry of Power and Energy

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

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
(a)	Although the Moragolla Hydro Power Plant Construction Project with the aim of implementing a capacity of 31 MW to the national grid at estimated cost of Rs. 19,288 million was planned to commence in 2014, the works of it had been commenced in the year 2018 with a delay of 3 years. Similarly, approximately Rs.28 million (USD 177,931) had to be paid as commitment charges in 2017 for the loan obtained.	2021, 2022, 2023	Arrangements should be made to complete the projects within the stipulated periods and desired goals should be achieved.	The project, which was delayed due to the encounter of an endemic fish, the need to change the design of the reservoir dam on the notification of the Mahaweli Authority, the delay in environmental approvals, the Covid epidemic situation and the subsequent economic crisis, has	The progress as at 30 June 2024 was 75 percent.

The loan period of the Project ends in June 2024 and a one-year loan extension was requested up to 30 December 2025 to complete other civil works and construction.

Similarly, a sum of Rs. 14,269 million had been spent on this project as at 31 December 2023, and the physical progress had been 64 per cent.

achieved 73% physical progress so far and a sum of Rs.16,844 million has been spent. The expected physical progress as at 13 July 2024 when the credit facility expires of the project is 85%. A request has been submitted to the Asian Development Bank for funding for the remaining works. Accordingly, it is expected that this project will be able to commence producing hydro power before the end of 2024.

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| (b) | The National Transmission and Distribution Network Development and Efficiency Development Project which is implemented under 4 packages | 2021, 2022, 2023 | Proposals for completion of projects at regular intervals and completion of suspended works should be implemented | This project has not been able to achieve the expected physical progress due to suspension | Packages 01 and 02 are being implemented using funds of Ceylon Electricity Board. Packages 03 and 04 are |
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with the aim of developing transmission networks in Western, Central and North Central Provinces and reducing transmission losses, was scheduled to commence in January 2015 and be completed in January 2018.

However, a significant physical progress was not observed in packages 1 and 2 of this Project which had spent Rs. 39,942 million by 31 December 2023 and the necessary arrangements for the re-implementation of packages 3 and 4, which had been terminated without implementation, had not been made.

promptly.

of JICA temporarily suspended funding.

Due to the difficulty of obtaining JICA funds during the ongoing economic reforms, even though packages 01 and 02 were implemented using Ceylon Electricity Board funds, the packages 03 and 04 have been temporarily stopped. Accordingly, it is clear that this project cannot be carried out according to the Action Plan.

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| <p>(c) As per the Financial Regulations 104.(3) and 104 (4) of Financial Regulation of Democratic Socialist Republic of Sri Lanka, the preliminary reports of 07 vehicle accidents that occurred during 2021-2023 were issued with an immense delay and</p> | <p>2021, 2022, 2023</p> | <p>Actions should be taken to in terms of Financial Regulations.</p> | <p>As soon as repairs and police reports are received, actions will be taken to issue relevant reports as per Financial Regulations.</p> | <p>The relevant final reports have not been released yet.</p> |
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their final reports had not been issued even by May 2024.

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| (d) | Even though an observation had been included in the audit report of preceding years regarding the fact that making of an informal appointment on acting basis for a position that was not included in the approved staff of the Ministry and payment of Rs 2,047,347 as salary for 07 years, appropriate actions had not been taken to recover the said amount even by 30 April 2024 . | 2022,2023 | Actions should be taken in accordance with circulars and recovery of irregular allowance payments should be done according to F.R.. 135, 136, 137, 138. | A Committee consisting of Ministry officials has been appointed to conduct a preliminary investigation and further actions will be taken according to the decision of the Committee. | No recoveries had not been made yet. |
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3.9 Ministry of Defence

	Total Assets	Total Liabilities	Equity	Opinion
	Rs.	Rs.	Rs.	
2021	36,927,847,351	515,377,047	36,412,470,304	Qualified
2022	43,044,570,365	941,895,796	42,102,674,569	Qualified
2023	40,694,316,668	894,999,209	39,799,317,459	Qualified

Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
01. There were variations of 130 percent to 147 percent between the basic income estimates and the actual income. There had been variations in the range of 36 percent to 91 percent between the revised income estimate and the actual income in the year 2023.	2023	Income should be accurately estimated annually to prepare the government budget estimate in terms of the Public Finance Policy Circular No. 1/2015.	I would like to point out that the actual income estimates is recapturing in accordance with the revised income estimate for income estimates of the year 2024.	It is observed that there were variations between the revised revenue estimate and the actual revenue till the third quarter of the current year.
02. According to the action plan of the ministry for the year 2023, the revenue estimates were not prepared realistically as there was a 176 percent variance between	2023	Income estimates should be prepared as realistically as possible.	It has been noted to prepare the action plan realistically in the future. The revenue estimate for the year 2024 has been prepared in a realistic	It is observed that there were considerable variations between the revised revenue estimate and the actual revenue till the third quarter

the expected revenue and the actual revenue from the United Nations peacekeeping operations during the year.

manner of the current considering such year. as the number of soldiers recruiting for peacekeeping operations, supplies of equipment, placement of officers.

03. Expenses totaling 2023 Rs.3,106,817 in 39 cases related to the year 2023 had been incurred from the provisions of the year 2024 but those expenses had not been recognized as liabilities in the financial statements of the year 2023.
- As per the provisions of the Financial Regulation 94(2), liabilities should be identified and entered in the register of commitments and liabilities.
- In terms of the financial regulation 94(2), it is noted to implement an internal control system so that commitments and liabilities can be identified and entered into documents as far as possible.
- During the period of under review the liabilities were not correctly identified in every year.
04. Even though 2023 financial authority should be delegated in relation to the income in terms of the Financial Regulation 135, the financial authority had not been delegated in relation to the income earned from United Nations peacekeeping activities and income from license fee.
- Actions should be taken in terms of the financial regulation 135.
- In terms of Financial Regulations 135, the delegating of financial authority for the two revenue heads of license fees and peacekeeping income is expected to be done from the year 2025.
- In relation to the year 2024, the delegating of financial authority related to the peacekeeping income and license fee income of the United Nations was not done in relation to the year 2024.

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| 05. Control records had not been maintained in relation to the approved / actual staff or its monthly changes in respect of 2,292 officers belonging to the State Intelligence Service and National Cadet Corps, to whom salaries are paid by the Ministry. | 2023 | Action should be taken in terms of the Financial Regulation 453(h) and records on the control of the total cadre should be maintained accurately. | The Director of the State Intelligence Service has been informed to bring the information of the State Intelligence Service on a monthly basis and to maintain the control records in a formal manner and to submit the staff information to the Department of Management Services. | Weaknesses are continuing regarding on maintaining control records of approved/actual carder or its monthly changes. |
| 06. The loan balance to be recovered from officers retired, deceased, interdicted and vacated post had been Rs.5,004,395 as at 31 December 2023 and the total outstanding balances for a period from 05 years to more than 20 years had been Rs.1,297,832. | 2023 | Outstanding loan balances should be recovered by taking actions in terms of the Public Finance Circular No. PED/RED/2015/8/G eneral (1) dated 09 October 2015 and Guideline No. 01 of Public Finance Circular No. 01/2020 dated 28 August 2020. | 03 loan balances amounting to Rs.590,703 which cannot be recovered for more than 20 years are directed to be written off from the books, arrangements such as taking legal action, recovering in installments, giving final notices to settle the loan and recovering the outstanding of loan through retirement gratuity will be taken to recover the outstanding balances. | The progress of arrears recovery till the third quarter of the current year is 31 percent and the outstanding balance further to recover was stated as Rs.3.44 million. |

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| 07. The Adhoc sub 2023
imprest, provided
for a specific
purpose should be
settled immediately
after the completion
of the relevant
purpose. Even
though an advance
of Rs.3,648,332
provided for
various purposes in
64 cases had been
settled with a delay
of 25 days to 200
days. | In terms of the
financial regulation
372(2)(b), arrange-
ments should be made
to settle the adhoc
sub imprest
immediately after
the completion of
the purpose for
which it is granted.. | Arrangements are
being made to re-
inform the
relevant divisions
and institutions in
this regard and to
follow the
necessary internal
control
procedures. | Delays in settling
Adhoc sub
imprest further
continue. |
| 08. The contract period 2023
had to be extended
due to the inability
to complete the
contract within the
expected time due
to the delay in the
construction of the
Defence
Headquarters
construction
project, the delay in
opening the letters
of credit, etc., 02
such supply
contractors had
requested 19 claims
for extension of
time (Claims for
EOT) amounting to
Rs.837,497,744 and
US\$ 3,675,029 by
the end of the year
under review | Avoiding
uneconomical
expenses and
controlling
unnecessary delays
should be
prioritized. | Contractors have
requested time
extension claims
based on
circumstances
beyond the
project's control.
Out of the 19
claims, 09 have
been settled. | The responsibility
of avoiding
uneconomical
expenses and
controlling
unnecessary
delays is further
relevant. |

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| <p>09. The beneficiaries who received financial assistance amounting to Rs.344,400,000 due to lack of water sources for 205 houses located in 3 districts, under the programme of evacuating families, who lost their homes due to landslides and living in high-risk areas of landslides, resettling them in safe places under the National Disaster Relief Service operations and due to lack of electricity facilities for 82 houses in 3 districts, had not settled in the houses.</p> <p>Furthermore, 17 beneficiaries, who received benefits totaling to Rs.15,900,000 had abandoned the ownership of those houses and lands.</p> | <p>2023</p> <p>When settling persons in safe places, they should be settled in the places where infrastructure facilities are available in order to enable them to obtain the basic needs like water and electricity.</p> | <p>Actions had been taken to release the provision of Rs.39.96 million to the district secretaries of Kandy and Ratnapura who had requested for provision for water and electricity for government land used for resettlement.</p> | <p>Delays are further occurred in achieving main objectives due to not acting timely.</p> |
| <p>10. Under the programme of resettling in safe places related to 05 districts, 258 beneficiaries who received benefits amounting to</p> | <p>2023</p> <p>Action should be taken to achieve the basic objectives of the project with formal supervision.</p> | <p>In order to implement the resettlement project forward, efforts are being made to obtain the approval of the Cabinet with</p> | <p>Delays are further occurred in achieving basic objectives due to not acting timely.</p> |

Rs.200,600,000 had abandoned the construction work without completing the tasks related to the phase of receiving benefits and 90 beneficiaries who received benefits amounting to Rs.82,700,000 had completed only the tasks related to the phase in which the benefits were received and abandoned the construction works.

the recommendations of the Department of National Planning. Project implementation guidelines have been drafted and it is expected to identify the parties abandoning the construction work based on an updated data system and take a policy decision regarding them.

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| 11. | 06 persons who received benefits totaling to Rs.9,600,000 to buy a land with a house under the programme of resettling in safe places had not used that amounts and bought lands. | 2023 | A system of accountability should be implemented with confirmation that the amounts of benefits should be utilized for the relevant work. | Project implementation guidelines have been drafted with methods of recovering money to prevent misuse. | Implementation of mechanisms of preventing misuses is not sufficient. |
| 12. | The Ministry has awarded bids based on a cost estimate of Rs.96 billion for the supply of raw and dry food for 151,429 living in members of the Armed Forces for the supply year of 2023 and the food estimates were not prepared on a | 2023 | Estimates should be prepared realistically taking into account the actual consumption of the previous years. | Actions have been made to prepare realistic estimates for the year 2025 considering the population in the three armed forces. | Estimates have not been prepared realistically for the year 2024. |

uniform and specific method by the three armed forces. Although the daily rice requirement of a person in the Sri Lankan Army was maintained as a standard of 190 grams but the estimates were made considering it as 633 grams. Also, an unrealistic and over estimate of 27 .590kg had been prepared for the daily food requirement of 140 types of food including rice, grains, vegetables, meat, fish and dried fruits for the one member of the Navy.

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| <p>13. Although it is stated that during the evaluation of the bids related to the supply of food to the members of the three armed forces in camps, a fair price for each food item will be determined and the maximum price for supply to any camp in the island will be determined based on that price as a</p> | <p>2023</p> | <p>Action should be taken in a manner that the government has to bear the least cost and gets the maximum benefits.</p> | <p>The procurement award is not made on the basis of the bid values submitted and several rounds of price negotiations have been conducted with the bidders and a reasonable price has been decided to be the least cost to the government by focusing on the</p> | <p>It is observed that this situation existed in the year 2024 as well.</p> |
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maximum of 10 percent. Bids had been awarded to supply rice to 05 camps in Colombo and suburbs at a price of 22 percent to 103 percent more than the identified fair market price, and bids had been awarded to supply lentils, dried fish and milk powder to those 5 camps at a price of 42 percent to 102 percent more than the identified fair market price.

market price.

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| <p>14. Although the 2023 annual estimates are to be prepared as fully and accurately as possible in terms of Financial Regulation 50 (ii), It was observed that the estimates were not fully and accurately prepared due to allocating of additional provision from 108 percent to 1503 percent of the basic provision, Where there are savings in excess of the additional provision made under Financial Regulation 66 and existence of cases</p> | <p>The provisions made for each expenditure codes should be utilized with maximum efficiency.</p> | <p>Instructions have been given to use the provisions with maximum efficiency transferred by the F.R 66 in the year 2024 and to speed up the procurement activities so that there is no provision left at the end of the year and to use the provision allocated for the expenses of Defence minister with maximum efficiency.</p> | <p>This situation had existed in the previous three consecutive years.</p> |
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where the entire provision was not utilized.

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| 15. | <p>The construction of the strategic defence communication network project with the aim of maintaining integrated strategic communication between the armed services was proposed to be completed by the end of 2016, the project was suspended due to the delay of 06 years in the procurement of a microwave radio communication system.</p> <p>Accordingly, in the years 2016 and 2017, the 11 communication towers and 22 generators built at a cost of Rs.600.7 million could not be used for their intended purposes.</p> | 2021 | <p>Expected goals should be reached as planned.</p> | <p>The project was temporarily stopped due to insufficient provisions in the year 2022 and expenditure control as per National Budget Circular 03/2022 and no provisions received in the years 2022, 2023 and 2024. Generators are used by the three armed forces and special task force for the rebroadcasting requirements of radios. Actions are being made to obtain Cabinet approval to extend the period for the years 2025 and 2026.</p> | <p>Sufficient returns have not received in the last 8 years for the money spent on the project.</p> |
| 16. | <p>There were 118 posts including 28 senior level posts in the Ministry and 68 vacancies including Accountant and Administrative</p> | 2023/
2021 | <p>Sufficient staff should be maintained to achieve the desired performance.</p> | <p>Requests have been submitted to the Ministry of Public Administration in relation to the filling of the</p> | <p>This situation had become a hindrance in enhancing the performance of the Ministry.</p> |

Officer posts in the National Cadet Corps.

existing senior level post vacancies in the Ministry of Defence. It has been informed to get advice from the Department of Management Services regarding the vacancies in the National Cadet Corps.

17. As the staff of the three armed forces, 700 officers and other ranking army personnel had been employed for the duties of the Ministry and other divisions under the Ministry and their remunerations had been borne by the relevant three forces.
- 2022 Essential adequate should be maintained.
- and staff be
- Attention was paid on creating a legal background for the recruitment of the three armed forces in the Committee on Public Accounts held on 28 November 2023.
- Attention was paid on creating a legal background for the recruitment of the three armed forces in the Committee on Public Accounts held on 28 November 2023.
18. It was observed during the course of audit test checks that there were below instances where expenditure had been incurred uneconomically, despite the instructions given by the National Budget Circulars No.03/2021 dated 21 December 2021
- 2022 Action should be taken to control public expenditure in keeping with the circular instructions and expenditure should be economically, efficiently and effectively incurred ensuring minimum Cost and optimum output to the Government.
- A building with a distance of 01 km was obtained on a rental basis for the year 2024 with a monthly rent of Rs.2,876,500 by reducing the cost of transportation and accommodation. In the future, the possibility of
- There is not sufficient cost control.

and No.03/2022 dated 26 April 2022 to control public expenditure.

- Rs.5,197,413 had been incurred for a one-day conference of officers of the three armed forces including catering expenses and other expenses.
- A housing complex of 24 units was rented for Rs.72 million to provide accommodation for 31 officers who participated in to the course and of Rs.3,000,000 had been paid as monthly rent.
- An uneconomical expense of Rs.10,500,000 had been incurred for the rent of the housing complex which was idle for a period of 03 months.
- Despite paying lecturer

obtaining international support for the construction of a new building by taking over a government land is being studied.

allowances of
Rs.2,322,261,
Rs.2,756,383 of
vehicle rental
and fuel
expenses had
been incurred
for the transport
facilities.

3.10 Ministry of Justice

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Surplus (Deficit) (Rs.)	Opinion
2021	2,114,316,272	41,235,577	2,073,080,695	-	Qualified
2022	4,520,790,254	101,598,722	4,419,191,532	-	Qualified
2023	5,097,297,958	171,927,248	4,925,370,710	-	Qualified

Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1. The Citizens'/ Clients' Charter had not been prepared and implemented in terms of Circular No. 5/2008 dated 06 February 2008 as amended by Circular No. 5/2018 (I) dated 24 January 2018 .	2023	Actions should be taken as per the referred Circular to prepare the Citizen/ Employee Charters.	Actions are being taken to properly prepare the Citizen /Client Charter. A methodology is being developed to monitor and evaluate its implementation and it had been informed that actions will be taken to implement it in the future.	The Citizen Client Charter is being drafted. .
2. The Indian grant amounting to Rs.100 million and foreign grants	2023	Actions should be taken to complete planned tasks properly.	The Indian High Commission has agreed to extend the period of the	The necessary cabinet approval has been obtained for the

amounting to Rs.20 million for financing the construction of 3000 rainwater cultivation systems in Jaffna District had completely been saved due to non-execution of the project as unable to extend the project period.

relevant project and Memorandum of relevant Understanding activities are and, the relevant being done to draft letter has sign agreements been forwarded between the two to this Ministry parties. through the However, due to the Ministry of the change in the Foreign Affairs. subject matter of After the Ministry, this office has been determining the attached to the relevant matters, the Cabinet Ministry of approval should Buddhasasana, be obtained and Religious and it had been Cultural Affairs, informed that it National was expected Integration, that the Social Security agreement will and Mass Media. be signed and the Therefore, the remaining works relevant institution has on the project will be stated that it completed after expects to receiving that discuss this approval. matter with the new Ministry and take further action.

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| <p>3. A Special Unit had been established by the Decision of the Cabinet of Ministers CP/20/1400/330/013 to strengthen the Process of Dispensation of Justice and although a sum of Rs. 7,238,875 had</p> | <p>2023
2022</p> | <p>Actions should be taken to complete planned tasks properly.</p> | <p>Since the reports submitted by the Civil Law Reform Committee have been submitted online, the agreement has not been signed and even though the project was not</p> | <p>The previously appointed committee members engage in these activities voluntarily and it has been informed that the works related to the civil law reforms proposed by the</p> |
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been paid up to 2022 for the members of the Advisory Committee established for the reform of civil law, which was one of its special tasks, progress reports of it had not been formally signed and confirmed and the expenditure under this provision of Rs. 5,000,000 in the year 2023 was Rs. 78,158. Within this expenditure, a sum of Rs. 72,379 had been paid as overtime allowances, daily wage expenses and language translation allowance for 03 temporary drivers. Accordingly, the programme to strengthen the Process of Dispensation of Justice had not been implemented.

implemented in committee is the year 2023, it being carried out. that the expenses related to that project in the year 2022 have been debited to the expenditure item 110-01-02-08-2509 for that project.

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| 4. | The land acquisition process of the land in extent 0.2023 hectares of Nuwara Eliya circuit bungalow which is possessed by the Ministry of Justice, the land in extent | 2023
2022
2021 | Actions should be taken to expeditiously acquire, assess and account for the lands. | It was informed to the Commissioner General of Lands to hand over the land where the Nuwara Eliya Tourist | It had been informed that a request has been made again to the Land Commissioner General on 04.07.2024 to immediately |
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01 rood and 10 perches of Rakwana circuit bungalow, the land in extent 0.1760 hectares of Battaramulla Children's Magistrate's Court and the land in extent 2.4281 hectares (06 acres) belonging to a company who had constructed the 'Adhikarana Piyasa' and the valuations had also not been done.

Bungalow is hand over the located to the land where the Ministry, the Nuwara Eliya Superintendent Tourist Bungalow is of Surveying to Bungalow is take over the located, to the land where the Ministry. Rakwana It had been Tourist informed that Bungalow is requests have located and the been made to Kaduwela the Surveyor Divisional General to have Secretary to the survey formally hand works carried over the land out free of charge for the where the transfer of the Battaramulla land plot where Children's the Rakwana Magistrate the Rakwana Court is located. Circuit A compensation Bungalow is amount has located and been decided for necessary action the acquisition is being taken. of the land The Urban belonging to the Development BCC Lanka Authority has company, which been notified on is building the 2024.06.13 to 'Adhikarana transfer the land Piyasa' and it where the was stated that Battaramulla the Divisional Children's Secretary had Magistrate's informed that he Court is located would inform to the Ministry about the of Justice to be handover handed over to timeframe in the the Kaduwela future. Divisional Secretary. It had been informed that the

Authority has not taken action in this regard so far.

The Divisional Secretary has informed that the timeline for the transfer of the land belonging to BCC Lanka Company, where the Adhikarana Piyasa is being constructed, to this Ministry by a transfer certificate without paying compensation, will be announced in the future.

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| <p>5. Ten officers who were required to give securities had not been given securities as at 31 December 2023 as per Financial Regulations 880 and Public Officials' Security Ordinance and the Circular 01/2011 dated 18 January 2011 of Ministry of Justice.</p> | <p>2023
2022</p> | <p>Action should be taken as per the referred Circulars and Financial Regulations</p> | <p>It had been informed that the activities of securities are being made for these officers and they have been sent to the Attorney General's Department for approval.</p> | <p>Since the approval of the Attorney General's Department has not been received yet, it had been informed that a reminder would be issued.</p> |
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| <p>6. After the term of office a Mediation Board was over, it had taken almost 04 years to appoint the Mediation Board. Although the tenure of most of the Mediation Board members have expired, the completion of the activities up to appointment of members got delay due to delay in publication of notices (Gazette Notifications) for new appointments. Although the tenure of the Mediation Boards had expired as per the audit test check carried out, 45 instances were observed where the appointments had not been made, up to date of audit 06 February 2024 .</p> | <p>2023</p> | <p>Appointments should be made soon after the expiry of the tenure.</p> | <p>It is being referred to the gazette notification before the end of tenure of the Mediation Boards in order to avoid the delays in making appointments, and it had been informed that it will be done 06 months before the end of the tenure.</p> | <p>The gazette notification is being referred , before the end of the terms of office of the Mediation Committees at present to avoid delays in obtaining appointments and it is done 6 months before the end of the term. Nominations have been invited through gazette notifications for all Mediation Boards whose terms of office are to be expired on 31.12.2024.</p> |
| <p>7. Some members had attended all the meetings while paying the monthly allowance of Rs.25,000 paid to the Mediation Board members for attending the meetings and some members had</p> | <p>2023</p> | <p>Action should be taken to obtain maximum contribution from all members.</p> | <p>Allowances are paid to the Commissioners including the Chairman of the Mediation Board Commission as per letters of the Director General of Management Services No.</p> | <p>The Department of Management Services has been consulted in this regard and answers have not been received so far. Actions will be taken to issue</p> |

attended only one session of meetings. However, it was not possible to obtain the maximum contribution of all the members for the meetings due to the fact that the monthly allowance was paid to all the members without considering the participation.

DMS/1281/II reminders again. dated 11 August 2016 and 05 October 2016, and it had been informed that, the Management Services Department will be consulted and arrangements will be made to pay allowances accordingly in the future.

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| <p>8. Although there were 16 Special Mediation Boards (land) established at the District level, the Special Mediation Boards had not been reappointed in Mannar, Vavuniya, Jaffna, Anuradhapura, Trincomalee, Batticaloa and Special Mediation Boards had not been established in Galle, Matara, Puttalam, Kegalle Districts.</p> | <p>2023</p> | <p>The establishment of Mediation Boards and the appointment of members should be done immediately.</p> | <p>Even though Special Mediation Boards (lands) had not been reappointed, it had been informed that there are many duties to be performed according to the duty lists of the officers.</p> | <p>Out of the 16 Special (Land) Mediation Boards currently established, actions are being carried out to re-appoint the Mediation Boards of Mannar, Vavuniya, Jaffna, Anuradhapura and Batticaloa and, it had been informed that nominations are being called for and Mediators are being recruited for the 09 Land Mediation Boards that have not yet been established and, the works of</p> |
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Mediation Board can continue without interruption until the new Board is appointed, although the term of office of the existing Mediation Boards has expired in terms of Section 4(2) of the Schedule to the Mediation Boards (Certain Types of Disputes) Act, No. 21 of 2003.

9. A cab confiscated by the Trincomalee Magistrate's Court had been given to the use of Ministry of Justice in 2010 and it had been decided to repair this car after 05 years as per the final investigation report regarding the accident in 2018 and the interim report dated 12 May 2021. However, as per the Department of Motor Traffic letter dated 03 May 2023, since it was problematic to take over to the Ministry, it was
- 2023 The suitable actions should be taken immediately by obtaining the valuation report.
- It had been informed that the Department of Motor Traffic is conducting an investigation on the reason that the data related to the vehicle's chassis number did not match during the disposal of the vehicle.
- Reminder letters have been sent since the inspection reports from the Department of Motor Traffic have not been received.

parked in the Ministry premises almost 06 years due to mismatch of registration number and engine number of this vehicle with data of the Department of Motor Traffic.

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| 10. Action had not been taken to dispose a three-wheeler which was not in running condition for more than 05 years. | 2023
2022 | Actions should be taken to dispose. | The valuation report given by the Valuation Committee for the disposal of the QB-2005 three-wheeler has already been given and it had been informed that further actions related to the disposals are being carried out. | Arrangements are being made to dispose this vehicle in the future in accordance with F.R. 770 (4) and Motor Transport Department Circular No. 7/2024 . |
| 11. Although the progress reports of the projects implemented by the National Integration Promotion Division should be sent to the Ministry with relevant details within 07 days after the completion of the project, it was not confirmed to the audit regarding the actual cost of the projects due to the | 2023 | The relevant reports should be requested as stipulated. | Almost 85 per cent of the officers attached to the Divisional Secretariats had provided the progress reports of the projects with relevant details to the Ministry by May 2024 and officers were instructed to prepare a system for calling reports using | The funds for the project to empower marginalized school children have been fully released to the District Offices by 30 September 2024. Out of these, 3 projects have been completed and progress reports have been received for that. It is kindly |

District/Divisional Secretariats had not acted accordingly.			new technology. It had also been informed that, it was noted to properly submit the progress review reports and final project reports of the officers attached to the Divisional Secretariats, to the audit.	informed that the relevant officials have been informed to obtain progress reports within 07 days after the completion of other projects, and instructions have been given to receive those reports via email.
12. The costs for the comprehensive modernization project of the Sri Lanka Supreme Court Complex, which is being renovated with the assistance of the Chinese government, is directly being carried out by the donor and although provision of Rs.350 million had been made under 110-2-27-2001(13) for the year 2023, the expenditure had not been incurred in relation to the year 2023 according to the financial statements of the Ministry. Nevertheless, the reasons for the delay were given as "it was not possible	2023	Actions should be taken to obtain expenditure reports.	The direct costs related to this project are borne by the donor and it had been informed that it was not possible to submit the expenditure reports under this vote due to the difficulties in obtaining the expenditure reports.	The requests have been made to the Chinese side to provide relevant expenditure reports and It has been informed that the report has not been received yet.

to report
expenditure under
this expenditure
vote due to
difficulties in
obtaining
expenditure reports"

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| 13. | Although Supervisory Mediation Board Training Officers had been vacant for more than 8 years, actions had not been taken to fill the vacancies. | 02
2023 | Actions should be taken to recruit for the vacant post. | The approval had been given for recruitment from the letter of the Director General of Management Services dated 01 January 2024 and accordingly, it had been informed that recruitments will be carried out in the future. | Approval has been given to make the recruitments by the letter dated 01 January 2024 from the Director General of Management Services and accordingly, recruitments are being carried out. |
| 14. | The land acquisition process had not been completed by obtaining a copy of the plan of the land where the building the Department of Legal Draftsman and Ministry of Justice is located. | 2022
2021 | Arrangements should be made to take actions to acquire assess and account for the properties by the Ministry. | The Valuation Department has informed that a valuation report cannot be given without submitting the documents confirming the ownership of this property. Therefore, it had been informed that the assessed value of the said land and building will be taken after obtaining the legal ownership | This land was taken over by this Ministry on 04.08.2023 and although requests have been made to the Government Valuation Department on 31.08.2023, it had been informed that the valuation had not been received so far. |

of the relevant land to this Ministry, and as soon as the assessed report is received, those values will be accounted for through the CIGAS programme.

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| <p>15. The construction industry of Puttalam Legal Aid and Community Corrections Building with 02 floors had been awarded to an external party on 15 September 2010 at a contract value of Rs. 5,583,770 and although the work was supposed to be completed on 27 March 2011, its period had been extended on 03 occasions up to 13 October 2022. However, the construction of this Project had been stopped whilst constructing without being completed the work and as a result, the need to establish a separate office for counseling and for carrying out office</p> | <p>2022
2021</p> | <p>Actions should be taken to expeditiously recover the amount receivable from the Mobilization Advance and Performance Bond.</p> | <p>It has been sent to seek advice from the Attorney General's Department to recover these Performance Bonds and Mobilization Advances receivable and it had been informed that the actions will be taken according to the instructions of the Attorney General in the future.</p> | <p>The original documents related to the contract (CIDA/SBD 3) have been requested from the Attorney General's Department on 03.03.2021 and it has been given on 21. 07. 2024 . A reply has not yet been received from the Attorney General's Department.</p> |
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works of
community
correctional
convicts, had not
been fulfilled.
Further, a sum of
Rs. 254,691 from
the Mobilization
Advance amount
paid to the said
contractor on 21
October 2010, a
sum of Rs. 339,535
to be collected from
the Performance
Bond had not been
recovered as at 31
December 2022 .

3.11 Ministry of Public Security

	Total Assets	Total Liabilities	Equity	Profit (Loss) Before Tax	Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	7,929,941,825	34,854,805	7,895,087,020	7,929,941,825	Unqualified
2022	8,333,048,451	42,717,085	8,290,331,366	8,333,048,451	Qualified
2023	8,959,008,794	47,576,801	8,911,431,993	8,959,008,794	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1	A sum of Rs. 4,917,900 that had not so far been recovered from the advance paid to the Special Task Force Married Quarters construction project at Kalapaluwawa in the year 2007 further remained receivable.	2021 2022	Adequate steps should be taken to recover the outstanding loan balances.	Measures are being taken in accordance with the law.	Legal actions are in progress.
2	The project related to deploying Special Task Force officers for United Nations peacekeeping operations (Formed Police Unit). According to the Cabinet Decision No. CP/16/0738/703/083 dated 16 May 2016,	2021 2022 2023	Necessary actions should be taken to achieve the expected objectives without delay.	The United Nations Organization is currently being informed about the implementation of the project.	Actions are currently underway to inform the United Nations Organization about the implementation of the project.

an amount of Rs. 1,590 million was allocated for the purchase of weapons, ammunition, and other equipment required to establish a combat unit of the Special Task Force in the Republic of Mali for United Nations peacekeeping operations. Due to the insufficiency of these funds, an additional Rs. 1,175 million was approved under Cabinet Decision No. CP/17/1811/784/001-1 on 30 August 2017. Accordingly, despite an expenditure of Rs. 1,872,800,823 from 2017 to 2023, the objectives of the project, including the increasing foreign exchange earnings for Sri Lanka, providing additional income for officers assigned to this unit, gaining international recognition for the Sri Lanka Police Special Task Force, enhancing the skills and international exposure of participating officers, and motivating qualified officers of the Special Task Force by offering them new

opportunities had not been achieved due to its non-implementation.

Approximately Rs. 1,873 million has been spent on the purchase of 57 vehicles, 3 trailers, and other goods and equipment intended for deployment in United Nations peacekeeping operations. The audit observations revealed that, due to delays in departure for peacekeeping operations, the vehicles and other goods and equipment purchased have remained idle for periods ranging from 01 to 6 years while being maintained, the warranty periods provided for these items have expired without being utilized, the risk of damaging equipment from inactivity has increased and some goods were found to have passed their expiration dates.

3	Nineteen lands belonging to the Special Task Force had not been transferred.	2022	Expeditious steps should be taken to transfer the lands.	Actions are being taken to transfer the properties and obtain valuation reports.	The transfer of 3 out of the 19 lands has been completed, and actions are being taken to obtain
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the valuation reports.

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| 4 | The valuation of lands and buildings at Vakarai and Valachchenai belonging to the Special Task Force had not been obtained. | 2022 | Immediate action should be taken to obtain the valuation of the assets. | Action is being taken to obtain the valuation reports. | Action has been taken to obtain the valuation reports |
| 5 | The total outstanding loan balance recoverable from officials and employees no longer serving in the Ministry due to reasons such as death, retirement, dismissal, vacation of service, and other reasons, under the Advances Public Officers 'B' Account, amounted to Rs. 646,979 as at 31 December 2023. Of this, the outstanding loan balance continued to exist for more than 05 years of three interdicted employees amounted to Rs.118,793. | 2021
2022
2023 | A formal procedure should be implemented promptly to recover the outstanding loan balances. | Actions are being taken to recover the loans, and legal measures are being pursued against officials from whom recovery is not possible. | Out of the total outstanding loan balance of Rs. 646,979 exceeding one year, a sum of Rs. 39,798 has been recovered to date and Rs. 111,020 has been recovered from the Rs. 118,793 outstanding loan balance exceeding five years, while legal action is underway regarding officials from whom recovery is not possible. |
| 6 | A record of liabilities had not been maintained according to Financial Regulation 214. | 2023 | According to Financial Regulation 214, liabilities must be recorded in a record of liabilities in a manner that allows regular verification. | Actions are being taken to maintain the record of liabilities for the year 2024. | Measures are underway to maintain the record of liabilities for the year 2024. |

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| 7 | Assets Management Circulars | 2023 | <p>Actions should be taken according to Section 07 of Assets Management Circular No. 01/2017 dated 28 June 2017</p> | <p>Information on other assets purchased and disposed of in the year 2024 is being reported to the Office of the Comptroller General.</p> | <p>Information regarding assets purchased and disposed of during the year 2024 is being reported to the Office of the Comptroller General.</p> |
| | | | | | |
| 8 | Although the Electronic Identity Card Project Management Unit was operated on only one section of the 10th floor of the Suhurupaya building, the water and electricity bills had been paid from the project funds for the 10th floor and a land space of 8th floor. Accordingly, an electricity bill of Rs.16,662,198 and a water bill of Rs.1,030,913 had been paid in the year 2023 for two plots that do not belong to the project office. Further, it was observed that a sum of Rs. 107,811 had been paid as the overdue interest for the electricity charges. | 2023 | <p>When water and electricity bills are paid, the arrangements should be made to pay the bills for the land area belonging to the Electronic Identity Card project as well as on the due date</p> | <p>Payments are still being made in the same manner.</p> | <p>Even at present, payments continue to be made in this way.</p> |

9	<p>Although it was possible for the Special Task Force to procure goods of the same category through a single bidding process, goods were purchased from the same institution through separate bidding processes on 20 occasions incurring a total expenditure of Rs. 3,321,832.</p> <p>Additionally, 18 gas stoves required for camps were procured on 10 occasions from the same institution through separate bidding processes, for which a sum of Rs. 618,000 was paid. Accordingly, despite the possibility of procuring goods through a single bidding process, purchases were made on multiple occasions through separate bidding processes.</p>	2023	<p>Procurement processes must be carried out with maximum efficiency to minimize costs.</p>	<p>In the future, efforts are being made to call for bids for the same category under a single procurement process.</p>	<p>Measures are being taken to call for bids for the same category under a single procurement process.</p>
10	<p>As per the Section 9 (d) of the Voluntary Social Service Organizations Act No. 31 of 1980, the accounts of the nongovernmental organization should be audited at least</p>	2023	<p>Actions should be taken in accordance with Section 9 (d) of the Voluntary Social Service Organizations Act No. 31 of 1980.</p>	<p>The relevant organizations have been informed to submit the audited financial reports. Organizations that fail to submit reports for more than three years will be</p>	<p>Relevant organizations have been advised to submit the audited financial reports. Those that failed to submit reports</p>

once every year. However, according to the information provided to the audit by the National Secretariat for Nongovernmental Organizations, only 54 organizations out of the existing 691 Nongovernmental Organizations at the operational level in the year 2022 have submitted the audited financial statements.

classified as inactive for more than three years have been named as inactive organizations.

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|----|---|----------------------|--|--|--|
| 11 | Although the approved cadre of the Ministry of Public Security was 476, there were 166 vacancies, representing 35 percent of the total staff, which became an obstacle to the effective functioning of the Ministry. Among these vacancies were senior positions such as Director (SLES), Director (Planning), Assistant Secretary, and Internal Auditor. | 2021
2022
2023 | Adequate measures should be taken to fill vacancies. | The relevant divisions have been notified to fill the vacancies. | Requests have been made by the relevant divisions to fill the vacancies. |
| 12 | Although the approved cadre of the Special Task Force Uniformed Staff was 10,745, there were 3,475 vacancies, accounting for 32 | 2021
2022
2023 | Adequate steps should be taken to fill the existing vacancies. | Immediate action is being taken to fill the required vacancies. | Actions are being taken to fill the necessary vacancies. |

percent of the total.

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| 13 | The Special Task Force had an excess of 3 Women Chief Inspectors, 80 Police Inspectors, 3 Sub-Inspectors (Transport), 428 Police Sergeants, and 32 Police Sergeant Drivers engaged in service. | 2022
2023 | Immediate steps should be taken to revise the approved limits concerning the excess staff. | No steps have been taken so far to revise the approved limits related to the excess staff. | No measures have yet been implemented to revise the approved limits concerning the additional staff. |
| 14 | Although the approved cadre of civil staff attached to the Special Task Force was 709, there were 182 vacancies, representing 26 percent of the total. | 2022
2023 | Adequate steps should be taken to fill the existing vacancies. | The matter of these recruitments has been communicated to the Director General of Combined Services. | It has been reported to the Director General of Combined Services to proceed with these recruitments. |

3.12 Ministry of Trade, Commerce and Food Security

	Total Assets	Total Liabilities	Equity	Profit (Loss) Before Tax	Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	130,307,876	130,307,876	-	-	Qualified
2022	213,240,849	213,240,849	-	-	Qualified
2023	248,981,028	248,981,028	-	-	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1	Even though a sum of Rs.1,258,526 and Rs. 1,564,328 had been paid respectively as monthly salary, fuel and transport allowances to two officers who were appointed as Coordinating Secretaries to the Secretary of the Ministry from 12 May 2020 to 22 March 2021, document records of arrivals and departures had not been maintained regarding reporting to the duties.	2022 2.4 (a) (i)	Payments should be made according to attendance, departure records and performance reports.	Although it had been asked to provide attendance, departure records, those documents had not been provided to the administration division.	Any action had not been taken in this regard up to now.

2	<p>Even though the fuel was supplied to the pool vehicle No. KR 1491 in the year 2022 and in the previous year, the running charts related to that vehicle were received only for 07 months. The said vehicle was used for the official residence of the Secretary and for the duties of the Secretary during that time as per the details included in the running charts submitted for the audit and while obtaining Rs.26,620, which was the monthly fuel allowance for the approved quantity of fuel liters per month as per Public Administration Circular No. 13/2008/(VI) dated 29 December 2021, a quantity of 1,006 liters of petrol valued at Rs.156,470 had been further given for the duties of the Secretary by fuel orders for the pool vehicle.</p>	<p>2022 2.4 (a) (ii)</p>	<p>Action should be taken in accordance with the circulars.</p>	<p>Preventive measures had not been informed.</p>	<p>Any action had not been taken in this regard up to now.</p>
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3	The Ministry had appointed 05 coordinating officers of trade fair and 03 management assistants for a contract period of 02 years during the period from 16 June 2023 to 12 December 2023 and acceptable written records relating to the legality of their appointments, recruitment process, basis for determining their allowances, assignment of duties, reporting places for duty, immediate supervising officers and performance of duties were not submitted for audit and an amount of Rs. 1,911,667 had been paid as salaries and allowances to the above officers from July 2023 to February 2024 from the advance received from the Mahapola Trust Fund.	2023 2.2 (b)	Actions should be taken to submit the relevant information to the audit.	Preventive measures had not been informed.	Relevant information had not been presented up to now.
4	It had been failed to accomplish the objectives of formulating and finalizing a National Trade Policy and maintaining the data	2023 3.1 (a) 2022 3.1 (a) 2021	Actions should be taken to achieve the objectives.	The second draft of the National Trade Policy has also been prepared and its development has begun with the	Objectives had not been met up to now.

base related to the institutions under the Ministry, updating the data bases and setting up a mechanism to connect the data with external information providing institutions and guidance to implement a conservation system to protect National intellectual properties out of the objectives of the Ministry.

3.1 (a)

technical assistance of the World Trade Organization. A project to digitalize the files of the office to protect national intellectual property is being carried out with the support of the World Intellectual Property Organization to be implemented in late 2024.

- 5 Although the laws and ordinances of the institutions under the Ministry should be updated and amended quickly to make the customer more secure, the Consumer Affairs Authority Act No. 09 of 2003, the National Intellectual Property Act No. 36 of 2003 and the Measurement Units, Standards and Service Act No. 35 of 1995 had not been amended even by the end of the year under review.

2023,
3.1 (c)

Action should be taken to amend the acts.

The draft Amendment containing activities had not been completed up to now. The draft Amendment containing amendments to the Measurement Units, Standards and Service Act has been submitted to the Department of Measurement Units, Standards and Services, while the drafts containing proposed amendments to the Consumer Affairs Authority Act and the National Intellectual Property Act have been forwarded to the

Attorney
General's
Department and
the Legal
Drafting
Department.

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| 6 | Even though it had been stated that the monitoring of the maintenance of buffer stock of food so that there is no shortage of food as a goal under sustainable development, maintaining buffer stock of food as such had not been carried out and actions had not been taken to create a proper system to maintain buffer stocks. | 2023
4 (a)

2022
4 (b)

2021
3.2 | Actions should be taken to implement a proper system of maintaining buffer stock of food. | It had been impossible to maintain buffer stock of food due to insufficient funds. | A methodology had not been implemented up to now. |
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3.13 Ministry of Irrigation

	Total Assets	Total Liabilities	Equity	Profit (Loss) Before Tax	Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	18,262,130,555	24,135,781	18,237,994,774	-	Qualified
2022	20,711,971,558	24,353,274	20,687,618,284	-	Qualified
2023	20,723,346,355	127,685,278	20,595,661,077	-	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1	Although the assets should be identified and accounted for in accordance with Asset Management Circular No. 01/2017 dated 28 June 2017, issued by the Secretary of Treasury regarding to accounting of assets, in the last two years that is in 2020 and 2021, the amount of Rs. 57,064,188,815 had not been specifically identified and accounted for as non-financial assets under development of infrastructures-Expenditure Objective 2506.	2022 2021	Action should be taken to report to the Comptroller General regarding accounting and identifying of construction of new reservoirs, strengthening of dams in reservoirs, improvement of irrigation systems, development of infrastructure, development of irrigated land, vehicles and other assets as per the instructions given by the Asset Management Circular No.	Actions had been taken to account the non-financial assets which generated from the expenditure objects from 2101 to 2105 and instructions were given to prepare accounting policies from the year 2022 in relation to accounting of non-financial assets held under infrastructure development of expenditure object 2506	Action had not been taken to identify, account for and report to the Comptroller General on the construction of new reservoirs, strengthening of dams in reservoirs, improvement of irrigation systems, development of infrastructure, development of irrigated land, vehicles and other assets

			01/2017 issued by the Treasury Secretary on 28 June 2017.	
2	<p>The 180 vehicles and 182 machinery had imported under duty free permit to the Moragahakanda Kalugaga Agricultural Development Project in the years 2013 and 2014 and the validity period of those permit were ranged from 1 to 2 years and although the project was supposed to end on 22 July 2016, the project period was extended to 26 April 2018, but correspondingly, the vehicles were allowed to be misused without extending the period of the relevant permits. The Sri Lanka Customs had been informed to hand over the 41 vehicles due to violation the conditions of import permits. It had been informed to the Chief Assistant Preventive Officer of Customs that 16 vehicles are being used by the contract company and the remaining 30 vehicles are being used by the Project Management Unit. Similarly, although 46 vehicles</p>	2023	<p>It should be confirmed the extension of vehicle license period and the legality of their transfer.</p>	<p>It has not been applied for the extension of the period of vehicle usage with the extension of project duration. There was not possibility of finding information as there were not of those officers at present. The article 14:1 (b) of the Agreement provides that the imported goods shall be used in this country on payment of applicable duties if not re-exported by the contractor.</p>

are mentioned, it could not be identified the additional 5 vehicles due to the fact that the relevant schedules were not submitted. Although it has been stated that the documents for taking over the ownership of the vehicles have been submitted by the contract company according to the letter of the Assistant Director (Assignment) of the Motor Transport Department, the file was not submitted for audit which should be remained by the Ministry. The Additional Secretary of the Ministry of Irrigation had informed the Department of Public Finance that there was no objection from the Ministry of Irrigation to hand over 134 vehicles and 182 items of goods imported for this project as requested by the contractor. **Even though the chargeable fine of Rs.476 million was charged under the provisions of the Customs Ordinance by reducing up to Rs. 105 million fine at 15 October 2020 after the inspection of the 16**

vehicles assigned to the contractor but it was not confirmed to the audit that the vehicles and goods were charged of custom duty and transferred to the contractor.

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| 3 | <p>The Secretary to the Ministry of Irrigation and Water Resources had entered into an agreement on 3 October 2017 to implement the above project as an Engineering, Procurement and Construction (EPC) contract with a foreign company at a cost of EUR 20,629,921.18 or Rs. 3,628.39 million to implement it as a pilot project in several selected districts such as Anuradhapura and Polonnaruwa, where kidney disease is widespread. Although provision of EUR 1,473,462 had been made for the construction of the data center building of this project, the basic objectives and expected outcome of the project could not be achieved due to the failure to construct the data center building in parallel with the</p> | 2021 | <p>The necessary work to construct the data center should be carried out and action should be taken against the responsible officials for not carrying out the work as planned.</p> | <p>Although all the plans have been submitted to the Urban Development Authority, even the freehold agreement has not been granted yet. However, a data center has already been established at the Ratmalana project office.</p> | <p>The planned data center building had not been constructed.</p> |
|---|--|------|---|--|---|

operational activities
of the project.

- 4 According to the 2022
contract agreement
reached on 15 May
2013 between the
chairman of the
National Water Supply
and Drainage Board
and the chairman of
China Machinery
Engineering
Corporation for the
implementation of the
Gampaha, Attanagalla
and Minuwangoda joint
Basnagoda water
supply project and the
above project which
valued at USD 229.5
million had to be
implemented and
completed in the period
of 2014- 2017. The
National Water Supply
and Drainage Board
had reached into two
Memorandums of
Understanding on 22
March 2016 and 12
June 2019 with the
Irrigation Department
for the construction of
the Basnagoda
Reservoir, which was
the primary water
source of the project.
The Procurement
Committee (CAPC)
which appointed by the
Cabinet had given
recommendations for
awarding the

Basnagoda Reservoir construction contract to Sinohydro Corporation Limited of China for Rs.2,347,406,831 according to the recommendations given by the Technical Evaluation Committee (TEC) related to this project. the Secretary of the Ministry of Irrigation had reached into an Engineering, Procurement and Construction (EPC) contract on 13th June 2019 with the above company for the construction project of Reservoir with a value of Rs.2,394,354,968. (including Nation Building Tax of Rs.46,948,137). The following observations are made regarding the project.

5	(a)	The bid of Rs.2,093 million submitted by the contractor who had submitted the lowest price for the contract had been calculated to be corrected as Rs.2,347 million by the Technical Evaluation Committee (TEC) consisting of six officers. The Technical Evaluation Committee (TEC) had taken action	2022	Formal disciplinary investigations should be conducted against members of the Technical Evaluation Committee who have acted irresponsibly, and complaints should be made to law enforcement agencies for acts	The relevant appointing authorities had not been referred to conduct formal disciplinary investigations against the members of the Technical Evaluation Committee who had acted irresponsibly. In addition,	No formal disciplinary investigations had been conducted against the members of the Technical Evaluation Committee and no complaints had been filed with law enforcement agencies to recover the losses caused to the
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to add an additional value of Rs.254,062,080 to the cost of Rs.99.689 million which had been submitted by the contractor for the preliminary work under item number 05 of the engineering estimate. However, it had been stated Rs.254,062,080 as installation/construction and other services under item number 4 in the prices submitted by the contractor and irrespective of that, the Technical Evaluation Committee (TEC) fraudulently added Rs. 254,062,080 for Item No. 5 and had been recommended for award of the contract more than the Rs. 254,062,080 of submitted bid. The amendment made by the Technical Evaluation Committee was contrary to the basic criteria of the Engineering Procurement and Construction Contract Procurement Document and the Technical Evaluation Committee had recommended to increase the contract value by Rs. 254,062,080 without

that disregard complaints had government. procurement not been filed with law enforcement agencies to recover the losses caused to the government by the Technical Evaluation Committee's actions in disregard of the procurement guidelines.

obtaining clarifications in writing from the Bidder as per Clause 2.6.1(a)(v) of the Code of Procurement Guidelines. Indeed, the procurement commit has not properly fulfilled the responsibilities assigned under procurement guidelines 2.3.

(b) The amount of Rs. 50,812,416 had been overpaid to the contractor as mobilization advance in the year of 2019 due to awarding the contract to the value increased by Rs.254,062,080 as recommended by the Technical Evaluation Committee and calculating and paying the advance based on that.	2022	Action should be taken to recover the interest for the overpaid advance amount of Rs.50,812,416 by calculating the interest from the year 2019 to the date of recovery from the contractor or from the responsible officials.	From the amount of Rs. 50,812,416 paid to the contractor as advance money, an amount of Rs. 40,223,654 has been deducted in the interim payment to the contractor, and the remaining amount of Rs. 10,587,862 is still available for deduction during the future payment activities.	No action had been taken to recover interest from the contractor or the responsible officers for the period up to the date of recovery of the overpaid advance amount.
(c) In the absence of physical progress required to be completed has not been achieved in relation to certificate of the interim payments under Sub-Section 14.4 of the Particular Conditions of Contract included in	2022	Disciplinary action should be taken against the officials who have made payments in favor of the contractor without the approval of the Secretary of the Ministry and the	Disciplinary action had not been taken against the officers who made payments in favor of the contractor.	Disciplinary action had not been taken against officers who made payments without regard to the specific terms of the contract agreement.

Part IV of the Contract Agreement entered into on 13 June 2019 with the Secretary of the Ministry of Irrigation and the contract agreement approved by the Cabinet Appointed Procurement Committee (CAPC) had been modified without approval and used to certifying the payment without informing the Secretary, Ministry of Irrigation. Accordingly, Rs. 401,165,861 had been paid through 11 interim payments from 2020 to 2022 without formal authority and despite of the relevant clause of the contract agreement.

Cabinet by ignoring the specific terms of the contract agreement.

(d) Although the special conditions related to the Schedule of Payment in the 14.4 sub-section have been included in conjunction with the special condition that recovery of advance payments shall be made after completion of 30 per cent of the total contract value as per subclause 14.2 of the General Guide to Engineering, Procurement and Construction (EPC)

2022

Disciplinary action should be taken against the officials who have made payments in favor of the contractor without the authority of the Secretary of the Ministry and ignoring the specific terms of the contract agreement.

Disciplinary action had not been taken against officers who made payments in favor of the contractor.

No disciplinary action had been taken against the officers.

Contracts First Edition 1999 (ISBN2 – 8843-0220-9) and the amount of Rs.401,165,861 had been paid to contractor through 11 interim payments during the period of 2020- 2022 while the physical performance remained at 17.09 percent on 31 October 2022 which the date of certifying the payment of the project as a result of making payments regardless of that.

<p>(e) According to the letter No. CMEC/ATTANA/2012 0730/007 and dated 30 July 2012 addressed to the Additional Managing Director of the Water Supply and Drainage Board by the main contractor of the project, Chaina Machinery Engineering Corporation mentioned that the entire responsibility of the Indirect Works was directly transferred to the Water Supply and Drainage and that the company shall not be liable for any adverse effect on the works of the main contractor due to additional costs incurred resultant to delays in the</p>	<p>2022</p>	<p>An inspection panel should be appointed and ascertain whether additional time, additional administrative cost and irregularity have been occurred in the procurement process, payment assurance, contract administration when accepting this contract.</p>	<p>An investigation board had not been appointed to ascertain whether there had been any additional time, additional administrative costs and irregularities in the procurement process, payment verification, and contract administration.</p>	<p>No steps have been taken to appoint an investigation board and confirm.</p>
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performance of the works of sub-contractors. And it had been informed that his company has the right to obtain time extensions and additional costs for such delays. Although the project should be completed in the year 2017 and it was practically impossible to complete the construction work of the water source within that period and without taking care of it, the Director General of Irrigation had entered into the first Memorandum of Understanding (MOU) with the Chairman of the Water Supply and Drainage Board on 12 March 2016. Indeed, the department had accepted the relevant sub-contract without obtaining the approval of the Cabinet of Ministers and the period of the main contract had already expired by the time the second Memorandum of Understanding was reached on 12 June 2019. Although the main contractor has a right to extend the time and additional costs and there is a

possibility of shifting the responsibility to the Irrigation Department as a subcontractor due to the fact that the contract has not been completed so far, but action has not been taken in this regard.

The approval had been received after completion of the feasibility studies of 7 projects by the Cabinet Decision No. 11/1851/508/034 dated 28 September 2011 to arrange the necessary provisions for implementation during the period 2012-2017 for development of Mahagalamuwa Lake, construction of Lower Malwathu Oya Reservoir, joint development of Ridimaliyadda, Kivul Oya Reservoir, extension of Kaudulla left bank main canal to Damsopura Lake, joint development of Raokan Oya and development of Mahaweli B Zone Maduru Oya right bank according to the ten-year development plan on Large/Medium Scale Projects. Although the amount of Rs.6,528 had been spent as at 31

2022

An evaluation should be conducted about the reasons for the delay of each project included in the ten year plan and the contribution lost to the national economy through that delay and reported to the Cabinet. As the rest of the projects have been abandoned except for the Lower Malwatu Oya project, the Projects should be planned and implemented in such a way as to avoid aforesaid delays considering the possibility of implementing those projects.

An evaluation of the reasons for the delay of each project included in the Ten-Year Plan and the contribution lost to the national economy due to that delay had not been conducted and reported to the Cabinet.

An evaluation of the reasons for the delay in the project and the lost contribution to the national economy had not been conducted and reported to the Cabinet.

December 2022 under the total cost estimate of Rs.76,043 in relation to those 7 projects, it had not been fully completed even one among those projects untill to year under review and The percentage of completion in respect of 3 projects was between 1 and 5 percent from the target of the annual action plan. Despite it was targeted to provide irrigation water to about 68,000 hectares of new paddy fields and water supply to 203,000 hectares of currently cultivated land in the entire Yala and Maha both and producing of 200 MW of electricity, the result of those had not been contributed to the national economy.

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|---|--|------|--|---|---|
| 6 | The 2 projects of the Productivity Promotion and Irrigation System Efficiency Management Project (PEISEIP) and the Talpitigala Reservoir Project with an estimated value of Rs.49,994 million and which is being implemented under the Ministry had not been | 2023 | The costs incurred for the 2 projects should be re-examined regarding the contributions to the basic objectives. | The construction of Project 2 had not been completed and the initial objectives expected had not been achieved. | Contributions had not been made for the preliminary objectives. |
|---|--|------|--|---|---|

completed even though more than twice the planned time had passed. Although the approval of the Cabinet had obtained on various occasions to extend the time of those projects which had been started from the years 2017 and 2014 but actions had not been taken to present to the Cabinet an analysis of the inability to obtain the advantages identified under the basic objectives as planned due to those delays. Further, it had not been contributed to the national economy from the cost incurred at the amount of Rs. 2,354.05 million in the period of 9 years by above 2 projects so far.

7	The Ministry of Irrigation and Water Resources Management had signed an agreement on 05.11.2014 for an Engineering Procurement and Construction (EPC) category contract at the value of USD 690 million with a Chinese construction company according to the cabinet decision dated 30.09.2014 for the	2023	It should be re-examined about the contribution to the primary objectives from the cost incurred within a period of 8 years for the projects and actions should be taken to obtain the relevant environmental approvals. Even though 4 years had passed, the project	The project has been delayed due to the inability to obtain the relevant environmental approvals.	There had been no review of environmental approvals or contributions to the basic objectives.
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Ging Nilwala project which started in 2014. A mobilization advance of Rs.4,011,054,982 had been paid in 2014 and 2015 for this project which was proposed to be completed in 2017. The project was terminated in 2015, despite initial geological survey and survey activities being initiated. Although the functions have been assigned to the Department of Irrigation from the year 2023, the work has not been initiated up to now. Though it had been spent Rs.4,089.54 million as at 31 December 2023, but it had not been received any contribution to the national economy from this project. Also, although 4 years have passed since the Cabinet decision was made to obtain the approval and support of the Forest Conservation Department, the project has continued without obtaining it. Furthermore, Rs. 57 million had to be spent over a period of 5 years on salaries, allowances and other expenses for the staff recruited for the project. The project

was still in progress without receiving it. The project had become an uneconomic and additional cost burden due to the continuous delay of 8 years in paying salaries, allowances and other expenses for the staff hired for the project.

had been delayed for 8 years, which had become an uneconomic and additional cost burden.

- | | | | | | |
|---|---|------|---|---|---|
| 8 | The Sub-Committee on Economic Management recommends that this project be carried out only along the Nilwala River by the Prime Minister's Secretary's letter No. PMO/01/ASP/2016/01(VoIII) dated 23.06.2016 and accordingly, a Cabinet Memorandum is to be submitted. But the agreement was reached on 20.07.2017 without submitting the said Cabinet Memorandum. It had been assigned to study the 2 parts of Ging and Nilwala. According to the recommendations of the economic management subcommittee, the contract was reached regardless of the recommendation made by the economic management subcommittee to carry out the project only along the Nilwala River, and the contract was reached to prepare plans to implement the project for both the Ging River and the | 2021 | The sub-committee on economic management Should be find out and take formal action regarding the parties who have ignored the recommendations made by the sub-committee to carry out this project only along the Nilwala river and submit a Cabinet Memorandum. | Formal action had not been initiated against the responsible parties. Arrangements had not been made to complete the project and make its benefits available to the public. | The studies and plans carried out under the Memorandum of Understanding (MoU) without the submission of Cabinet Memorandums had been abandoned. |
|---|---|------|---|---|---|

Nilwala river, which have been declared as a world heritage site by UNESCO. It was not possible to obtain approvals from the Department of Forest and other institutions related to this project and situations such as public protests had been created. That was also disclosed in the Cabinet Memorandum. Accordingly, it was observed that the studies and plans carried out under the MoU informally reached in 2017 are useless.

- 9 It had been reached to a contract agreement with the Ministry of Irrigation and Water Management of Sri Lanka and an Iranian company on 28 April 2008 under the Engineering, Procurement and Construction (EPC) contract system with the main objective of diverting 145 million cubic meters of water annually from the Uma Oya basin to the Kirindioya basin in the southern region. The revised total cost estimate was USD 529.06 million or Rs.

2023
2022
2021

74,325.75 million. The project had initially expected to be completed in 07 years after starting in 2008 or on 15 November 2015. The amount of USD 504.05 million had been certified and paid for the capital works of the said project as at 31 December 2023. The following observations are made.

(a) The contract had been reached on 27 November 2007 after the Cabinet decision to select the contractor without calling for competitive bids, subject to financing for the project by the Export Development Bank of Iran. The cost of this project of US dollars 453.913 million or Rs.67,737,738 million had been financed from the funds of the Government of Sri Lanka as at 31 December 2023, after the financing of USD 50 million or Rs. 6,522.85 million under the foreign loan agreement as because of suspension of the loan by Iran due to economic sanctions in the year 2013. The Cabinet had not informed about the	2023 2022 2021	It should be informed to the Cabinet by assessing of structural changes and competitive advantages in the performance of the projects.	No steps had been taken to assess and inform the Cabinet of Ministers about the structural changes and competitive advantages in the implementation of the projects.	No action had been taken so far regarding structural changes in the functioning of the projects.
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competitive advantages that the Government of Sri Lanka could have gained by inviting international competitive bids when deciding whether to proceed with this project through domestic funds.

<p>(b) Although the project was scheduled to be completed in 7 years or on 15 November 2015, the delay period had passed 8 years by 31 December 2023. The electricity board had estimated that no more than Rs.55 million would be saved by adding 120 megawatts of electricity to the power generation system which was expected from the project and accordingly, the loss caused by conducting the project for 8 years was Rs.162,250 million. It was not possible to achieve the benefits of providing drinking water requirements in Bandarawela and Atampitiya areas of Badulla District and providing 30 million cubic meters of water annually for drinking</p>	<p>2023 2022 2021</p>	<p>An analysis should be conducted and reported about the delay in the benefits identified under the primary objectives of project and the additional costs to be incurred when extending the project period.</p>	<p>By now, steps had been taken to add 120 megawatts of electricity to the power generation system.</p>	<p>An analysis of the delay in the benefits identified under the primary objectives of the project and the additional costs incurred for that purpose had not been conducted to date.</p>
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and industries and irrigating of 4,500 hectares of new land and 1,500 hectares of currently cultivated land located in Wellawaya and Tanamalvila Divisional Secretariat Divisions of Monaragala District due to this delay.

<p>(c) It had not considered the possibility of recover the loss incurred and calculating the related opportunity cost to the Republic of Sri Lanka who was the employer from the contractor as per the terms of the EPC contract agreement due to the delay of the project. Although it had been submitted 71 Cabinet Memoranda related to the project , but notwithstanding to the Cabinet had not be informed that the from 0.01 percent of the contract value up to a maximum of 5 percent or USD 26.453 million can be charged as late fees in accordance with Section 8.7 of the Contract Agreement. The USD 6,631,364 only had collected as late fee and the 5,305,091 USD of that</p>	<p>2023 2022 2021</p>	<p>The information should be forwarded to the Cabinet regarding the recovery from the contractor as per the terms of the agreement.</p>	<p>The Cabinet had not been informed that, a late fee of 0.01 percent of the contract value, up to a maximum of 5 percent, i.e. US\$ 26.453 million, could be charged in accordance with clause 8.7 of the contract agreement.</p>	<p>Action had not been taken to recover the full late fee that could have been charged in accordance with the agreement.</p>
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amount had been paid back to the contractor according to the cabinet decision.

(d) The cabinet memorandum submitted by the Minister of Irrigation on 08 January 2023 in order to extend the contract period of this project, which had proposed the time to complete the project up to 30 June 2023. In order to that, the approval had given subject to the observations dated 16 January 2023 submitted by the Minister of Finance. It is not possible to add 120MW of electricity to the national grid every day due to the continuous delay of the project, and the Ceylon Electricity Board has to spend an additional 100 million rupees per day to buy electricity from the external party, the Minister of Finance had suggested that the agreement of project extension should be prepared so that enable to obtain the suitable compensation for any day that passes after that date if the contractor fails to	2023	The opportunity cost of delay should be calculated and recovered as per the agreement before extending the time. Action should be taken to establish a formal system for the calculation of the delay period and should be recovered based on the concurrence the contractor in accordance with the decision of the Cabinet.	Even though, the contractor should have been informed that the costs arising due to the extension of time would be borne by the contractor and that the opportunity costs arising due to the project not being completed on time would have to be recovered, it had not been done so.	A formal methodology had not been developed to calculate the delay period in accordance with the Cabinet decision and to recover it with the contractor's consent.
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complete the project as at 30 June 2023. Nevertheless, the project period had extended and the project had implemented without preparing the agreement in accordance with it and ignoring the decision of the Cabinet. Furthermore, as it had stipulated that the work of the project should be completed within the extended period without any additional cost to the government as per the decisions of the Cabinet, in accordance with the provisions of the EPC contract agreement, the costs arising due to the extension of time should be borne by the contractor and the failure to complete the project on the scheduled date. It should have to be informed to the contractor in accordance with the provisions of the EPC contract agreement that the cost arising due to the extension of time should be borne by the contractor and the opportunity cost arising due to non-completion of the project on the

due date will have to be charged, but this had not been concluded.

<p>(e) The contractor had been requested USD 105,159,108 for 8 reasons related to extension of time by the submitted bill of second claim in July 2023. In that, it has also included, the personnel cost of USD 56,152,590 and the machinery cost of USD 4,555,841 for the extended period of from December 2020 to July 2023 and the personnel cost of USD 10,402,273 and the machinery cost of USD 403,089 for the extended period of from 21 March 2020 to 15 June 2020. There, the contract administration had managed without considering the restrictions imposed by the conditions of FIDC international agreement and the Cabinet decisions and the said memorandum did not mention about the information of this claim or the collection of late fees from the contractor.</p>	2023	<p>Actions should be taken to include accurate information while submitting Cabinet Memorandums.</p>	<p>The measures regarding the collection of late fees from the contractor had not been followed so far.</p>	<p>No steps had been taken to obtain information about the delay or to collect late fees from the contractor.</p>
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<p>(f) The contractor had claimed USD 181,337,171 in late fee claims for delays in the project. The cabinet had appointed a negotiation committee consisting of 7 officers to scrutinize this and submit recommendations and the committee had recommended a late fee of USD 19,517,082 instead of the late fee of USD 181,337,171 which calculated and submitted by the contractor of this project. It had recommended paying an additional fee of US\$ 19,094,795 also as per the consent of the Cabinet on compassionate ground for financial constraints faced by the contractor due to economic sanctions imposed to the Government of Iran and other difficulties. Accordingly, the committee had submitted the Cabinet memorandum that recommending and interpreting of USD 38.62 million as late fees.</p>	<p>2023 2022</p>	<p>Late fee entitlement should be ascertained and calculated.</p>	<p>No action had been taken so far to re-examine the USD 38.62 million recommended to be paid to the contractor as late fees and compassionate fees.</p>	<p>Late fee entitlement had not been ascertained and calculated.</p>
<p>(g) Although the condition of "completing all the</p>	<p>2023</p>	<p>Late fee entitlement should be ascertained and</p>	<p>When extending the contract period, no steps</p>	<p>Late fee entitlement had not been</p>

constructions within the extended period without any additional cost to the government and formally handing over the project to the government" had imposed during the extension of the contract period, but that condition had not been considered and the recommendation of the committee included unspecified and unprofessional recommendations to pay an additional fee of US\$ 19,094,795 on compassionate grounds and at the discretion of the Cabinet.

calculated.

had been taken to introduce measures to be taken to fulfill the condition of "completing all construction works within the extended period without any additional cost to the government and formally handing over the project to the government".

(h) The estimate of Rs.133,476,320 presented by the Road Development Authority was approved and to pay beside deducting from his invoice by the contractor, going beyond his scope to extend and complete the 250 meters additionally in old road on the Badulla, Welimada road, which was a prerequisite for the construction of the Puhulpola Dam which was included in the original design replacement road of the project. Accordingly,

2023

Disciplinary action should be taken against the officers who paid for the construction done by the contractor outside of the original plan.

Disciplinary action has not yet been initiated against officers who made payments for construction carried out by the contractor outside the original plan.

Payments made outside the original plan had not been recovered.

although it had proposed to be handed over to the Road Development Authority to construct the road, but the road had not constructed and had paid which the amount of USD 115,156 out of the estimated cost of USD 1,514,094 for the construction of the Puhulpola dam work site access road and new road.

(i) The contractor had obtained USD 5,000,000 compensation from the relevant insurance company as compensation for the water leakage in the main tunnel of the project. The amount of Rs.1,931,346,396 had paid from the government fund by the date of 31 August 2021 which the compensation to be paid by the contractor to the victim parties. Even though the Committee of Public Accounts had ordered On 22 May 2019 that the compensation paid by the government should be recovered from the contractor, but Rs. 1,124.62 million	2023 2022 2021	Actions should be taken to execute the orders given by the Committee of Public Accounts that to be recovered the compensation paid by the government from the contractor.	The compensation amount of Rs.1,124.62 million ordered by the Committee of Public Accounts has not been recovered to date.	Steps had not been taken to recover the compensation paid by the government from the contractor as per the orders given by the Committee of Public Accounts.
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had not been recovered up to the date of audit. The contractor company had made a request to refund the amount recovered from them. Further the company had requested from the project to refund the compensation paid to the affected people and the cost of USD 6.108 million incurred by the company for providing drinking water.

(j) According to the decision of the Cabinet for the Cabinet Memorandum No. අමප/24/0044/623/002 dated 05 February 2024 that submitted by the Minister of Irrigation the construction activities of the Uma Oya Multipurpose Development Project was completed at a cost of USD 514 million with the termination on the 31 March 2024, although the project management unit should be handed over operations of it and handing over the assets and documents, to the Ceylon Electricity Board and Sri Lanka Mahaweli Authority which maintain the

2023

Action should be taken to take over the relevant assets and documents from the Farab company to the project management unit and handed over to the relevant institutions.

At present (2024.08.05) the Puhulpola Reservoir and related land and Dyaraba Reservoir and related Land and Link Tunnel have been handed over to the Mahaweli Authority of Sri Lanka, which taking over the operation and maintenance of the project. Similarly, the assets of underground power plant and Switch Yard, Dyaraba Alikotara main tunnel (15KM HR Tunnel), Switch Yard/ Badulla

Action had not been taken to hand over all assets and documents after handing over operational activities to the relevant institutions.

project, but action had not been taken to taken over the relevant assets and documents by the project management unit from the Farab company and handing over to the relevant institutions.

Transmission
Line have been physically handed over to the Ceylon Electricity Board already.

(k) The Technical Evaluation Committee which was appointed by the Ministry of Irrigation to submit the recommendations to the Cabinet-appointed Standing Procurement Committee (SCAPC) had recommended to extension of the project. Accordingly, although a cabinet memorandum was presented with the title of "Revision of the agreement schedule with FARAB company and extension of the service period of the minimum staff required for the project, including the project director" but there had not been mentioned any references regarding the not executed of the previous Cabinet decision that proper compensation should be obtained from the contractor for any day that passes after 30 June 2023.

2023

Caution should be taken to include accurate information when submitting Cabinet Memorandums.

The previous Cabinet decision to obtain proper compensation from the contractor for each day after 30 June 2023, had not yet been implemented.

No steps had been taken to inform officials that they should ensure that accurate information is included when submitting Cabinet Memorandums.

- 10 The rupees of 2023 38,500.90 million had estimated for the Maduru Oya South Bank Canal Development Project and 14 development activities had planned including the main canal. Following observations are made in this regard.

<p>(a) Although Rs.1,689,000,000 has been allocated from 2021 to 2023 and only Rs. 836,104,531 or 50 percent has been spent out of that, for implementation of the project , an action plan has not been prepared and implemented on the basis of priorities. There it had planned to construct the main market road including bridges at an estimate of Rs.7,475 million without giving priority to the main canal. The improvement of the road from Damminna to Valamandiya from km 0+630 to km 4+030 had been started on 30 July 2021 with an estimate of Rs.93,459,575 under above and a cost of Rs.82,985,198 had been incurred inclusive of VAT by September</p>	<p>2023</p>	<p>The activities should be identified which to be performed on the basis of priority and an action plan should be prepared and the work should be completed.</p>	<p>Action had not been taken to complete the work.</p>	<p>An action plan had not been prepared and tasks to be performed on a priority basis had not been identified.</p>
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2023. It had been excavated around 3.4 km from place to place without a proper plan during the reconstruction of the above road.

<p>(b) An estimate had approved for the carpeting of Damminna Valamandiya road from 0+630 Km to 3+400 Km at a cost of Rs.93,459,575. The Mahaweli Authority of Sri Lanka had given priority to the construction of this road for the purpose of facilitating of access to the places where sand mining licenses were granted. There it had planned to develop the Damminna Valamandiya road with carpet, but after laying ABC there, instead of carpeting, a layer of asphalt had applied and the construction had terminated in the middle. The work of total cost of Rs.45,241,775 had not been completed at that time. The agreement had terminated by mutual concurrence regardless of that.</p>	2023	<p>Action should be taken to complete the work of road as planned.</p>	<p>No steps have been taken so far to develop the section from Km 0+630 to Km 3+400 of the Damminna-Walamandiya road by carpeting it.</p>	<p>The road work had not been completed as planned.</p>
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(c) This 3.4 km long road, which was paved with ABC at a cost of Rs. 82,985,198, had been damaged in places in less than a year, which had been stopped halfway. However, no deposit had been collected from the contractors for the rehabilitation of the damage, and neither had the damage been recovered nor had the road been renovated.	2023	Steps should be taken to obtain deposits for damage rehabilitation and to have the contractor carry out the road reconstruction work.	No deposit had been made for the rehabilitation of damages or any recovery had been made from the contractors.	No deposit had been received for the rehabilitation of damages or the renovation had been carried out by the contractor.
(d) It had been paid a sum of Rs.7,258,698 for Additional work, Rs.13,948,399 for Extra work and Rs. 12,067,706 for price increases without a formal approval.	2023	Disciplinary action should be taken against officers who made payments without formal approval.	Action had not been taken to obtain formal approvals for Rs.7,258,698 for Additional work, Rs.13,948,399 for Extra work and Rs. 12,067,706.	Formal approval had not been obtained and disciplinary action had not been taken against officers who made payments without approval.
(e) According to the 7th condition of the agreement, the second party who was the contractor had agreed to pay a compensation of Rs. 300,000 to the first party who was Sri Lanka Mahaweli Authority if the sand mining is neglected or failed within the specified period of the agreement. But 11 contractors had failed to conduct sand mining	2023	Actions should be taken to recover the compensation receivable immediately.	Action had not been taken to recover the compensation of Rs. 3,300,000 due from the contractors who had failed to carry out the sand excavation.	The compensation due had not been recovered.

as per the agreement, but the compensation receivable of Rs. 3,300,000 had not been recovered from them.

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| 11 | <p>The contract for lifting the anvil of Minipe with water control and measurement facilities for the left bank and right bank canals of Minipe had been conducted for almost 02 years without extension of dates and the progress of the construction of the contract was 22 percent during this period. It had decided in the Cabinet meeting held on 05 June 2023 to increase the the value of this contract amount up to Rs. 2,912.85 million and sign the revised agreement number 02 to have the remaining work to be done by the original contractor and also to extend the contract period until to 21 September 2023. Accordingly, the contract had signed without including the contract value in the signed revised agreement and the price variations of Rs. 996.10 million was included in the increased contract</p> | 2023 | <p>Disciplinary action should be taken against the officials who signed the agreement without including the contract value in the amended agreement and The increased contract value was Rs. 1,048.05 million in Rs. calculation and it should be reviewed the calculation and legality of price variation of Rs. 996.10 million which was included in the increased contract value of Rs.1,048.05.</p> | <p>No steps had been taken to calculate the price variation of Rs. 996.10 million within the increased contract value of Rs. 1,048.05 million and to re-review its legality.</p> | <p>Action had not been taken to sign the agreement that includes the contract value of the revised agreement or to take disciplinary action against those officers.</p> |
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value of Rs.1,048.05 million.

12	<p>The amount of Rs.9,457.66 million had been released to the Divisional Secretaries for land acquisition during the period 2012-2023 under the Moragahakanda project. The compensation payments had not been completed and the acquisition of land had simultaneously delayed due to various reasons. An updated computerized information system had not been maintained by prepare a document which can be specifically identified about the acquisition of land in each project, how it can be used for the project and the information related to each step of the acquisition process.</p>	2022	<p>The project should maintain a database containing detailed information on the land acquisition process and compensation payments, and reports on compensation paid from the provisions released to the Divisional Secretaries should be obtained and the compensation payment record should be kept up to date.</p>	<p>No steps had been taken so far to prepare a document and maintain an updated computerized information system so that the relevant information could be identified precisely.</p>	<p>A database containing information on the land acquisition process and compensation payments, as well as reports on compensation paid, had not been obtained and the compensation payment register had not been updated.</p>
(a)	<p>The amount of Rs. 9457.66 million had been paid as compensation for the acquisition of 16125 plots of land of 3833.45 hectares in the 5 Divisional Secretariat Divisions of Laggala, Naula, Medirigiriya,</p>	2022	<p>The statistics should be compared and corrected as per land department records and payment records. A data system should be prepared by entering detailed</p>	<p>No corrections had been made by comparing figures according to the Land Division reports and payment reports. No reports had been prepared containing details</p>	<p>A database containing information on the land acquisition process and compensation payments, as well as reports on compensation</p>

Kantale and Elahera by the end of 2022 according to the reports prepared in the year 2022 by the Land Division of the Project Office regarding the acquisition of property for the Moragahakanda Reservoir. The amount of Rs. 11,196.48 million had been paid as compensation for taking over 4450.93 hectares of land at the end of the year according to the payment records of the project. Accordingly, the information was not confirmed to be accurate due to inconsistency.

information about the amount of compensation paid for each plot of land by calling reports on the compensation paid for each plot of land from the allocations released to the Divisional Secretaries for land acquisition and submitted for audit. of the compensation paid for each plot of land from the provisions released to the Divisional Secretaries. paid, had not been obtained and the compensation payment register had not been updated.

(b) The 302 numbers of families displaced due to the Moragahakanda project were proposed to be resettled in Medirigiriya D zone and 3 new villages in that zone are Nabadawawa, Dhammawawa and Bandarawawa according to paragraph 5.1.5 of the resettlement plan of the Moragahakanda Agricultural Development Project and it had identified to establish a regional

2022

The officials responsible for the misuse and underutilization of state resources due to resettlement carried out outside the original plans without conducting proper feasibility studies when identifying areas for resettlement should be identified and disciplinary action should be taken. The underutilized buildings should be used in a Steps had not been taken to fully utilize the villages, mud paddy fields, health centers, cooperatives, public markets, Samurdhi banks, bus stands and other public facilities that had been identified and established for resettlement. Necessary measures had not been taken to utilize the underutilized buildings in the resettlement plan so far.

center as Bisopura and to develop 2,072 hectares of land into 2,680 agricultural plots and 914 hectares of land into 3,350 home plots and distribute them to the respective families. Indeed the amount of rupees 4,446.26 million had been spent from 2009 to 2022 under the lower valley development works of the Moragahakanda

Kaluganga Reservoir Project. Only 7 plots of land out of that, had distributed to the families displaced during the construction of Moragahakanda Kaluganga Reservoir and compensation had paid to the rest of the families. A fragment of the remaining plots of land that had been distributed to the residents of Medirigiriya and Lankapura Divisional Secretariat Divisions by conducting "land Kachcheri" and a fragment had to be further distributed. Accordingly, the villages identified and established for resettlement as per the basic plans of the project, the mud paddy

planned manner for the project.

lands and health centers, cooperatives, public markets, Samurdhi Banks, bus stations and other public facility buildings which built in those villages were even underutilized the lands had been distributed to people who were informally selected outside of the project.

<p>(c) The contract had been cancelled on 13 July 2021 while the progress was 64 percent which the construction of 6.225 Km length canal from Moragahakanda Reservoir, because the contractor was unable to continue the contract because of the financial difficulties. The amount could not be recovered when trying to recover the loss by en-cashing the performance security of the contractor, due to a legal case filed by the contractor. Accordingly, it could not be recovered Rs. 185.89 million from the advance security given and Rs.390.51 million from the value of performance security up to now.</p>	2023	<p>Action should be taken to recover the losses occurred to the government from the contractor as soon as the judgment is received.</p>	<p>The court decision has not yet been received. The loss suffered by the government has not yet been recovered.</p>	<p>The court decision has not been received and the necessary steps have not been taken to recover the loss from the contractor.</p>
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<p>(d) Although the foreign company who was constructing the canal from Nabadagahawatta North West Canal to Mahakitula entrance tunnel of 17+050 Km should be completed the relevant contract during the period of 2018-2021, but the contract period had extended on 04 occasions till 05 December 2023, due to the delay of 2½ years in taking over the plots of land in the construction areas and settling the ownership of the land. The contract which had been given for Rs.7,226.62 million including VAT had been increased up to Rs.15,154.74 million by 7,928.12 million or 110 percent due to this delay. By giving the reasons that the increasing of the cost of construction materials due to economic and financial recession from year 2022, the allocated price variance of Rs. 162 million had been increased up to Rs. 5,827.7 million.</p>	<p>2023</p>	<p>Land acquisition, project construction plans and the calculation of the price variance should be reviewed.</p>	<p>The Appeals Board had taken steps to negotiate the acquisition of the land in the 6 unsettled plots of land owned by three people, including two owners by the end of 2023.</p>	<p>Land acquisition, construction plans of the project and calculation of price variations had not been reviewed.</p>
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<p>(e) Even though Rs. 540 million had been allocated for additional work and quantity variation in the contract, but it had been increased by to Rs.1,484.9 up to Rs. 2,024.9 million. There, it was planned to be constructed an open canal with a width of 13 meters then later decided to be constructed into 02 closed canals with a width of 10 meters using concrete by the consultant company and accordingly, 45,425 cubic meters of concrete had to be utilized additionally, the cost of Rs. 1,245.54 million had to be spent additionally due to the change in the plans. Then the design planning of the consultant company was to be challenged. Although the contract period had been extended until 05 December 2023 only, the contract had not completed even on 31 December 2023 and the construction progress was 91.4 percent on that date.</p>	<p>2023</p>	<p>The design Plans of the consultant company who designed the plans should be reviewed and the fees to be paid should be examined and pay. Action should be taken to complete the construction work aaccording to the basic plan and the benefits of it should be made available to the public.</p>	<p>The plan had been changed to avoid excessive time spent on re-surveying and subsequently starting the land acquisition process from beginning.</p>	<p>The design plans had not been reviewed and the fees to be paid had not been re-examined, and the contract work had not been completed according to the plan.</p>
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(f) The Rs.10 million had been allocated for repair and modernization of Devahuwa Engineering Office belonging to Irrigation Department Under this contract and without fulfilling of it a two-storied house had acquired on rental basis for the consultant company of the project at a cost of 9.6 million out of that amount.	2023	Action should be taken against the officers who performed contrary to the original plan.	Disciplinary action had not been initiated against the officers.	The Dewahuwa Engineering Office had not been repaired and modernized, and action had not been taken against the officers who acted contrary to the original plan.
13 The following observations are made regarding the availability of consultancy services for Mahaweli Water Security Investment Programmes.	2023			
(a) The head of the team appointed by the Asian Development Bank for the Technical Assistance (PPTA) of this program and later joined the service of the consulting company of this program and employed as the team leader and chief design engineer of the project for a period of 07 years. A monthly salary of 26,000 Euros (Rs. 8.5 million) had paid for above employment and Rs. 702.18 million had been paid as wages by	2023	Action should be taken against the officers who engaged in obtaining the consultancy services from a company where a person was involved in the number of Preparatory programs behalf of the Asian Development Bank.	No formal investigation had been conducted in this regard.	Action had not been taken against the officers who engaged in obtaining the consultancy services from a company where a person was involved in the number of Preparatory programs behalf of the Asian Development Bank.

June 2023. The independence of the supervision of program had challenged by the employment of a person who assisted in a number of Preparatory programs on behalf of the Asian Development Bank by employing with the programs of the consulting firm. It was contrarily to obtain the services of this consultant to paragraph 1.11 of the manual for the employ of consultants issued by the Asian Development Bank in 2013.

(b) Although the scope of the proposed construction contracts can be determined based on the performance of the contracts and the consultancy fees should be paid on that basis, but it had been reached to a consultancy contract agreement at the value of USD 22.09 million for a period of 60 months from 16 November 2015 for the payment of consultancy fees based on time. The project period had been extended resultant to the delay in the construction of the

2023

Action should be taken to review the consulting service contract agreement regarding the paying of consulting fees on time basis although consulting fees are to be paid on performance basis.

No formal investigation had been conducted in this regard.

The consultancy service contract agreement had not been reviewed and action had not been taken to pay consultancy fees based on performance.

project and therefore the contract period had been extended on 06 occasions untill 30 June 2024 and the cost had been increased to USD 41.56 million due to having to pay the consultancy fees based on this extended period. The increased consultant fees had to be paid from the amount allocated for other expenses since the Asian Development Bank had provided only USD 25.93 million to pay the consultancy fees for Phase 01 and 02. Also, The 34 foreigners had been recruited for consulting work at the beginning of the project and the 08 foreigners are being employing at present. The salary of ranging from 16,000 to 26,000 Euros (Rs. 5.5 million to Rs. 9 million and a daily subsistence allowance of ranging from 110 to 70 Euros were being paid for a foreign person per month. It had been Euro 12,843,998 (Rs. 4,341 million) as salaries and Euro 1,068,599 (Rs. 361.18 million) as subsistence allowances to these foreign persons as at 30

June 2023.

<p>(c) The foreign consulting company had recruited 161 local employees through 02 local companies affiliated to it for the work of the project and 110 people were being worked out of that. The consultancy fees were being paid on a time basis for the staff of 48 who employing in the 08 worksite offices located in the contract areas and Colombo project office in addition to this staff. Similarly, 14 vehicles and 03 motorcycles had given to the consulting company which were belonging to the project and Rs. 67 million had been incurred for operation and maintenance of those by the project as at 30 June 2023. It had been spent Rs. 9.65 million to modernize the head office which used by this consulting company and Rs. 13.47 million had spent for setting up offices belonging to the consulting company that conducting at different places and Rs. 84.83 million had also been spent for</p>	2023	<p>The consulting services contract agreement should be reviewed.</p>	<p>No formal investigation had been conducted regarding the acquisition of consultancy services, maintenance of offices, expenditure on vehicles and project operational expenses.</p>	<p>The consultancy service contract agreement had not been reviewed regarding the procurement of consultancy services, office maintenance, vehicle expenses and project operational expenses.</p>
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maintenance of those as
at 30 June 2023

(d) If the company or companies selected for the consultancy contract that have been previously engaged with other contracts (eg - preparing of design plans, environmental assessments) in relation to the relevant project , those companies should not be re-appointed for consultancy work according to paragraphs 1.11(b) and (c) of the guidelines which was issued by the Asian Development Bank in 2013 on the Engagement of Consultants by the Bank and Borrowers and persons having family and business relations with employees of Asian Development Bank and Borrowing (Ministry of Irrigation) Institutions should not contribute to the consultancy activities. Nevertheless, the company, which has received an amount of Rs. 102.98 million through the Mahaweli Consulting Bureau Company for design plans, environmental assessment reports,	2023	The consultancy services contract agreement and composition of the staff should be reviewed.	No formal investigation had been conducted in this regard.	The consultancy services contract agreement and composition of the staff had not been reviewed.
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feasibility study reports and modernization reports for construction of the North Central and North West canals and Minipe canal rehabilitation projects in this program and has been acting as the Sri Lanka representative company of the main consultant company of this program since 2015. Further, the main staff of the representative company consisted of retired officers from the Ministry of Irrigation which was the borrower and the agencies under of it.

(e) The construction progress could not be preserved of the Mahakitula Tunnel, Mahakitula and Mahakirula Reservoirs 02 and the canal construction contract between above 02 reservoirs during the period 2020-2024 at a value of Rs.9,978.48 million due to the reasons of lack of suitable staff and construction equipment for construction work and insufficient work site management. As a result that the contract had terminated on 26	2023	Actions should be taken to recover the losses incurred to government by en-cash the Performance security bonds and advance security bonds.	The construction work carried out under the contract and the expenses incurred thereunder had not been reviewed.	No steps have been taken so far to cover the losses incurred by the government by cashing in performance bonds and advance bonds.
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May 2023 and although the construction which the progress had been recorded at only 2.97 percent had been terminated which at that occasion, the 47,552 trees in a forest area of 778 acres had been cut down by the State Timber Corporation for the construction of Mahakitula and Mahakirula reservoirs and for the improvement of the Mahadambe reservoir located between reservoirs and similarly, 1.5 percent of the work on the dam had completed by excavating the foundations and laying down clay to construct the dam of the Mahakitula Reservoir. The expenditure of Rs. 58.2 million in order to that and Rs. 139 million for the supervision of the construction, Staff salaries of the consulting company, office expenses and maintenance of vehicles had been spent. The contractor who selected for this construction had also been conducted construction in the Yan

Oya project and the cabinet had been given the approval on 30 August 2021 for utilize the 143 machinery and equipment which brought with tax concessions for this project after paying the customs duty. The contractor had taken off these machinery due to termination of the contract.

(f) The 02 temporary buildings constructed using by Amano sheets and a canteen used by the consultant company had handed over to the project for the use of the contractor and consultant company after termination of the contract. These aquired buildings had not been valued by an independent committee when taking over and it had been spent Rs. 3.57 million for obtaining the services of a security company to protect the acquired buildings for 06 months from 01 September 2023.	2023	Acquired assets should be valued when taken over and Those should also be accounted.	The buildings that were taken over had not yet been evaluated by an independent committee.	No steps had been taken to assess the assets taken over and account for them.
(g) It has been proposed to be done only to provide agricultural inputs to the farmers in the Mahaweli regions	2023	The time period should be decided for the completion of the remaining works of the	A specific plan to determine the timeframe for completing the remaining parts of	Arrangements had not been made to complete the remaining work of the

and bear the operational costs by the amount of 93 million dollars which is Proposed to be provided for phase 03 in the second quarter of 2024 for construction contract for the construction of 02 tunneling machines in the North Central Provincial Canal. Accordingly, the Sri Lankan people had not been able to obtain the expected benefits because the time period for completing the remaining parts of this program had not been determined or a specific plan had not been prepared for the obtain of the necessary funds for the same.

project and this program and project. funding should be to secure the arranged necessary funds accordingly. for it has not yet been prepared.

- 14 Construction of 27.7 km long tunnel from Konduruwawa to Namalpura in the North Central Province Canal under Phase 02 of Mahaweli Water Security Investment Program.

(a) The Department of Wildlife Conservation had informed that the construction of the canal in the Minneriya – Giritale Natural Reserve, Sigiriya Sanctuary, Minneriya

2023

Action should be taken to select a excavation method that is technically appropriate, nationally effective, has the minimum impact

No re- investigation had been conducted in this regard.

No steps had been taken to select an excavation method that would have the least environmental impact and

National Park and Hurulu Lake Reserve should be constructed of underground only using Cut & Cover, double Conduit or tunnel methodologies. Nevertheless, the method of excavation by using 02 tunnel boring machines which was a high-cost method, had selected as the technically appropriate, nationally effective, and environmentally least impact methodology.

on the environment and minimizes the cost.

minimize costs as per the recommendations .

(b) Although the Rs. 6,690.97 million which the total cost agreed to pay had been paid to the contractor for imported from China and transported to the site and installation of the 1st tunnel boring machine required for excavation but by the time when the tunnel boring machine cleared out of Trincomalee port, the cost was Rs.2,155.97 million. Accordingly, an amount of Rs.4,535 million had paid for the transportation and assembly of the machine from Trincomalee to Namalpura and the profit of the contractor.

2023

Action should be taken to select the most efficient and cost-effective contracting method during bid evaluation and internal control over contract administration should be strengthened.

No steps had been taken to inform officers through internal circulars about the procedures to be followed in the future regarding the invitation of bids and the evaluation of bids.

No steps had been taken to strengthen internal control over contract administration.

(c) The contract completion period was extended to 10 March 2027 due to the delay of 2½ years in awarding the contract and a second tunnel boring machine had deployed for the construction of the 10.4 Km which was to be constructed under Drill & Blasting method to complete the contract in June 2025.	2023	An internal control over contract administration should be strengthened.	No steps had been taken to prevent such situations from occurring in the future.	Action had not been taken to strengthen internal controls over contract administration.
(d) The consultancy firm had estimated Rs. 7,255.40 million as cost for manufacture, import, transporting to site and installation a tunnel boring machine and the contractor had submitted a price of Rs.6690.97 for that., The CIF values of the 02 machines were USD 10,581,673 (Rs. 2,147.97 million) and USD 9,476,342 (Rs. 3,523.61 million) respectively and that was the total value of Rs. 5,671.58 million according to the 2 invoices submitted to the project during the importation of these 2 machines. Accordingly, the consulting firm had prepared over estimation for this item	2023	Internal control over preparation of estimates and selection of consultants should be strengthened.	No instructions had been issued regarding the procedure to be followed in preparing estimates and selecting consultants.	Action had not been taken to strengthen internal controls over the preparation of estimates and the selection of consultants.

without obtaining confirmation of the value of such a machine when preparing the bill of quantity.

<p>(e) The Technology Evaluation Committee appointed by the Director General of the Department of Public Finance had not recommended the deployment of a 2nd tunnel boring machine and a special Technology Evaluation Committee had been appointed by the Secretary of the Ministry. Even though the committee had made recommendations that the feasibility of the proposal was doubtful and investment of additional funds for the contract could not be justified, action had not been taken to accept the decision of the committee. A reappointed Special Technical Evaluation Committee had recommended deployment of a 2nd Tunneling Machine. The Cabinet had not informed that 2 committees refused to purchase.</p>	2023	<p>The disciplinary action should be taken against officers who provided forged information to the Cabinet without accepting the decision of the committee that the investment of additional funds could not be justified.</p>	<p>No steps had been taken to aware the officials regarding the need to provide accurate information when informing the Cabinet of Ministers.</p>	<p>The recommendations of the Special Technical Evaluation Committee had not been made known to the Cabinet. Action had not been taken against the officials who provided false information.</p>
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(f) It was agreed to be paid Rs. 6,690.97 million to the contractor for imported from China, transported to site and installation of the 02nd tunnel boring machine and Rs. 6,021.87 million had been paid out of that by 15 March 2024. The cost had been Rs.3,635.61 million by the time the tunneling machine released out of Trincomalee Port. Accordingly, it had been disputed during the audit that having paid of Rs. 3,055.36 million for transporting from Trincomalee to Konduruwa and assembling the machines.

2023

Actions should be taken to prepare the construction estimates in accordance with the decision of the Cabinet.

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The Cabinet had taken a decision not to temporarily operate 2nd Tunneling Machine from March 2023 to March 2024 that the imported on 22 November 2022. The machine has idled for 8 months from March 2023 after the installation and started operation from 23 November 2023. The 3 month progress was 399.91 meters which at the lower level from

that date up to 29 February 2024.

(g) The amount of Rs.179.99 million had been included to the bill of quantity for eliminating and transports the 2 tunnel boring machines to the port at the end of the construction.	2023	Internal control over preparation of construction estimates and contract administration should be strengthened.	Measures to be taken to prevent such situations from occurring in the future had not been introduced.	Steps had not been taken to strengthen internal controls over the preparation of construction estimates and contract administration.
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Accordingly, it had not been agreed to recover at least a part of the cost spent of Rs. 13,381.94 million for 2 machines or recover the assessment amount and agreement had been made for takeout of the two machines from the country without charging.

15 Although the Anuradhapura North Water Supply Project had been started to supply drinking water to Rambewa, Medavachchiya area from the water taken from Mahakanadarava Reservoir through the construction of North Central Provincial Canal, under the estimated allocation of Rs. 11,515 million with the assistance of the Japan International Cooperation Agency and the work of it is	2023	The land acquisition and compensation payment should be expedited to speed up the construction of the canal project so that the water supply project as can be implemented.	Land acquisition and taking possession of the land plots for which compensation was paid from the landowners had not been completed.	The construction of the North Central Provincial Canal Project had not been completed and the water supply project had not been implemented.
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nearing completion, but the drinking water project was not implemented until the water reached the Mahakanadarava

Reservoir of this project due to the fact that the North Central Province Canal Project was not implemented within the stipulated time. Similarly, compensation had been paid for the land acquired for the construction of the North Central Province Canal and further, 259 plots of land or 40 percent of the total quantity were to be acquired. Besides, the ownership of 385 plots of land for which compensation has been paid has not been taken over from the land owners and handed over to the Ministry of Irrigation.

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| 16 | Only the 27.7 km long tunnel cana in the North Central Provincial Canal which is flowing 96 km from Moragahakanda Reservoir to Kandara Oya is planned to be completed by the end of the 2025 program at present. Therefore, a specific plan for | 2023 | A plan should be prepared and presented so that the public can get the benefits. | It had been stated that the Asian Development Bank and the Department of Foreign Resources are currently preparing the necessary preliminary arrangements to | The tunnel excavation contract had not commenced. |
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building and obtain benefitsof the remaining 68.3 km of the canal had not been submitted untill the date of audit.

The progress of the excavation contract of 27.7 km tunnel was 21 percent as at 31 December 2023.

plan a new project to provide the financial provisions required to complete the remaining work sections of the North Central Canal expected under this project.

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| 17 | The contract for the construction of the tunnel connecting Kaluganga Moragahakanda which was awarded at a value of Rs.7,146.91 million in the year 2018 which was to be completed on 10 September 2021, but it had been extended up to 21 December 2023 due to the inability to complete it within the stipulated time. However, the construction progress was 90 percent on that day. | 2023 | The project should be completed and must be made to receive benefits. | Except for the access road from Illukkumbura to Poththewela, all other construction works have been completed 100 percent. | Although the construction of the Kalu Ganga-Mora Gahakanda tunnel project has been completed, work had not been done to achieve its benefits. |
| 18 | The Mahaweli Water Security Investment Program had handed over a stock of fertilizers purchased in the year 2022 to 02 fertilizer companies under the Ministry of Agriculture and there had been a shortage of 161.5 metric tons (3,230 bags) of | 2023 | Deficiency of fertilizer stocks should be recovered. | It was stated that the project was preparing a brief report in this regard. | No steps had been taken to recover the shortage of fertilizer stocks. |

fertilizers value of Rs. 55.23 million. Although according to the recommendation had been given from the committee of investigation appointed by the Secretary of the Ministry of Irrigation to conduct investigations that the reports of the Port Authority should be re-corrected and the deficiency recovered from the supplier company based on those correct reports, the loss could not be recovered in the year under review.

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| 19 | A project to supply and install 50 units of Poly Tunnel for local production of hybrid chilli seeds to farmers in 5 Mahaweli Zones and Hurulu Lake areas had implemented at a contract value of Rs.91.57 million under the Local Agricultural Crops Improvement Program. The contractor selected for this purpose had not previous experience in constructing of Poly Tunnel and this company was made losses during 2018-2020 and earned a profit only during | 2023 | It should be examined whether the members of the Technical Evaluation Committee have acted improperly and disciplinary action should be taken against those officers. | So far, the supply and installation of 50 Poly Tunnel units has been completed. | It had not been checked whether the members of the Price Evaluation and Technical Evaluation Committee had acted improperly. |
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period of 2021. Although it had agreed to complete the work by 15 May 2023, only 42 Poly Tunnels had been installed by 30 April 2024 and the contract period had been extended on three occasions until 31 May 2024.

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| 20 | The 654 vehicles were registered in the name of the Ministry of Irrigation and according to the vehicle register and the number of vehicles in use it was 74. Accordingly, the 580 vehicles had not been in the custody of the Ministry as at the date of audit. | 2023 | Actions should be taken to examine that the vehicle are not custody of the ministry. | No steps had been taken to identify vehicles that were not in the custody of the Ministry. | No investigation had been conducted regarding vehicles not in the custody of the Ministry. |
| 21 | Although a long period of time has passed since release the 43 vehicles to the Irrigation Department, 253 vehicles to the Mahaweli Authority, 04 vehicles to the Energy Ministry and 28 vehicles to other ministries from among the 580 vehicles registered in the name of the Ministry, but actions has not been taken to transfer the ownership of those vehicles to above institutions. There had | 2023 | An internal control in relating to the vehicle administration should be strengthened. | No action had been taken to transfer the ownership of the vehicles to those institutions. Annual verification had not been made that the relevant vehicles were in the custody of those institutions. | No steps had been taken to strengthen internal controls regarding vehicle administration. |

not been obtained the confirmations that the respective vehicles are in the custody of those institutions.

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| 22 | The 16 vehicles were not in the custody of the Mahaweli Authority out of the 253 vehicles that had given to the Mahaweli Authority and the vehicles were being used by various departments without documented at the head office of the authority. Accordingly, although 11 double cab vehicles had been provided to DSDP/Tanamalwila of Sri Lanka Mahaweli Authority, but it had not been such regional office located in Thanamalwila within the organizational structure of Mahaweli Authority. | 2023 | Vehicles registered in the name of the Ministry should be handed over to the given institutions. | No steps had been taken to date to identify vehicles not in the custody of the Mahaweli Authority, and the process of registering vehicles at the Authority's head office had not been formalized. | No action had been taken so far to hand over the vehicles registered in the name of the Ministry to the institutions that had been provided. |
| 23 | The cab No. 56-8184 which was in the name of Ministry Secretary had auctioned by the Mahaweli Authority in the year 2023 without the approval of the Ministry and the income of it had not credited to the Consolidated Fund. | 2023 | The auction of the vehicle should be examined and the proceeds credited to the Consolidated Fund should be confirmed. | The income from the auctioned vehicle had not been credited to the Consolidated Fund to date. | The auction of the vehicle had not been investigated and the income had not been credited to the Consolidated Fund. |
| 24 | There was a total balance of Rs.10,561,210 in | 2023 | The said loss should be recovered | The Ministry's Legal Officer had forwarded the | Steps had not been taken to recover the loss |

relation to 2 vehicle accidents to be further recovered or written off or left in the statement of written off from the books which was included in the financial statements and out of that, the loss of Rs. 10,482,500 could not be collected in connection with the accident of the vehicle number WPPG 0456 from the insurance company as at 31 December 2023. The insurance company had refused to pay the claim as the driver had drunk alcohol while driving the vehicle at the time of the accident and it had been recommended to recover of loss from the driver who was the responsible party according to the F.R 104 investigation. However, actions had not been taken to recover the loss.

immediately as per the recommendation of F.R investigation. relevant documents to the Attorney General through the Secretary, requesting legal assistance and advice from the Attorney General's Department to take the necessary legal action to recover the relevant damages, through a letter dated 2023.10.09. as recommended by the F.R. investigation.

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| 25 | Even though 13 years had passed since the Secretary of the Ministry was ordered in the meeting of the Committee on Public Accounts held on 22 March 2011 to correct the said procedure as the payment procedure | 2023 | The orders given by the Committee of Public Accounts should be implemented and should be reported to the Committee of Public Accounts along with an assessment thereof. | The orders given to the Ministry Secretary at the Committee on Public Accounts had not been implemented so far. | The actions taken had not been reported to the Committee on Public Accounts. |
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followed by the Department of Irrigation is not in accordance with the assignment of functions related to financial control in terms of Financial Regulation 135, even by 31 May 2024 the order had not implemented.

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| 26 | Although Sri Lanka Mahaweli Authority had submitted invoices of Rs.3,697,431,708 during the period 2021-2023 for the electricity generated by Phases I, II and III of the Moragakanda Hydroelectric Power Plant project, but only had been paid of 23 percent or Rs. 853,731,252 by the Ceylon Electricity Board. The arrears of revenue of Rs. 2,843,700,456 to be paid to the Department of Treasury Operations as mentioned above and it had not possible to collect the relevant money and interest from the Ceylon Electricity Board due to the fact that there was not an agreement to specify the date for payment of the submitted invoices and allow sufficient | 2023 | Actions should be taken to reach to an agreement so that interest can be charged regarding the arrears of revenue to be collected from the Ceylon Electricity Board after given the date of payment, sufficient time. | It was stated that the Sri Lanka Mahaweli Authority had been informed to take the necessary steps to fix a date for the payment of revenue in the future and steps should be taken to collect this revenue from the Ceylon Electricity Board within a sufficient period of time, and to conclude agreements promptly so that interest could be charged for delays if payments were still not made after the given period had expired. | No agreements have been reached yet regarding the electricity charges to be collected from the Electricity Board. |
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payment time and then interest could be charged.

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| 27 | <p>Although , It has been passed 10 years since the release the report of the auditor general's on the 2013 financial statements of the Poor Economic Advancement and Community Enhancement (PEACE) project, which was implemented in the period 2003-2013 under the assistance of the Japanese government, but sufficient attention had not paid to the weaknesses in the asset administration which were pointed out by the above report. Even though it would have taken a year to requested the clearance certificates related to those observations by JICA institute, but the relevant clearance certificates could not be issued due to the fact that the ministry had not submitted reliable information about the existence and use of the water bowsers, cabs and freezer cabs purchased under the project. As a result, a situation had been</p> | 2023 | <p>Action should be taken against the officers who have not prepared the settlement certificates by making attention to the issues pointed out by the Auditor General regarding the weaknesses in asset administration.</p> | <p>The Ministry has submitted information on the existence and use of the water bowser, cabs and refrigerated cabs purchased under the project. Documents related to the loans granted and interest charges of the Rajarata Development Bank had not been submitted so far.</p> | <p>JICA had not taken steps to issue clearance certificates.</p> |
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created where the Sri Lankan government had to settle the Japanese government's aid loan amount simultaneously.

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| <p>28 The approval had given by the decision of the Cabinet No. අම/18/2083/803/031 dated 18 September 2018 for the reorganization of the Mahaweli Livestock and Agribusiness (Pvt) Company established using the resources of the Sri Lanka Mahaweli Authority under the Ministry as a public private joint venture with an external investor selected by the project committee.</p> <p>Accordingly, the Board of Directors of the Authority had approved by the decision numbered 2022/338/5117 dated 28 February 2022 to call for proposals for the operation of the company as a joint venture with public private shares. According to the timeline of the work expected to be conducted for the relevant reorganization, although a suitable</p> | <p>2023</p> | <p>According to the restructuring approvals, the suitable projects of the investors should be selected according to the timeline of the expected works.</p> | <p>No steps had been taken to select suitable projects to date in accordance with the time frame of the work expected to be carried out for the relevant reorganization.</p> | <p>Steps had not been taken to select appropriate projects according to the timeline of the expected tasks for the reorganization as a public-private partnership.</p> |
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projects should be selected by 22 April 2024, but that work had not been completed.

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| 29 | Even though the two subsidiary companies belonging to the Sri Lanka Mahaweli Authority, had decided to be liquidated the Mahaweli Venture Capital (Pvt) Company in 2012 and Natural Resource Management (Pvt) Company in 2019, but the liquidation had not been completed by the audited date of 31 May 2024. | 2023 | Action should be taken to complete the liquidation procedures. | Liquidation proceedings had not been carried out. | The liquidation process had not been completed. |
| 30 | Two positions in the Ministry were assigned to a Class III officer of the Sri Lanka Engineering Service as Assistant Director (Procurement) and Director (Technical Audit) of the Ministry in 2018 and it was assigned the responsibility of 4 positions as the chief executive officer and board member of a company under that and as the project director of a project under the ministry. The following approvals had not been submitted for that purpose. | 2023 | | | |

(a) Although the said officer had appointed to perform the duties of the post of Director (Technical Audit) of the Ministry of Irrigation from 15 September 2018, the approval of the Public Service Commission was not submitted to the audit.	2023	The approval of the Public Service Commission should be obtained for performing duties in addition to the permanent post.	The approval received from the Public Service Commission for the performance of duties was not submitted for audit.	The approval of the Public Service Commission had not been obtained.
(b) Although an officer should be appointed for the post of Project Director on a full-time basis in a project according to section 2:3:2 of Management Service Circular No. 01/2019, but the concerned officer has been appointed on a acting basis for the post of Project Director of the project from 29th September 2020.	2023	Action should be taken as per the Management Service circular.	No action had been taken to appoint an officer on a full-time basis for the post of Project Director.	An officer had not been appointed on a full-time basis in accordance with the Management Service Circular
(c) The Mahaweli Consultancy Bureau was established as a company owned by the Sri Lanka Mahaweli Authority under the Ministry. There is no provision for holding a position in such an organization while still holding a position in the government service and a government official must be	2023	Actions should be taken in accordance with the public service commission rules of procedure which was published in the special gazette.	No action had been taken to cancel the appointment of this officer and appoint another suitable officer.	The procedures of the Public Service Commission published in the Extraordinary Gazette had not been followed.

temporarily or permanently released from government service to serve in such an organization as per the Public Service Commission Rules of Procedure. However, this officer had appointed as the Chief Executive Officer and Board Member of the Mahaweli Consultancy Bureau while still in government service.

3.14 Ministry of Foreign Affairs

	Total assets Rs.	Total liabilities Rs.	Equity Rs.	Excess / (Deficiency) Rs.	Opinion
2021	13,860,983,302	1,384,344,828	12,476,638,474	-	Qualified
2022	14,522,566,386	2,188,056,214	12,334,510,172	-	Qualified
2023	14,623,720,492	1,301,381,117	13,322,339,375	-	Unqualified

Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation on status of recommendation as on date of the Report
1. The balance of imprest account No.7002-0-0-35-13 was Rs.50,970,216 as at 31 December 2023 and it had been consisted with the advances not settled related to 2013 and previous years before that. Within this balance, Rs.32,474,452 related to 103 security deposits kept for the houses provided to the staff migrated for the foreign mission but not utilized and sub imprest of Rs.18,495,764 had existed.	2021/2022/2023	The advances not settled should be immediately settled.	The action will be taken to settle the balances pointed out by the committee appointed internally by ministry.	The imprest had not been settled.

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| <p>2. In terms of 371 of Financial Regulations of Democratic Socialist Republic of Sri Lanka, Rs.18,495,764 had existed in 69 unsettled adhoc sub imprests. An amount of Rs.1,585,560 in this adhoc sub imprest had exceeded 20 years and an amount of Rs.16,910,769 is belonged to the time range from 10-20 years.</p> | <p>2021/2022/2023</p> | <p>The steps should be taken to settle adhoc sub imprest.</p> | <p>The steps will be taken to in relation to settlement of adhoc sub imprest.</p> | <p>The imprest had not been settled.</p> |
| <p>3. In relation to imprest account No. 7002-0-0-35-23, an amount of Rs.56,629,614 related to 134 deposits kept for the houses which had not been occupied by the staff of foreign mission had existed in the imprest account balance of Rs.959,519,202 as at 31 December 2023. An amount of Rs. 2,486,516 out of that is a deposit value more than 20 years and an amount of Rs.10,177,716 more than 10 years. An amount of</p> | <p>2021/2022/2023</p> | <p>The action should be taken to settle the unsettled imprests and when the service of officers in the foreign mission is ended, the security deposits kept for the houses should be recovered.</p> | <p>The action will be continuously taken in relation to recovery the security deposits kept for unoccupied houses.</p> | <p>The imprests had not been settled having taken security deposits.</p> |

Rs.27,754,083 is belonged to a time range 05-10 years.

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| 4. | Rs.9,199,873 of security deposits kept for the houses related to 03 foreign mission closed had not been settled in the imprest account No. 7002-0-0-35-23. | 2021/2022/
2023 | The steps should be immediately taken to settle the deposits. | A committee had been appointed to give the recommendations on these balances. | The deposits had not been settled. |
| 5. | 8786 Sterling Pounds deposited related to London Foreign Mission had not been realized and 10 cheques from 2016 to 2023 of 05 foreign missions had been shown as unidentified debit. | 2022/ 2023 | The money deposited but not realized and unidentified credits should be settled. | The measures will be taken to settle the amount not realized in the future. | The deposit money not realized and the credits not identified had not been settled. |
| 6. | Even though the buildings belonging to government of Sri Lanka are available in the foreign missions of countries such as Australia, Sweden, and Kenya, an amount of Rs.173,537,875 had been paid as official residence rents in the year under review without maintaining those. | 2021/2022/
2023 | The officers should be responsible for non-maintenance of the assets in optimum manner. | A committee had been appointed to take action in this regard. | The renovation of the buildings had not been carried out. The action had not been taken against the officers who had not maintained the assets. |

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| <p>7. As per section 1.2 of Chapter II of the Establishments Code of Democratic Socialist Republic of Sri Lanka, an appointment or a promotion can be made to a post in the approved cadre. However, even though there are 09 approved Director General post in foreign service, the actual number is 17 including 08 Director Generals appointed for acting appointments. Furthermore, the approval of the appointing authority had not been obtained for appointment of 05 acting Additional Secretaries.</p> | <p>2022/ 2023</p> | <p>When making appointments to act in post, the Establishments Code and the Procedural Rules Code should be followed.</p> | <p>The activities for establishment of relevant appointments are being carried out presently.</p> | <p>Action had not been taken as per Procedural Rules.</p> |
| <p>8. The further action had not been taken in relation to the following compensation requests including in Auditor General's Reports even up to 30 May 2024.</p> <p>(i) A person who had gone to Saudi Arabia for a job had met with an accident</p> | <p>2022/ 2023</p> | <p>The responsibility of the officers of embassy should be fulfilled efficiently.</p> | <p>A committee had been established by Additional Secretary (Mission) for taking necessary action having studied on the compensation requests and the necessary future action is being</p> | <p>The future action had not been taken for requests for compensations .</p> |

		on 24 October 2012 and had become fully disabled.		taken after studying the files at the beginning related to the compensation incidents.	
		(ii) A woman who had gone to Kuwait for a job as a house maid on 19 December 2009 had died on 29 January 2012.			
		(iii) A woman who had worked as a house maid in Kuwait since 17 years had come to the shelter and died.			
		(iv) It had been verified the death of a person in Jedha in 2011 either a suicide or a death and obtained the compensation.			
9.	In accordance with Financial Regulation 156(i)(a) of Financial Regulations of Democratic Socialist Republic of Sri Lanka, no action had been taken to reimburse the amount of	2023	The step should be taken to reimburse the overpayments.	The documents required to be submitted to Attorney General's Department had been forwarded to Legal Division.	The amount over paid had not been recovered.

Rs.558,471 overpaid as salaries to an officer who had left the service.

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| 10. | Owing to the time delay, the labor Court had decided to close the files for payment of compensations for 06 Sri Lankans who had gone to Qatar for employments in 2010 and previous years before that and died by accidents. Even though the documents had been timely and duly submitted by the applicants, the officers in Qatar Embassy had not taken action in responsible manner to obtain the compensations in due time and the opportunity of obtaining compensations and allowances had lost. | 2023 | The responsibility of the officers should be efficiently performed. | The preventive measures had not been submitted. | Action had not been taken against the officer who had performed duties irresponsibly. |
| 11. | The official vehicles had been assigned for 08 acting Director Generals appointed without approval of the appointing authority and an amount of Rs.3,650,191 had been paid for that as | 2023 | The allowances which are not officially entitled should not be paid and the action should be taken to recover money paid in that manner. | The preventive measures had not been taken. | The amounts over paid had not been recovered as recommendation. |

fuel allowance in the
year under review.

3.15 Ministry of Public Administration, Home Affairs, Provincial Councils And Local Governments.

	Total assets	Total liabilities	Equity	Excess / (Deficiency)	Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	8,466,873,679	133,937,274	8,332,936,405	-	Qualified
2022	16,260,864,783	308,204,245	15,952,660,538	-	Qualified
2023	16,463,873,188	201,396,039	16,262,477,149	-	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementati on status of recommendati on as on date of the Report
1.	A government residence can only be allotted to a public official. However, two summit flats had been allotted to the Sri Lanka Administrative Services Union in 1983 and 2001 at a monthly rental of Rs.275 and Rs.1,000 respectively.	2021	Actions should be taken to proceed as per the provisions of the Establishments Code.	The market rent has been assessed at Rs.42,000 each. It has been informed the Sri Lanka Administrative Services Union to pay that rent.	Recommendati on has not been implemented.
2.	Although Rs.322 million had been provided in 2008 to demolish the summit flats on Keppetipola Mawatha and construct a new housing complex, the project had not been implemented. 11	2022	Actions should be taken to construct a new government housing complex. The administration of all housing should be under purview of the Ministry.	It has been stated that steps will be taken to collect monthly rent after identifying the residents of the summit flats allocated to the security forces of the Presidential	Recommendati on has not been implemented.

summit flats on Keppetipola Mawatha, which were proposed to be demolished, had been given to the Presidential Security Forces officers on a temporary basis without collecting rent since 2009 and the administration of these houses remained outside the control of the Ministry.

Secretariat since 2009 and it has been inquired whether those houses are necessary given the current situation.

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| 3. | Although the preparation of the database to identify the complete buildings belonging to the revenue code 20.02.01.01 had initiated in 2021, the inclusion of all buildings in the database had not been completed by 30 May 2024. | 2023 | Actions should be taken to prepare the data system promptly and steps should be taken to credit building rent to public revenue under the relevant revenue code. | Actions are being taken to develop a data system to classify and identify buildings belonging to this ministry and enter the outstanding housing rent into the rental data system. | Data in respect of buildings have not been entered in relation to other Ministries, Departments and District Secretariats |
| 4. | Although immediate steps should be taken by the Revenue Accounting Officers to collect the arrears and prevent further accumulation of arrears, the arrears of building rents due from 32 institutions as of 31 December 2023 amounted to Rs.332,724,629, of which Rs.198,688,576 | 2022/
2023 | Immediate steps should be taken to recover arrears of rent and prevent further accumulation of arrears. | Actions have been taken to notify through Notification letters, review of progress in recovering arrears of revenue through the participation of relevant institutions and regular follow-up via | Rs.83,910,102 has been recovered as of 30.06.2024. |

was due from years prior to 31 December 2020.

telephone.

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| 5. | Houses can be constructed and scheduled for posts. it had stated through Public Administration Circular No. 11/2003 dated 17 October 2003 that this Ministry does not have scheduled houses. However, contrary to the Establishments Code and this circular, 06 government quarters had been scheduled and provided with the approval of the Minister and 16 public houses with the approval of the Secretary to the Ministry. | 2023 | Actions should be taken to proceed as per the provisions of the Establishments Code and approval of the Cabinet of Ministers should sought to establish scheduled houses. | No actions have been taken to correct. | Recommendation has not been implemented. |
| 6. | No further action had been taken in respect of 257 asset items that had been identified as deficient during the ongoing Board of survey of the Ministers' Office. | 2023 | Actions should be taken to act as per the Financial Regulations. | Actions have been taken to appoint a committee consisting of three staff officers on 20.06.2024. | Actions had not been taken to act in accordance with Financial Regulations. |
| 7. | Two years had passed since the first Cabinet decision and one year had passed since the second Cabinet decision for the delimitation. However, the comprehensive | 2023 | Report of the Delimitation Committee should be submitted to the Cabinet of Ministers promptly. | The recommendation of Coordinating Committees of 16 districts have been given. Letters have | Recommendation has not been implemented. |

final report with the approval of the Coordinating Committee had not been submitted to the Cabinet of Ministers by 30 May 2024.

been sent to the other districts that have not submitted reports to submit them promptly.

8. **E-Grama Niladhari Project**

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| (i) | Rs.1,463 million remained out of the provision of Rs.1,500 million made in the year under review and provisions had been continuously left over since 2017 due to the project not being implemented as planned. | 2022/
2023 | Actions should be taken to utilize the provisions made for the relevant purpose in a planned manner. | Project is being implemented. | Project is being implemented slowly. |
| (ii) | Although the task of fulfilling the advertising and communication requirements in relation to the said project had been assigned to an advertising agency for Rs. 25,762,474 excluding VAT, a formal | 2023 | Actions should be taken to follow the Procurement guidelines. | The drafted agreement has been referred to the relevant Institution. | Agreements entered into had not been signed. |

agreement had not been entered into in accordance with Section 8.9.1 of the Procurement Guidelines.

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| (iii) | Moreover, although advances up to a maximum of 20 percent of the contract amount can be paid against an acceptable advance payment security in terms of Section 5.4.4 (1) of the Procurement Guidelines, an advance of Rs. 13,911,736 including VAT had been paid to the said advertising agency as 50 per cent of the contract amount despite the fact that no payment security was submitted. | 2023 | Actions should be taken to follow the Procurement guidelines. | Steps are being taken to recover the advance through the completion of work related to a proportion of the 50% advance amount given to the Selasine Institute. | Advances have not been settled . |
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09. Construction of a 2000-seat auditorium in the Galle District

(i) Although Rs.2,700 million had been provided for this purpose during the period 2019 – 2020, construction work had been abandoned by 14 June 2023, spending Rs.718.6 million.	2023	Actions should be taken to achieve the purpose of building the auditorium without allowing the expenditure incurred to become idle.	Actions are taken to obtain provisions for the termination of the contract agreement and the resumption of construction activities.	Expenditure has been idle.
(ii) No action had been taken to extend or encash the performance bond of Rs.132,843,884 which had expired on 15 February 2022 in keeping with the construction of the said auditorium and the uncollected advance amount was Rs.475,358,225	2023	Actions should be taken to extend the dates of performance bonds and advance bonds.	The Secretary has agreed to the request to submit a corporate guarantee in lieu of the bank guarantee for the uncollected balance of the advance payment and the corporate guarantee submitted by the contractor has been referred to the Ministry's Legal Officer for recommendation.	No extention of security bonds has been made .
10. It had not been possible to determine which institution was	2023	Action should be taken to ensure the ownership and	One of them is in the Galenbindunuwe	Existence of 03 vehicles have not been

in charge of 04 vehicles that were registered under the Provincial Councils and Local Government Division but were not included in the vehicle list and did not physically exist.

existence of assets. wa Pradeshiya confirmed. Sabha.

3.16 Ministry of Transport and Highways

	Total Assets	Total Liabilities	Equity	Surplus (Deficit)	Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	303,530,516	114,407,540	189,122,976	-	Qualified
2022	194,330,940,390	5,282,596,057	189,048,344,333	-	Qualified
2023	461,976,102,641	873,371,208	461,102,731,433	-	Qualified

Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
(a) Although 15 motor vehicles owned by transport section had been physically used by other government institutes, action had not be taken to transferred or taken back those vehicles properly. It included 08 vehicles with an accounting value of Rs. 33.7 million and 07 vehicles that were no longer accounted. Therefore, the accuracy of the asset account of the Ministry was not verified as at 31 December 2023 due to this reason.	2023	The ownership of the vehicles to which possessions were transferred should be transferred formally. Accordingly, asset records should be updated periodically.	The Ministry has been informed to release vehicles used by other institutions.	Vehicles those ownerships were not formally transferred had further existed.

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| <p>(b) The evidence had not been revealed to the audit regarding formal disposal of 10 cars, 10 cabs, 02 jeeps, 02 motor bicycles and a lorry which had been registered under the name of Ministry and could not be revealed the parties who used currently. The Transport Division had not acted in accordance with Financial Regulations in this regard and the value of assets included in the accounts in 2023 had been understated due to those vehicles were not included in to the vehicle schedule and asset account of Ministry as at 31 December 2023.</p> | <p>2023</p> | <p>A complaint should be made to agencies to enforce the law according to section 38(1)(h) of the National Audit Act in relation to misplaced vehicles.</p> | <p>An investigation had been conducted by appointing a committee.</p> | <p>Vehicles those ownerships could not be identified were further existed.</p> |
| <p>(c) It had been unable to present financial statements and any evidence to the audit to verify all the transactions that occurred in Expressway Transport Company (Pvt) Ltd. during 08 years from 2016 to 2023.</p> | <p>2023</p> | <p>The financial statement should be prepared and approved as soon as possible. Disciplinary action should be taken according to Section 29 of Chapter XLVIII of Part II of the Establishments Code by</p> | <p>Preventive measures had not been disclosed to the audit.</p> | <p>Financial statements had not been submitted and disciplinary action had not been taken against officers who had neglected their responsibilities.</p> |

identifying the responsible officers and members of the Director Board.

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| (d) | According to the information submitted to the audit, the outstanding interim payments for civil works of 04 projects under the Ministry of Transport and Highways out of the expressway, highway and bridge construction projects amounting to Rs. 280.37 million as at 31 December 2023 and the additional commitments as at 31 December 2023 were Rs. 78.81 million due to payments were not made timely relating to civil works and land acquisition. | 2023 | Action should be taken to identify the liabilities and commitments accurately. | Action had not been taken to minimize additional commitments by settling outstanding interim payments on time. | Effective actions had not been implemented to accurately identify commitments and liabilities. |
| (e) | According to the budget proposals in 2023, establish a road maintenance fund had been proposed and it was mentioned that Rs. 100 million had been allocated for the establishment of the fund in the 2023 budget proposals. Although it was mentioned that the draft bill prepared for tax on vehicle revenue | 2023 | Action should be taken efficiently to implement government policies within specific periods. Special attention should be paid to the system monitoring under Section | The draft bill has been submitted to the Department of Fiscal Policy for further actions. | The budget proposals had not been implemented up to now. |

licenses had been submitted to the Department of Fiscal Policies, it had failed to establish the fund up to now and thus the Ministry had failed to achieve the expected objectives.

38(1)(c) of the National Audit Act and written instructions should be issued.

(f) Road Network Development

(i) Advisory Council

2023

A Road Network Development Advisory Council should be established under Section 6(1) of the National Thoroughfare Act No. 40 of 2008 to advise the Minister in charge of the subject and although the advisory council should consist of 15 ex-officio members and 5 members nominated by the minister in accordance to 6(1)(b), two ex-officio members had not been appointed for the committee.

A report should be submitted to the Parliament and the instructions given should be followed with regard to performance of functions under Section 6(2) of the Act without constituting Advisory Councils from the commencement date of the Act.

Individuals have been nominated for 04 members to be appointed to the above mentioned Advisory Council.

The Advisory Council was not operating in accordance with the provisions of the Act.

(ii) Secretary, who is officially responsible as a Chairman to call the members appointed as above and perform the assigned duties under 6(2) of the Act. and the instructions regarding those tasks had not been given to

2023

Any violation of the provisions of the Act should be reported to the relevant disciplinary authorities for disciplinary action in

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Action had not been taken in accordance with the provisions of the Act.

	the Minister.		accordance with Section 8 of Chapter XLVII of Part II of the Establishments Code.		
(g)	Colombo Suburban Railway Efficiency Improvement Project	2023, 2022	Action should be taken to include projects for which feasibility studies had been conducted in the Public Investment Programme.	There is no information that adequate preventive measures had been taken.	Action had not been taken to include the abandoned projects again into the Public Investment Programme.
	The Asian Development Bank had provided US\$ 8.52 million equivalent to Rs. 1,551.36 million to the Project as at 31 December 2023 and 95 per cent of that amount of Rs. 1,469.05 million had been incurred for feasibility studies and consulting services for detailed plans. The feasibility study and detailed planning reports related to this project had been prepared and submitted to the Line Ministry in March 2021 and even though more than 2 years had passed, the use of those reports for future actions to develop the railway system was at a minimum level.				
(h)	Kurunegala Habarana Railway Track	2022	That funding arrangements should be	There is no information that adequate	A process for pre-determining funding sources

Although a total expenditure of Rs.568 million had been incurred for the entire project including an amount of Rs.349.06 million as land acquisition expenses from 2016 to 2022, the investors or funding arrangements had not been identified for this project as at 2022. Further, it was observed that the total amount incurred so far was an idle expenditure due to the government taking a policy decision to suspend the project.

determined before starting the projects. preventive measures have been taken. had not been implemented.

(i) **Integrated Road Invesment Programme** 2021

Out of 12 abandoned contract packages, balance works of 6 contract packages had been re awarded to carrying out through this program as at 31 December 2021 and the value of the re awarded contract had been increased by Rs. 4,808.80 million when compared with the original contract price. Therefore, the government had to incur additional costs due to poor project management.

Necessary actions should be taken to achieve intended targets of the Programme and formal action should be taken against unperformed contractors. Actions taken regarding the contractors were not reported. A formal process had not been implemented to ensure the continuous implementation of the project until its completion.

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| <p>(j) Second Integrated Road Investment Programme</p> <p>Although the Engineer estimates, bid documents and Bill of quantities should be properly evaluated by the Procurement Committee and Technical Evaluation Committee as per Sub Clause 2.4 and 2.6 of the Government Procurement Guideline, the loss of Rs. 48.20 million had been incurred by the Programme as at 31 December 2021 in respect of 02 contract packages due to rate discrepancies and wrong interpretation of items in Engineer estimates, bid documents and Bill of quantities</p> | <p>2021</p> | <p>Action should be taken promptly by the Program to cover the losses.</p> | <p>The details had not been furnished that adequate preventive measures were taken.</p> | <p>Action had not been taken to recover the loss.</p> |
| <p>(k) Although all laboratory, furniture and survey equipment will be reverted to the contractor at the end of the Programme as per Sub clauses 108.4 and 120.7 of the Conditions of the Contracts, a sum of Rs.397.77 million and Rs. 533.12 million had been paid as a lump sum for laboratory, furniture</p> | <p>2023</p> | <p>The Technical Evaluation Committee and the Procurement Committee should pay special attention when reviewing bid documents to prevent undue benefits to contractors by</p> | <p>Information was not furnished that adequate preventive measures had been taken.</p> | <p>A review process had not been implemented by the Technical Evaluation Committee before enforcing the conditions.</p> |

and survey equipment up to 31 December 2023 by the Integrated Road Investment Programme and Second Integrated Road Investment Programme respectively. Thus it was observed that favorable contract conditions may lead to undue benefits to the contractors.

considering economy and protect the right of the employer.

(l) **Extension of Southern Expressway Project -**
(i) **General**

Although the feasibility study report had mentioned 04 service areas, the acquisition of land extended 26,475 square meters on the right side and 33,373 square meters on the left side in the Gatamana area had only been completed. However, the construction of service areas had not been estimated at any stage of the Southern Expressway Extension project and the provision for BOQs also had not been provided. Since there is no service area for expressway users after the 46-kilometer point of the Southern Expressway, providing

2021

Necessary provisions should be made to prepare service areas for the Extension of Southern Expressway Project.

Information was not presented that adequate preventive measures had been taken.

A suitable program was not implemented for the construction of new service areas.

service to the public when they are travelling 176 km from Welipanna to Hambantota was problematic.

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| (ii) | A sum of Rs. 21.94 million for 468 plots of land and delay interest of Rs. 211.56 million for 2113 plots of land are further dues as at 31 December 2021. Further, a low percentage of 27.87 percent representing 3,593 lots out of the total of 12,894 land lots only had been registered under the Road Development Authority in terms of Sub-section No. 44 of the Land Acquisition Act as 31 December 2021. | 2021 | Action should be taken to complete the land acquisition process immediately. | Adequate control systems had not been introduced by determining relevant criteria and responsibilities to ensure the implementation of the land acquisition process without affecting the implementation of the project. | The Land acquisition, registration with the Road Development Authority and compensation payments had not been completed yet. |
| (m) | Extension of Southern Expressway Project - Section-01 | 2021 | Vehicle imports should be carried out in accordance with the circulars and action should be made to minimize additional costs such as interest for delayed payments by making management | In carrying out contract administration activities, the control systems had not been adequately introduced by determining the relevant criteria and responsibilities as indicated in the observations. | The necessary controls had not been established to prevent such weaknesses occurring in the future. |
| (i) | The project had denied the right of the contractor to customs duty relief for 04 Toyota Fortuna vehicles, 1 Mercedes Benz van and 10 Pickup vehicles for the transportation of officials due to the contractor having imported the vehicles | | | | |

without the prior approval of the employer. However, later the project had to reimburse duties of Rs.91.74 million for 02 Toyota Fortuna vehicles and 10 Pickup provided to the contractor and a sum of Rs.27.55 million was also paid on 23 April 2018 as interest for delayed payment based on the decision of the Dispute Arbitration Board. The project incurred an additional cost of Rs.119.3 million due to the decision of the Dispute Arbitration Board made in favor of the contractor.

decisions in a timely manner.

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| (ii) | Although arbitration may be initiated before or after the completion of the contract works in accordance with Sub-Clause 20.6 of the General Conditions of Contract, the special conditions of the contract also did not specify a specific time limit for initiating arbitration after the Notice of Dissatisfaction was issued. Therefore, 6 dispute claims amounting to Rs. 3,066.7 million further | 2021 | Disputes should be resolved promptly and steps should be taken to obtain a discharge letter. | In contract administration, control systems have not been adequately introduced by determining the relevant criteria and responsibilities regarding the issues identified through observations. | Effective procedures had not been implemented to include special conditions of contracts after a formal review. |
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remain open for arbitration after the issuance of the Notice of Dissatisfaction and although 14 months had passed after laps of defect notification period of the project, it couldn't be able to finalize the discharge of the contractor. Accordingly, the contractor had not issued the Handing Over Certificate by 31 December 2021.

(o) **Extension of Southern Expressway Project - Section-04**

Although arbitration may be initiated before or after the completion of the contract works in accordance with Sub-Clause 20.6 of the General Conditions of Contract, the special conditions of the contract also did not specify a specific time limit for initiating arbitration after the Notice of Dissatisfaction was issued. Therefore, 03 dispute claims amounting to Rs. 509.05 million further remain open for arbitration after the issuance of the Notice of Dissatisfaction and

2021

A specific time limit should be included in the special condition for initiating arbitration after a Notice of Dissatisfaction is issued.

In contract administration, control systems have not been adequately introduced by determining the relevant criteria and responsibilities regarding the issues identified through observations.

Effective procedures had not been implemented to include special conditions of contracts after a formal review.

the contract liabilities couldn't be able to determine even after 2 years after laps of the defect notification period of the Project. Therefore, the contractor had not issued the Letter of Discharge as per Sub-Clause 14.12 of the Conditions of Contract by 31 December 2021.

<p>(p) Obtaining loans from local banks for development activities by the Road Development Authority</p>	2022	<p>It is the responsibility of management to identify projects to be implemented after conducting a proper feasibility study and cost-benefit analysis and to take steps to implement the relevant projects at the lowest cost.</p>	<p>Control systems had not been adequately introduced by determines the relevant criteria and responsibilities for the matters identified through the observations.</p>	<p>The recommendation s had not been implemented.</p>
<p>The Road Development Authority had entered into loan agreements amounting to Rs. 408,541.01 million and US\$ 44.72 million with local banks from 2013 to 2022. These loans were used for projects such as the Central Expressway Project I and II, the Colombo-Katunayake Expressway, the Outer Circle Highway Project III and the 100,000 km rural road project. According to the information furnished to the audit, the amount of loans outstanding from local banks was</p>				

Rs. 356,059.32 million as at 31 December 2022 and the interest that had to be paid to local commercial banks over a period of 05 years was Rs.109,333.11 million. Further, the interest payable to 07 local banks that had obtained loans including penalty interest was Rs. 37,668.72 million as at 31 December 2022 and the value of outstanding loan installments was Rs. 2,502.39 million.

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| <p>(ii) The Road Development Authority had restructured the loans by submitting Cabinet Memorandum No.MFE/ERD/14/CM/2020/065 dated 13 March 2020 by further extending the repayment period of Rs.356,059.31 million, which was still due as at 31 December 2022 out of Rs.408,541.01 million that had been obtained from 07 local commercial banks on 34 occasions with the basis of repayment within a period of 10 to 18 years based on a grace period of between 2 ½ to 4½ years. A consultancy</p> | <p>2022</p> | <p>It is the responsibility of management to identify projects to be implemented after conducting a proper feasibility study and cost-benefit analysis and to take steps to implement the relevant projects at the lowest cost.</p> | <p>Information was not furnished that adequate preventive measures had been taken.</p> | <p>The recommendation s had not been implemented.</p> |
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fee of Rs.10.80 million had been paid to People's Bank for advice on the restructuring and an additional interest amount of Rs.400.74 million had to be paid on the annual increased interest rate due to the debt restructuring.

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| <p>(iii) Treasury bonds amounting to Rs.36,671.62 million had been issued due to the inability of the Treasury to provide allocations for the settlement of loan interest and installments outstanding as at 31 December 2022 for loans obtained from local banks. Further, in addition to obtaining loans from local banks, the Treasury Bonds had been issued under interest rates ranging from 20.0 to 22.5 per cent by 31 December 2022 for an amount of Rs.32,217.89 million to be paid to 36 contractors for road construction works relating to the 100,000 km road programme. Accordingly the government will have to bear additional expenses due to the</p> | <p>2022</p> | <p>It is the responsibility of management to identify projects to be implemented after conducting a proper feasibility study and cost-benefit analysis and to take steps to implement the relevant projects at the lowest cost.</p> | <p>Information was not furnished that adequate preventive measures had been taken.</p> | <p>The recommendation s had not been implemented.</p> |
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issuance of Treasury Bonds amounting to Rs.68,889.51 million and that expenditure was approximately Rs.15,155.69 million.

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| (q) | Central Expressway Project – Section 01 | 2021 | The conditions mentioned should be revised properly in future loan agreements. | Information was not furnished that adequate preventive measures had been taken. | Action had not been taken to amend the contract conditions related to the issues highlighted by the observations. |
| (i) | The Attorney General addressed to Director General of the Department of External Resources in his letter dated 02 October 2018 has requested to amend especially the clauses 8.1 and 8.4 pertaining to Waiver of Immunity and Governing Law respectively of the draft loan agreement. However, the lending agency (EXIM Bank) had not accepted the proposed amendments and the agreement had been signed by both parties as proposed in the draft agreement without such amendments. | | | | |
| (ii) | “Notice to Reducing Rate Work” had been submitted by the contractor on delay in payment of interim payment bills in accordance with clause 16.1 of the contract conditions due to the prevailing economic | 2023 | Action should be taken as per the agreement to avoid additional costs has to be incurred by the employer due to the extension of | The contractor had given a notice to the engineer to extend the time for reduced rate of work on 23 June 2022. Currently, a time extension has | The recommendation s had not been implemented. |

crisis in the country. It was observed that an extension of time had been granted as per FIDIC Conditions No.16.1 and 8.4 for Package 01 until 09 November 2023. Although a revised work plan should be submitted in accordance with FIDIC Clause 8.3, such revised work plan had not been submitted. Further, although the contractor continued the contract work at slow progress under these conditions, it was observed that the growth in construction progress in 2023 year compared to the 2022 year was 1.46 per cent. It is observed that the Road Development Authority and the Ministry should discuss with the Treasury and take alternative measures to prevent the increase in multiple claims relating to expenditure incurred on additional time to complete the project or abandonment of the project by the contractor in the future i.e. idling of resources and expenses incurred at the reduced rate of works. Further, it was

the contract been granted for period. Package 1 until 6 July, 2024.

observed that the amount requested by the contractor due to the delay in handing over the work site of Package 01 and Package 02 is Rs. 2,598.76 million.

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| (iii) | Although 5,245 plots of land were acquired for the project during the year 2023, the Road Development Authority had acquired the rights of only 1,211 plots of land under Section 44 of the Land Acquisition Act. A sum of Rs. 901.05 million had been paid as late interest as at 31 December 2023 and the late interest further payable was Rs. 220.45 million. | 2023 | Properly documented information regarding land acquisition and compensation for projects should be maintained and relevant procedures should be prepared. Special attention should be paid to this issue during the monitoring of the systems under Section 38(1)(c) of the National Audit Act and effective internal controls should be introduced. | It was informed to the audit that 1,693 plots of land had been registered under the project in accordance with Section 44 of the Land Acquisition Act as at 30 September 2024. | Land acquisition activities had not been completed accordingly. |
| (r) | Central Expressway Project -Section-02

The Road Development Authority had been granted approval to | 2022 | That project should be implemented in compliance with fiscal policies. | Information was not presented that adequate preventive measures had been taken. | The recommendation s had not been implemented. |

obtain the loan directly without obtaining it through Treasury as it would be affected to the condition of reducing the budget deficit agreed with the International Monetary Fund at that time. Accordingly, the Road Development Authority had obtained a loan amounting to Rs. 124,221.35 million from several local banks at different time for this Project. However, it was observed that, the objectives of reducing the budget deficit will not be fulfilled by that action due to the Authority obtain the allocation from the Treasury to pay the related debt.

(s) Central Expressway Project -Section-03	2022	Procurement activities should be conducted per the conditions of the Procurement Guideline.	Information was not presented that adequate preventive measures had been taken.	Procurement activities had not been carried out in accordance with the provisions of the Procurement Guidelines.
(i) According to the Section 4.4 of the Procurement Guideline, although the contract packages related to any procurement should not be split, The expressway section which was only 12 km long and had a contract value of Rs.28,840 million was granted to 14 local contracting				

companies under 17 contract packages. Therefore, the procurement of 12 packages was missed to be referred to the Cabinet Appointed Procurement Committee.

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| (ii) | Incentives amounting to Rs. 32.4 million had been paid to the officers of the Ministry, Survey Department, Valuation Department and officers at Divisional Secretariats as at 31 December 2021 to expedite and complete the land acquisition activities within 26 weeks. However, only 181 plot of lands had been registered under the Road Development Authority as per the Sub section 44 of the Land Acquisition Act by the Project even as at 31 December 2021. | 2021 | Action should be taken to complete the land acquisition process expeditiously. | 1,118 plots of land had been registered under the Road Development Authority as at 31 December 2023. | Land acquisition activities had not been completed formally. |
| (t) | Central Expressway Project -Section-04 | 2021 | Action should be taken to complete the land acquisition process expeditiously. | Control systems had not been adequately implemented by defining relevant criteria and responsibilities so that land acquisition activities would not obstruct the | Land acquisition activities had not been completed formally. |
| (i) | Incentives amounting to Rs. 6.02 million had been paid to the officers of the Ministry, Survey Department, Valuation Department and officers at Divisional Secretariats | | | | |

to expedite and complete the land acquisition activities within 26 weeks. However, out of 3512 plots of land, inquiries had been made under Section 9(1) for 2645 plots of land and notices had been issued under Section 10(1) for 2018 plots of land. Accordingly, the progress of land acquisition was still slow.

implementation of projects.

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| (ii) | Even though the Project Management Unit was commenced in the year 2016, the civil works of the Project had not been started even by the end of 28 February 2022 due to poor planning of priority projects. However, a sum of Rs.448.87 million had been incurred on the Project Management Unit up to 31 December 2021. | 2021 | Every step should be taken to expedite the construction. | Appropriate internal controls had not been introduced to address planning weaknesses. | The recommendation s had not been implemented. |
| (u) | Ruwanpura Expressway

The Project activities of Ruwanpura Expressway had been started at a total cost of Rs.54,695 million on 2016. Accordingly, the construction works of | 2022 | Consent should be obtained from the donor to obtain the funds at the initiation of the project. | Information was not furnished regarding adequate preventive measures that had been taken. | The recommendation s had not been implemented. |

73.9 km of expressway from Kahathuduwa interchange to Pelmadulla and 24.3 km from Kahathuduwa to Ingiriya section had been handed over to the construction company on 03 May 2021 and the relevant construction works intended to be completed in year 2023. However, the contractor unilaterally suspended the construction on 10 May 2022 due to the failure to settle bills even after a period of one year from the commencement of the construction. A sum of Rs.3,210 million with VAT had been paid as an advance to construction company on 13 July 2021 from the loan taken from National Savings Bank and the above money could not be able to recovered due to suspension of construction by contractor and the interest payments of Rs.22.55 million and Rs.264 million were paid respectively on 30 June 2022 for the loans obtained from the Bank of Ceylon and the National Savings Bank.

The action had been taken to terminate the project on 31 January 2023 by Committee Appointed to Re-strategizing and Accelerating of Mega Projects (RAMP) and a sum of Rs.10,124 million had been incurred on the project as at end of the year under review. It was observed that there were significant social impact on livelihood and economic activities of the people in that area such as existence of water pits in excavated area of constructions, road blocks create from unused soil piles and inability to cultivate paddy lands etc. due to suspension of constructions of the project suddenly.

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| (w) | Contracts had been awarded for the construction of 466 rural bridges in the year 2021 and only 84 rural bridges had been completed as at 30 June 2023. It was a minimum percentage of 18 per cent of the total number of projects awarded contracts. | 2023, 2022 | The expected outcome should be achieved efficiently. | Since it was decided to construct only priority bridges, action is being taken to complete them under new estimates. 109 rural bridges had been completed as at 31 July 2024. | Actions are being taken to achieve the desired outcome. |
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(x) (i)	Kandy Tunnel Construction Project	2023, 2022	Feasibility study completed Projects should be included to the National Deployment Plan and action should be taken to complete the relevant works according to the agreements.	Information was not furnished regarding adequate preventive measures that had been taken.	The recommendation s had not been implemented.
	As a solution to the heavy traffic congestion in Kandy city for many years, a 5.56 km long 4-lane road consisting of 4 tunnels, 3 bridges and 4 interchanges between Thannekumbura and Suduhumpola, with a distance of 4.36 km was planned to be constructed in 58 months with the EDCF - Korea Financing Agency at a cost of US\$ 252.3 million equaling Rs. 50,461 million and it was scheduled to commence in September 2021. However, the Cabinet Committee on Economic Management had requested on 21 August 2017 to cancel this project and allocate funds to another higher priority project, so that the project was inactive at that time. Subsequently, an agreement was entered into with the Road Development Authority and the University of Peradeniya on 25 March 2021 for the Environmental Impact Assessment of the				

Kandy Tunnel Construction Project prior to the commencement of the project. Although the background work had been prepared for the implementation of the Project since 2017, the environmental impact assessment only had been completed by 31 December 2023 and out of the total contract value of Rs.95.75 million, a sum of Rs.78.36 million had been paid to Peradeniya University. This contract period had been extended (EOT) on 03 occasions owing to delays in field work due to the adverse situation in the country and disruptions to the bore exploration process due to fuel shortages.

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| (ii) | Although the land acquisition, consultation and civil works had been scheduled to be commenced in 2021, none of the above works had been commenced by the end of 2023 due to the non-completion of the Environmental Impact Assessment Report. | 2023 | Environmental Assessment Reports should be approved immediately. | The final draft of the Environmental Study Report had been submitted to the Central Environmental Authority on 08 November 2023. | The recommendations had not been implemented. |
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| <p>(y) Extension of Marine Drive parallel to Galle Road to Panadura</p> | <p>2023</p> | <p>The extension of the contract period should be made in accordance with the agreement to avoid additional costs to the employer.</p> | <p>99 per cent physical progress had been achieved.</p> | <p>The recommendation s had not been implemented.</p> |
| <p>It had been agreed with the contractor to complete the project to rebuild the bridge over the Dehiwala Canal within 455 days at an estimated project cost of Rs. 232.15 million. According to the project contract agreement, The project completion date was 13 September 2021 and although more than 2 years had passed, the civil works had not been completed by 31 December 2023.</p> | | | | |
| <p>(z) Although the contractors are required to provide performance security at their own expense in accordance with Sub-Clause 4.2 of the General Conditions of Contract it was observed that a separate payment item was prepared in the BOQs under Preliminary and General items so as to the contractors could be claimed. Accordingly, a sum of Rs. 2,526.09 million had been paid to contractors of 04 road development projects as at 31 December 2021 to</p> | <p>2023, 2021</p> | <p>Procurement and Technical Evaluation Committees should review contract conditions again and special attention should be paid to this issue during the monitoring of the systems under Section 38(1)(c) of the National Audit Act and effective internal</p> | <p>In carrying out contract administration activities, the relevant criteria and responsibilities had not been determined and control systems had not been adequately introduced regarding the matters indicated by the observations.</p> | <p>The recommendation s had not been implemented.</p> |

reimburse the cost of performance bonds.

controls should be introduced.

- (ba) A sum of Rs. 274.02 million and Rs. 1,097.18 million had been paid as commitment charges on unutilized loans to the lending agencies by the following projects as at the end of 2022 and 2021 respectively due to the poor progress of road rehabilitation activities.
- 2022, 2021
- It is the responsibility of management to take the necessary actions to effectively utilize the loan funds within the relevant period.
- In carrying out contract administration activities, the relevant criteria and responsibilities had not been determined and control systems had not been adequately introduced regarding the matters indicated by the observations.
- The recommendations had not been implemented.

Project	Amount paid as at 31 December 2022 Rs. million	Amount paid as at 31 December 2021 Rs. million
Integrated Road Investment Programme	183.52	
Second Integrated Road Investment Programme	90.50	
Extension of Southern Expressway Project Section-01		666.22
Extension of Southern Expressway Project Section-04		430.96
Total	274.02	1,097.18

- (bb) Although according to the Supplement No. 32 issued on 15 March 2017 for the Procurement Guidelines 2006, the maximum limit that can
- 2021
- Payments shall be made to the members of the Procurement Committees and related Technical
- Information was not furnished regarding adequate preventive measures that had been taken.
- The recommendations had not been implemented.

be paid to members of the Procurement Committees and related Technical Evaluation Committees in any quarter should not exceed the basic salary of that officer for that quarter, contrary to that, a sum of Rs. 4.42 million had been paid to 12 officers relevant to the year 2021 during year under review exceeding those limits. After the inquiry in this regard by the audit, 11 of the above officials had made repayments of Rs. 10.04 million to the Ministry. Accordingly, it cannot be disregarded in the audit that there is a risk that the relevant officers may have been paid exceeding the limit even in the year 2020 and the accuracy of the amount refunded by these officers as stated above was also not verified in audit. Further, although according to the Procurement Guidelines, the amount obtained by the officers over the limit should be paid to the institution where the officer is currently employed, it was not revealed to audit the reasons for

Evaluation Committees as per the provisions of the Procurement Guidelines 2006.

crediting the relevant repayments to a project under the Ministry of Highways by the above officers.

3.17 Ministry of Plantation Industries

**Current name-Ministry of Environment, Wildlife, Wild Resources,
Water Supply, Plantations and Community Infrastructure**

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Profit/Surplu s/ (Loss/Deficit) (Rs.)	Audit Opinion
2021	765,049,782	760,578	764,289,204	-	Unqualified
2022	982,194,305	9,733,691	972,460,614	-	Unqualified
2023	977,808,173	7,983,325	969,824,848	-	Unqualified

	Audit Observation	Year of the Report	Auditor General's Recommendati on	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
(a)	State lands of 249,843 hectares in extent had been vested in 23 regional plantation companies on lease basis in the year 1992 for a period of 53 years. Lease revenue of Rs. 587,146,771 recoverable from 10 companies to the Government, had been in arrears as at 31 December 2023 and action had not been taken together with the Treasury to collect arrears of revenue without delay in terms of Financial Regulation	2023	Proper action should be taken to recover as planned the lease revenue in arrears and annual revenue.	The total lease revenue in arrears Rs. 260,639,247 recoverable from 09 plantation Companies has been recovered. A sum of Rs. 13,769,750 out of the total outstanding lease revenue has been recovered from the Kurunegala Plantations PLC out of the total outstanding lease revenue.	The outstanding lease revenue amounting to Rs. 312,737,974 recoverable as at 30 April 2024 from the Kurunegala Plantations PLC, has not been recovered as yet.

176(2).

(b) According to the revised lease agreement No.1558 entered into with the Kurunegala Plantations PLC on 27 November 1995, the lease rental computed based on the value of net assets existed as at that date, should be paid during 53 years in 04 equal installments per year. However, payments had been made less than the lease rental to be paid per year based on the reduction of net assets, thus indicating an arrears of Rs. 326,507,724 as at 31 December 2023 from Kurunegala Plantations PLC of which an arrears of Rs.116,801,733 was observed over a period of 05 years. Action had not been taken on the avoidance of lease payments as per paragraph 2 (a) and 5 (c) of the revised lease agreement.	2023	Action should be taken to collect the lease revenue as per the Agreement and the required steps should be taken regarding the lease rental after perusing and analysing the the other conditions of the Agreement.	A discuyssion was conducted and facts analyzed on 09,05,2024 regarding the outstanding lease rental with the participation of the Secretary of the Non-Cabinet Ministry of State Plantation Reforms and the Chairman of the Kurunegala Plantations PLC and instructions were given to present a report on the computation of the lease rental. Instructions have been requested from the Attorney General's Department regarding the issue of lease rental avoidance by the	No oustanding lease payments have been made by the Kurunegala Plantations PLC and the report called by the Secretary of the Ministry hes not yet been recieved.Even the Attorney General's instructions have not been recieved as yet.
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Kurunegala
Plantation
PLC

- (c) Since the Director 2023 General of the Public Enterprises Department had directed the Secretary of the Ministry of Plantations through the letter No PE/PL/RP/Gen/2017, dated 15 February 2017 to credit to Consolidated Fund in instalments 20 per cent of the lease revenue earned by the plantations firms by sub-leasing state lands, since only a sum of Rs. 19,145,371 had been received out of the amount of Rs. 39,068,269 receivable as at 31 December 2023, and however, the total outstanding sub-lease amount stood at Rs.19,922,898 as at the end of the year under review. No sub-lease income had been recovered from the 10 plantations compaqnies for the year 2023.
- Proper steps should be taken to recover in installments to the Consolidated Fund a 20 per cent of the lease income earned through sub-leasing of state lands by plantations companies.
- It has been informed on 30.09.2024 to the relevant plantations companies to pay the outstanding sub-lease amount.
- Outstanding sub-lease amounting to Rs. 14,884,917 has been recovered as at 31 July 2024 and the further outstanding amount stands at Rs. 5,037,981.

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| <p>(d) The Ministry had failed to recover or write off from the books losses and damages totalling Rs. 5,221,961 occurred in 06 instances over a period of 01 to 12 years as at 31 December in the year under review.</p> | <p>2023</p> | <p>Damages and losses should be recovered and a full investigation should be carried out on the damages and losses that could not be recovered and thereafter write off with obtaining proper approval therefor.</p> | <p>Legal action has been instituted with regard to 3 incidents and the approval for writting off from the books, has been received in respect of the remaining incidents.</p> | <p>A sum of Rs. .4,844,030 has not been recovered so far from the incidents against which legal action has been taken. The amount Rs. 377,931 for which approval has been granted to write off, has not yet been written off.</p> |
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3.18 Ministry of Agriculture

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Profit/Surplus/ (Loss/Deficit) (Rs.)	Audit Opinion
2021	1,924,987,997	20,929,448	1,904,058,549	-	Qualified
2022	3,148,673,973	71,128,249	3,077,545,724	-	Qualified
2023	3,199,378,072	53,255,906	3,146,122,166	-	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementatio n status of recommendati on as on date of the Report
01.	Action had not been taken to recover the sum of income Rs.347,311,945 including the Rs.138,204,923 of deficit income of the aforesaid Paddy Purchasing Programme of previous year and Rs.209,107,022 of deficit income in the year under review. Rs.60,407,579 was recovered in the year 2023 from the total arrears of revenue of Rs.437,085,714 in the year 2022 and the remaining revenue to be collected further is Rs.376,678,135.	2021 2023	The reasons for not charging should be found and the deficit income should be recovered promptly.	Sending letters to the relevant district secretaries to pay special attention to this and to take action to recover the arrears of revenue.	The balance to be collected from the arrears of income of previous years is Rs.370,963,494.

<p>Weakness of ministerial supervision over revenue collection by district secretariats had mainly affected to the ineffectiveness of collection of arrears.</p>				
02.	<p>The 15 vehicles worth Rs.51,500,000 belonging to other State Ministries and Departments which is used by the Ministry of Agriculture had been included in the statement of non-financial assets without taking over the ownership.</p>	2021	<p>Arrangement should be made to take over the ownership of vehicles belonging to other state Ministries and Departments.</p>	<p>The Ownership of 05 vehicles had been taken over according to Asset Management Circular No. 02/2017. One more vehicles have been handed over to the concerned agency. Arrangements are being made to take over the other vehicles.</p>
03.	<p>A clause on how the lessee and lessor could terminate the agreement if necessary during the lease term had not been included in the lease agreement for the building which rented for the Ministry of Agriculture. Due to that shortcoming, the property leased for 5 years had lost the opportunity to reduce the amount of rent in proportion to the remaining lease period</p>	2021	<p>Responsibility should be taken not to incur such expenses.</p>	<p>Any action has not been taken. A provision to reduce the amount of rent in proportion to the remaining lease term has not been included in the lease agreement.</p>

at the time of handing over in the fourth year and A rent amount of Rs.310,939,139 had been paid for the period of the building was not in use. That expenditure was observed as an uneconomical expenditure.

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| 04. | The officials of the engineering department of the ministry and the officials of the assessment department have conducted an inspection during March and April 2021 regarding the damage caused to the leased building by the lessee during the lease period, Although the lessor has been informed to participate in the said assessment, the lessor has refused to participate for the assessment. Disputes have arisen between the parties regarding damages due to the fact that the agreement did not include conditions that a suitable technical institute should be called for a damage report with the participation of both parties when leaving | 2021 | Responsibility should be taken not to incur such noneconomic expenses. | Any action has not been taken. | The clause regarding how both parties assess the loss to the leased building or how to call for damage reports had not been included in the agreement. |
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the leased property, the officials of the Ministry of Agriculture assessed the damage to Rs.12,710,236 and the leasing company assessed and prepared the reports as Rs. 28,250,056 to damage of the building. As a result, there had been formed a risk of over-liability of Rs.15,539,820 as per a valuation report prepared unilaterally by the lessee without any participation of the Ministry of Agriculture.

05.	According to the terms of the agreement No. II, the lessor shall arrange to give the refundable deposit amount of Rs.63 million to the lessee within one month after the end of the agreement and the delivery of the leased property. However, at every time of the lessee handed over the leased property and acted to terminate the agreement, the lessor opposed that and acted inconsistently with the basic terms of the agreement. Therefore, it had not been	2021	Arrangements should be made to recover the deposit amount.	The decision has been taken to send that institution by informing that to pay the amount of 300 lakh rupees agreed to be paid via the Attorney General on 2024.10.04 by DPJ to the Ministry of Agriculture. And it had been mentioned that the Attorney General's Department had further stated	The deposit amount has not been recovered.
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possible to obtain the deposit.

that they would take the necessary further action in connection with the complaint drafted to file a lawsuit in the court for the full recovery of the total amount of 63 million.

<p>06. The assessed value of the vehicle No.KS-6781 in use by the Ministry had not been submitted to the audit. The 16 vehicles with the total assessed value amounting to Rs.179,272,000 including the said vehicle and the motorcycle bearing TP-4769 had not been included in the financial statements. However, the registered ownership of 12 of those vehicles does not exist in the name of the Ministry of Agriculture and the said vehicles had not been registered in the name of the Ministry or returned to the relevant Ministry in accordance with the Asset Management Circular dated 21 December 2017 and No.2/2017 of the</p>	<p>2022</p>	<p>The ownership of the vehicles should be taken over and included in the financial statements or the vehicles should be re-delivered to the existing entities.</p>	<p>11 vehicles including the motorcycle have been included in the financial statements according to the relevant circulars and financial regulations. 02 vehicles whose registration rights belong to the Ministry of Public Security have been handed over to that Ministry.</p>	<p>11 vehicles including the motorcycle have been included in the financial statements. 02 more vehicles have been handed over to the concerned institution. A vehicle has not been handed over. One vehicle has been registered in the name of the Ministry and it has not been included in the financial statements.</p>
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Deputy Secretary to
Treasury.

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| <p>07. The 07 vehicles amounting to Rs.24,700,000 which the Ministry does not have legal ownership had been included in the financial statements as non-current assets.</p> | <p>2022</p> | <p>Ownership of vehicles should be taken over.</p> | <p>03 vehicles have been taken over in the name of the Ministry of Agriculture according to the relevant circulars and financial regulations. The documents related to taking over the other 04 vehicles have been forwarded to the relevant ministries.</p> | <p>03 vehicles have been taken over in the name of Ministry of Agriculture. The other 04 vehicles have not been taken over yet.</p> |
| <p>08. The aggregate value amounting Rs.139,800,000 of 08 vehicles that ownership is in the livestock division included in the financial statements are not physically exist in that division or in any other division of the Ministry and they have not been returned.</p> | <p>2022</p> | <p>Arrangements should be made to bring vehicles back to the Ministry.</p> | <p>CAA-0024 Jeep- Action has been taken to hand over to the Secretary of the Ministry of Finance, Economic Stabilization and National Policies.</p> <p>PD-8931- Cab and GF 9312- Jeep Action have been taken to hand over to the Secretary of the Ministry of Trade, Commerce and Food Security.</p> | <p>02 vehicles were notified to be handed over to the Ministry nevertheless they had not been handed over.</p> |

KX - 8136 Jeep
- Action has been taken to hand over to the Secretary of the Ministry of Urban Development and Housing.

KX – 7664 Car
- This has been given to Department of Animal Production and Health on temporary basis.

CAH – 1634 Jeep- This has been temporarily attached to Paddy Marketing Board.

KO-0024 Jeep - This has been given to National Livestock Development Board on temporary basis.

KO – 4865 Car- Since the right of registration is in the name of the Secretary of the Ministry of Industry and

Commerce and the original copy of the vehicle's registration certificate and the vehicle are not in the possession of the Livestock Division, it has been informed to take the necessary actions to remove it if this vehicle is included in the Fixed Asset Register of the Livestock Division.

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| <p>08. A financial allocation Rs.32,000,000 had been given as per the revised budget under the Development of Small and medium Scale Dairy Farmers and Dairy Cluster Village Development Project of the Livestock Division and although 93 percent financial progress had been achieved, The physical progress was at a low level of 2 to 3 percent in regarding the 05 planned activities. This project was not completed as per the</p> | <p>2022</p> | <p>The project should be completed.</p> | <p>Provision has not been made in the year 2023 for the execution of the remaining works of this project.</p> | <p>Action has not been taken regarding that not achieving the physical progress of the 05 planned activities.</p> |
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National Budget
Circular No.03/2022
dated 2022.04.26
related to controlling
public expenditure and
it was observed that
the cost incurred was
an idle cost.

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| <p>10. Although the provision of Rs.21,210,000 was allocated for the reconstruction of the veterinary office building of Point Pedro in the year 2022 under the Livestock Development Medium-term Program and out of which Rs.6,810,000 of payment had been made, on the basis of the request of the contractor citing the shortage of building materials and rising prices, the contractor had been stopped without completion by an undated letter signed by the two parties of the contract and the engineer of the Jaffna Division of the Irrigation Department.</p> | <p>2022</p> | <p>Action should be taken to achieve the expected level of performance.</p> | <p>Payments of Rs.6.32 million have been made in respect of initial advance and first bill. The construction contract has been terminated due to the existed shortage of building materials and rising prices at that time. 25 million rupees have been earmarked in 2023 for reconstruction related to an estimate of 52.97 million rupees obtained in 2023 and on the advice of the Public Expenditure Review Committee (PERC) this project has been temporarily suspended and</p> | <p>Action has not been taken regarding the informal termination of the construction contract after payment of Rs.6.32 million related to the initial advance and the first bill.</p> |
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an allocation of 60 million rupees has been earmarked for this project in 2024. The procurement activities have been already started by the Department of Animal Production and Health-Northern Province.

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| 11. Although the 110 farms were targeted to be established under the activity of construction of environmentally friendly swine farms under the Swine Industry Development Project of the Livestock Division, only 49 farms were built and the physical progress of the project was 37 percent | 2022 | 61 non-constructed eco-friendly swine farms should be constructed. | Evidence regarding that any action was taken for the construction of the 61 eco-friendly swine farms that were not constructed have not been submitted to the audit. | The 61 eco-friendly swine farms had not been built. |
| 12. Although the number of 576 farms were targeted to be established under the project to established small and medium scale dairy farms through breeding management under the program to promote small and medium | 2022 | The remaining 476 farms should to be completed. | Actions have not been taken to complete the remaining 476 farms. | 476 farms had not been completed. |

scale dairy farms through productivity improvement of the Livestock Division, only 100 farms i.e. 17 percent had been completed.

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| <p>13. The letter No. 7/1/2/3/4 NFP dated 20 March 2020 had been issued to all the fertilizer imported companies by the Director of the National Fertilizer Secretariat by stating that the approval will be given to distribute imported fertilizers in Sri Lanka as per the approval of the Secretary of Ministry of Agriculture to release fertilizers to the market based on the laboratory analytical reports obtained at the time of shipment of fertilizers during the Corona pandemic period without the laboratory analysis required to carry out by taking samples of imported fertilizers in accordance with Sections 12(1)(c) and 12(2)(1) of the Fertilizer Regularization Act No. 68 of 1988.</p> | <p>2022</p> | <p>An inquiry should be conducted against the officials who acted without obtaining the laboratory analytical reports required to take samples of fertilizer before releasing fertilizer as per the Act.</p> | <p>Action has not been taken to conduct an inquiry against the officials who acted without obtaining the laboratory analysis reports. All the chemical fertilizer importing companies have been informed that the above system will no longer be implemented through the letter No. 7/1/2/3/4/G/FA/Marketing and dated 2020.06.08 director of the National Fertilizer Secretariat and according to the letter No.4/5/6/Quality and dated 2009.06.26 issued to all companies by</p> |
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An investigation has not been conducted against the officials who acted without obtaining laboratory analytical reports of fertilizer samples.

the Director of the National Fertilizer Secretariat, it has been informed that is being operated at currently by following previous system.

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| <p>14. Although the fertilizer samples should be analyzed in accordance with those standards when there are standards recommended by the Sri Lanka Standards Institute according to the Section 20 of the Fertilizer Regularization Act No.68 of 1988, the letter No.7/1/2/3/4/NFP dated 20 March 2020 titled “Approval for TSP fertilizer” and had been issued by the Director of the National Fertilizer Secretariat to all fertilizer companies stating that Sri Lanka Standards Institute considers TSP fertilizers that do not conform to the standards recommended by the European standards as fertilizers that can</p> | <p>2022</p> | <p>An inquiry should be conducted against the officials who acted without obtaining the laboratory analytical reports required to take samples of fertilizer as per the Act.</p> | <p>The system implemented during the Covid 19 epidemic is not operated furthermore and action has been taken to give marketing approval obtaining samples of imported chemical fertilizers and verifying that they conform after in accordance with the Sri Lanka standard from that date till now.</p> | <p>An investigation has not been conducted against the officials who acted without obtaining laboratory analytical reports of fertilizer samples.</p> |
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be released to the market and that such wholesales are approved for release to the market.

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| 15. | Based on the letter No. 7/1/2/3/4/NFP dated 20 March 2020 issued by the Director of the National Fertilizer Secretariat, 245,448 metric tons of chemical fertilizers had been approved to use in Sri Lanka without verifying compliance with the standards introduced by the Sri Lanka Standards Institute through the sample test after the import of fertilizer stock into Sri Lanka by considering only the analytical report obtained during the shipment of chemical fertilizer. | 2022 | An inquiry should be conducted against the officials who acted without obtaining the laboratory analytical reports required to take samples of fertilizer as per the Act. | The method implemented through paragraphs No.25, 26 and 27 for the distribution of fertilizers which is an essential task to spread food crops among the people which is essential to maintain the normal life of the people in the face of the Covid 19 epidemic situation will not be implemented furthermore through the letter No 7/1/2/3/4/G/FA/ Marketing and dated 2020.06.08. And the previous method mentioned in the letter No. 4/5/6/Quality and dated 2009.06.26 is currently in | An investigation has not been conducted against the officials who acted without obtaining laboratory analytical reports of fertilizer samples. |
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operation.

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| 16. | The arrears of revenue of Lanka Sathosa as at 31 December 2023 which is mentioned in the financial statements was Rs.376,678,135 | 2023 | Arrears of revenue should be recovered immediately. | Arrangement has been made to send the letters to the relevant district secretaries for recover the arrears to be collected by Lanka Sathosa and accordingly arrangements have been made to recover the loan balances. It has been informed that legal action has been taken by the respective regional secretariats for the mill owners who did not provide rice related to the 2020/21 maha season and 2021 yala season and the rice mill owners who did not pay for the outstanding rice. | The arrears have not been recovered. |
| 17. | When reviewing the final report of losses under F.R 104 (4) held on 22 July 2022 regarding the accident of the vehicle allotted to the then State Minister of Agriculture | 2023 | In assessing the damages under F.R 104(4), It should be followed all the relevant occasionally facts as well as the procedures of the | The F.R 104 (4) committee has been informed to retrieve the F.R 104 (4) report related to the accident of this vehicle and | Repairs were not completed. |

with the purchase value of Rs.18,000,000 and bearing No.KW-8202 on 21 March 2021, it was not observed regarding facts about the place of incident. Although it was stated in the report that the vehicle was parked at the Katubedda condemned vehicle yard belonging to Sri Lanka Insurance Corporation without formal approval and the Toyota company had taken action to name this vehicle as a condemned vehicle, investigation had not been conducted regarding the disposal in a proper manner. Base on the agreement to pay a compensation of Rs.7,500,000, vehicle had been handed over to the private company for repair on 12 December 2022 not following the procedures of the Procurement Guidelines 2006 and the insurance company had paid Rs.5,625,000 to the relevant garage on 23 March 2023. The Ministry had approved the payment of the full amount of repairs to the supplier

of the procurement guidelines to repair. the Mechanical Engineer has been informed to provide an engineering report on the current condition of the vehicle.

without entering into a contract or obtaining a performance bond. The accident vehicle was physically observed by audit on 21 December 2023 and the repair of the vehicle had not been completed by the date of this report.

18. Although the 2023 Action should be Actions have Economic
Dedicated Economic Centers in Batticaloa, Vavuniya and Jaffna which started to construct in 2017 and 2018 had been completed at a cost of Rs.279.8 million, Rs.304 million and Rs.191 million respectively by 31 December 2023, action had not been taken to open the Economic Centers yet as of the date of this report. Electricity charges of Rs.1.32 million and security charges of Rs.9.21 million for the Economic Centers in the year 2023 totaled Rs.10.53 million was burden to the government due to non-opening of those Economic Centers.
- 2023 Action should be taken to open the Economic Centers.
- Actions have been taken to inform each Management Trust to carry out the necessary activities for the opening of Batticaloa, Vavuniya and Jaffna Economic Centers as soon as possible. According to the inform of the Ministry, the management trust deed of Batticaloa Dedicated Economic Center was signed on 2024.04.07, the management trust deed of Vavuniya Dedicated Economic Center was
- Economic Centers had not been opened.

signed on 2024.04.06 and the management trust deed of Jaffna Dedicated Economic Center was signed on 2024.08.14. Apart from that, other activities related to the opening of those economic centers are being carried out.

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| <p>19. A financial allocation of Rs.120 million was allocated in the year under review for the implementation based on the selected village in the district of Hambantota, Galle, Vavuniya and Kurunegala districts under the Programme of Retain Youth in Agriculture (Youth Village Programme). Although the financial progress of 84.7 percent was achieved as a whole, the financial progress of the Youth Village Programme in Kurunegala district remained at a low level of around 6 percent and it was also</p> | <p>2023</p> | <p>Action should be taken to achieve the desired level of performance.</p> | <p>Provisions have been allocated for this project in the year 2023 and obligations and liabilities have not been recorded for this for the year 2024. Therefore, this project will not be implemented further. Also, regular monitoring is done for the projects currently being implemented to prevent such incidents from happening again.</p> | <p>It was also mentioned that this project will not be implemented.</p> |
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observed that only 1Kg of hybrid chili seeds were given to that farmers.

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| 20. | The National Budget of 2023 has been allocated Rs.50 million for the Animal Breeding and Farm Development Project implemented by the Livestock Division and out of that Rs.35.3 million has been allocated to the Kundasale Artificial Insemination Center to the project of purchase sperm donor buffalos which was to be implemented by the Department of Animal Production and Health. It was observed that the financial progress of the Animal Breeding and Farm Development Project is very low at 24.02 percent due to under-utilization of the allocation due to non-appearance of a suitable bidder in the procurement. | 2023 | Action should be taken to achieve the desired level of performance. | Although the procurement activities were done twice for the import of breeding animals, the second bid opening was done on 2023.09.04 and when it became known that the importation of animals was not possible, there was not enough time to implement new breed development projects. | Animal breeding and farm development had not been resumed. |
| 21. | For the brought forward loss balances of Rs.30,231,762 in respect of 47 cases had not been dealt with as per the Financial Regulation No.109 | 2023 | Action should be taken regarding the loss balaces as per the Financial Regulations. | For 25 out of these 47 cases final reports on losses of F.R 104 (4) have been obtained so far and it is | The final reports of the losses were not obtained regarding the 22 incidents as per the F.R 104 (4) |

due to delay or failure to recover the loss as on the end date of the year under review.

informed that and action had further action is not been as per being taken as the F.R 109. per F.R 109 and further actions are being taken to obtain the final loss reports of F.R 104(4) for remaining 22 cases.

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| <p>22. A huge cost had to be incurred in addition to the cost of the imported fertilizers as loan interest due to monitoring weaknesses in Fertilizer Secretariat as well as due to non-payment of the money to be paid for the import of subsidized fertilizers through short-term bank loan and loans are not settled within the due date and conversion it in to long-term loans. An additional interest expenditure of Rs.16,279,652,857 has been incurred for the loans acquired by Ceylon Fertilizer Company Limited and Colombo Commercial Fertilizer Company Limited which were Rs.9,804,086,114 and Rs.6,475,566,743 respectively under the provision for</p> | <p>2023</p> | <p>Monitoring of import subsidized fertilizers and the money to be paid for that should be released and settled from the treasury at the right time.</p> | <p>Due to the fact that the Treasury does not have funds on the due date for the letters of credit opened by the People's Bank to mature in 180 days or 270 days for stocks of fertilizers imported by government fertilizer companies, the letters of credit where payments could not be settled on the due date have been converted into short-term loans by People's Bank. The interest charged by the People's Bank for short-term loans and the cost of imported</p> | <p>Weaknesses of monitoring as well as payment to suppliers through short-term bank loans have been continued so far.</p> |
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subsidized fertilizers in the year 2023. It was further observed that an accrued interest value of Rs.3,723,072,859 under the two Government Fertilizer Companies was included in the long-term loan conversion and due to this interest is being paid on the interest.

fertilizers are added and converted into long term loan on monthly installments and interest payment basis by People's Bank. Monthly installments and interest payments for long-term loans are made as scheduled at present.

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| <p>23. According to the Financial Regulation 155, the Chief Accounting Officer should be reviewed audit query register referred to in Financial Regulation 452(1) after a specified period and action should be taken to correct the omissions which indicated in the audit queries received and should be replied to those queries immediately. However, 22 audit queries issued for the year 2023 to the Rural Economic Division have not been answered as of the date of this report.</p> | <p>2023</p> | <p>Action should be taken as per the 38(1) (e) of the National Audit Act No.19 of 2018.</p> | <p>13 audit queries are related to Economic Centers among the 22 unanswered audit queries and the remaining 9 audit queries are related to the Rural Economic Sector. All the audit queries related to the rural economic sector have been sent answers so far. The management has been informed to give prompt answers to the audit queries related to the Economic</p> | <p>12 audit queries have not been answered so far.</p> |
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Centers and accordingly 10 audit queries have been answered.

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| <p>24. The lands of 2023 Kurunduwatta, Tambuttegama, Nuwaraeliya, Piliyandala, Narahenpita and Ratmalana Economic Centers had not been handed over to the Line Ministry by the Rural Economic Division as of the date of this report.</p> | <p>Arrangements should be made to hand over the relevant lands rightly to the Line Ministry.</p> | <p>The Letters have been sent to each of those parties to obtain the consent of the previous owners in relation to taking over the lands of the economic centers mentioned in the audit observations.</p> | <p>The lands of Economic Centers have not been taken over until now.</p> |
| <p>25. By the Sri Lanka State Trading (General) Corporation have been run the business activities without paying any rent for 02 warehouse premises No. 7 and 8 of Narahenpita Dedicated Economic Center nevertheless action has not been taken regarding them.</p> | <p>2023 The arrears of rent should be charged after entering to the proper agreement.</p> | <p>The State Commercial Statutory Corporation has been instructed to pay the arrears of rent for commercial premises No 08 as per the agreement by the Ministry of Finance in a letter dated 2024/05/22. Legal officers have been instructed to prepare a new lease agreement for commercial premises No.</p> | <p>Rent had not been charged for business premises No. 07 and 08.</p> |

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26. The arrears rent and penalty rent for business premises in the economic Centers of Kurunduwatta, Dambulla and Narahenpita were Rs.153,476,465 as at 31 December 2023.	2023	Action should be taken to recover rent arrears and fines.	The Management Trust has been informed to collect the arrears promptly. Action will be taken to give a time analysis report to the internal audit branch after doing the investigation regarding these rent arrears.	Arrears of rent and penalty rent have not been recovered.
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3.19 State Ministry of Agriculture for Paddy and Cereals, Organic Foods, Vegetables, Fruits, Chilli, Onion and Potato Cultivation Promotion, Seed Production and High Technology

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Profit/Surplus/ (Loss/Deficit) (Rs.)	Audit Opinion
2021	410,502,549	381,977,785	28,524,764	-	Unqualified
2022	-	-	-	-	-
2023	-	-	-	-	-

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendatio n as on date of the Report
	Jeevathuru Udana National Program				
01.	The approval had been granted through the Cabinet decision No.CP/21/0689/323/026 dated 04 May 2021 to implement the national program "Jeevathuru Udana" by the Department of Agricultural Development and the State Ministry of Agriculture jointly with the aim of increasing the nutritional level of pregnant mothers, lactating mothers and infants under the age of 5. Under this, provision of 55.62	2021	An investigation should be carried out to find out if there has been any irregularity.	This State Ministry has been revoke in the year 2021.	An investigation has been carried out and the report has not been submitted to the audit after find out whether there have been any irregularities.

million had been allocated from the food security expenditure object of the State Ministry in the year 2021 to plant one million moringa plants in one million gardens as 100 beneficiary families selected in each domain of agricultural research and production assistant with the support of family health service officers and 999,211 Moringa plants costing Rs. 41.96 million had been distributed. The following observations are made on that.

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| (a) | Under the suggestions No. 3:2 of Cabinet Memorandum No. Pa/36/2021 dated 06 April 2021 directed to the Cabinet, it had been proposed to prioritize the procurement of Moringa seeds required for the above program through the 33 plant nurseries of the Department of Agriculture located in the district and when it is | 2021 | An investigation should be carried out to find out if there has been any irregularity. | This State Ministry has been revoke in the year 2021. | An investigation has been carried out and the report has not been submitted to the audit after find out whether there have been any irregularities. |
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impossible, it had been proposed to purchase from registered private plant nurseries. However, since there was no any document in the file regarding the discussion which had been made with the Department of Agriculture or the district nurseries for the purchase of moringa seeds from the Department of Agriculture for the said program, the basis of selection of nurseries had not been clarified even the efforts had been made to purchase moringa seeds only from private nurseries contrary to the recommendations of the Cabinet Ministers.

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| (b) | Although, the quantity of plants to be purchased from the respective nurseries should be decided by a committee headed by the District Agricultural Development Deputy/Assistant Commissioner as to provide opportunity to all the registered plants nurseries in the district according to the proposal number 3.3 and 3.4 of the Cabinet Memorandum in fulfilling the requirement of plants in the district, it had been procured only from 15 selected nurserymen without purchasing from district nurserymen and setting up such district committees. | 2021 | An investigation should be carried out to find out if there has been any irregularity. | This State Ministry has been revoke in the year 2021. | An investigation has been carried out and the report has not been submitted to the audit after find out whether there have been any irregularities. |
| (c) | When considering the amount of more than 700,000 plants that have been supplied by 4 plant nurseries out of the 15, it was observed that full preparations have been made to supply plants for this project and it had been planned to buy | 2021 | An investigation should be carried out to find out if there has been any irregularity. | This State Ministry has been revoke in the year 2021. | An investigation has been carried out and the report has not been submitted to the audit after find out whether there has been any irregularities. |

those plants from that nurseries.

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| <p>(d) According to the information of the district agriculture department, the plant nursery time was 06 weeks and the cost of a plant was approximately Rs.24 and total cost might not be exceeded Rs.30 including the transportation to the concerned Agricultural Research and Production Assistant Domain. Accordingly, the government had incurred a loss of approximately Rs.11,990,532 from the stock of plants purchased due to the fact that, the Department of Agriculture did not take actions to procure plants from the nurseries by planning the project in 06 weeks ago.</p> | <p>2021</p> | <p>An investigation should be carried out to find out if there has been any irregularity.</p> | <p>This State Ministry has been revoke in the year 2021.</p> | <p>An investigation has been carried out and the report has not been submitted to the audit after find out whether there have been any irregularities.</p> |
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3.20 Ministry of Mass Media

	Total assets Rs.	Total liabilities Rs.	Equity Rs. Rs.	Surplus / (Deficit) Rs.	Opinion
2021	418,505,210	8,041,215	410,463,995	(1,052,573,541)	Qualified
2022	411,930,604	8,155,211	403,775,392	(264,719,303)	Qualified
2023	419,349,984	7,231,771	412,118,212	(277,190,849)	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1	Action had not been taken to recover the arrears amounting to Rs.25,220,500 of the tax of the teledramas, films and commercial programmes.	2023	Action should be taken to recover the arrears amount.	Discussions had been held with the relevant institutions regarding the recovery of arrears and necessary action is being taken to adopt appropriate action.	The arrears amounts had not been recovered as at 30 September 2024.
2	Although 16 broadcasting stations were scheduled to be established across the country, it had not been possible to establish a single broadcasting station even by 31 May 2024.	2022 2023	Steps should be taken to commence the work of the project promptly.	Since JICA had temporarily stopped the release of funds, it has not been possible to enter into an agreement with the consulting firm even by 31.05.2024. However, JICA has started releasing funds	The project had not yet been initiated even by 30 September 2024.

from 24.07.2024 and it has been informed that the work of establishing the broadcasting stations related to the project can be commenced after signing agreements with the consulting firm.

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| 3 | According to the observation given by the mechanical engineer regarding the repair of a vehicle that the Ministry does not possess, water leakage into the fuel of the vehicle and running until the fuel tank ran out were the reasons for this repair. Therefore Rs. 1,687,250 had been spent on the repair without paying attention to identifying the responsible persons. | 2022
2023 | Action should be taken to identify the responsible parties. | It has not been possible to identify the party responsible for the relevant damage occurred to this vehicle with certainty. | The responsible parties had not been identified. |
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3.21 Ministry of Education

	Total Assets Rs.	Total Liabilities Rs.	Equity Rs.	surplus/ (loss)/ (deficit) Rs.	Audit Opinion
2021	174,872,432,187	1,142,846,540	173,729,585,647	-	Qualified
2022	179,269,510,539	907,150,167	178,362,360,372	-	Qualified
2023	183,598,521,049	1,143,979,782	182,454,541,267	-	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
01	Although there were 49 Acres 02 Roods 33 Perches belonging to 26 schools in the island, 07 Acres, 01 Rood and 25 perches belonging to 03 teacher's educational faculties and 91 Acres, 24 perches belonging to a Faculty were being illegally owned by outside parties without obtaining the approval of the Ministry of Education, the follow-up actions of the Ministry in that regard was in a weak condition.	2021	Necessary measures should be taken to ensure proper Asset Management.	Actions will be taken to inform Principals and Presidents to take actions to coordinate with the relevant Divisional Secretary to resolve the issue.	The possession of lands illegally occupied by outside parties had not been acquired and a formal programme had not been introduced on land management of the Ministry of Education.

02	There were 13 quarters in usable condition in 13 National Schools without use, quarters in 21 National School in an unusable condition due to failure to repair, quarters of 06 National Schools have been at the condition to be repaired or are in such a dilapidated condition that they cannot be used. Similarly, there were 10 cases where such houses were used for various functions of the school without being used as quarters.	2021	Arrangements should be made to properly manage the quarters.	Steps will be taken to give instructions to principals.	Actions had not been taken to carry out repairs to be able to use official quarters.
03	The officers who are working in other government institutions are residing in 17 quarters belonging to Faculties of 10 National Educational Faculties as per the information furnished to audit and lands belonging to 2 Faculties had been illegally acquired.	2021	Steps should be taken to evict illegal residents.	Steps have been taken to inform the Presidents of the faculties and actions will be taken to request advice from the Ministry of Lands.	Actions had not been taken to evacuate unauthorized residents.

04	Even though the Defense Services College was constructed by the Ministry of Education at a cost of Rs. 1098.24 Million, in an area of 1.9320 hectares owned by the Urban Development Authority, actions had not been taken to transfer the legal ownership of the land to the Ministry and to account for the value.	2021	Arrangements should be made to transfer the legal rights to the Ministry and account for.	A letter has been sent to the Director, Budget on 09 July 2024, requesting financial allocations from the Treasury for the payment.	Actions have not been taken to transfer legal ownership to the Ministry.
05	Every vehicle owned by the government should be registered in the name of the institute using it. Although 08 vehicles are being used in other ministries and departments, no such action was taken in this regard	2022	Circular provision should be complied with.	Actions have not been taken.	Action had not been taken in accordance with the circular and actions had not been so taken in respect of 25 vehicles by now.
06	The vehicles which were removed from service between 2016 and 2021 were not disposed of until 2022.	2022	Circular provision should be complied with.	Actions have been taken to identify vehicles that need to be disposed.	Fourteen vehicles identified as needed to be disposed had not been disposed by taking actions as per to Treasury Circular.

07	According to the Sri Lanka Education Administration Service Constitution, grade 1 officials of the Sri Lanka Education Administration Service should have been appointed as principals for 64 listed national schools, but such appointments were not made in relation to 30 schools.	2022	Arrangements should be made to appoint principals for the listed national schools as per the gazette.	Interviews have been conducted to be appointed principals for 50 vacant schools.	Appointments had not been made even by now for 38 schools.
08	An amount of Rs.589, 900 charged for the services provided by Nilwala College of Education to external institutions in the year 2019, was not credited to the official bank account of the College.	2022	The fees/income charged should be credited to the official bank account of the College.	Arrangements have been made to conduct an investigation.	The investigation report has not been submitted and corrective actions have not yet been taken even by now.
09	Although the Circular No. 37/2020 and the instructions manual had been issued on 03 December 2020 regarding the provision of interactive education for children, including the provision of educational facilities for children with	2022	According to the circular, action should be taken to carry out the instructions included in the manual.	Taking actions to prepare in the manner of the required testing methods are internationally accepted to train and educate teachers in the provinces.	Actions had not been taken to carry out the tasks included in the instruction manual.

special educational needs and special needs, the tasks included in the instructions manual had not been implemented.

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| 10 | Even though a sum of Rs. 247,252,882 had been paid to a contractor in 2017 to construct a special education center in the Weniwelkola area of Kahathuduwa for children with special needs in a Design and Built method, the construction had not been carried out appropriately for children in need due to lack of consideration of the need before awarding the contract. | 2022 | Executing of contracts should be done adapting to the requirements. | This is in process by assigning to another contractor. | Even though it had been 4 years since it was opened on 09 August 2019 with deficiencies, it had not yet been formally used for the use of children. Further, a new contractor had been assigned to rectify the defects. |
| 11 | The State Ministry of Education Reforms, Open Universities and Distance Education was established in the year 2020 and from the year 2020 to the year 2022 a total sum of Rs.5,219,297,390 had been spent, but was unable to carry out national | 2022 | The importance of implementing education reforms should be considered and should be given priority. | Obtaining approval of Cabinet of Ministers, to implement educational reforms, taking necessary actions to carry out a curriculum reform process. | It had failed to implement educational reforms even by now. |

education reforms as planned. The State Ministry was abolished in the year 2022 and the functions and tasks that were under the scope were assigned to the Ministry of Education from that date. It was observed that there is a risk of the expenditure totalled to Rs5,569,849,783 incurred including for educational reforms during the last 03 years, including the above amount incurred by the State Ministry and the expenditure incurred by the National Institute of Education amounting to Rs. 350,552,393 will be a fruitless expenditure.

12	The Ministry of Education Reform, Open Universities and Distance Education has spent a sum of Rs.576 million for the development of Internet facilities in 622 schools in the year 2021 and the State Ministry Women and	2022	Projects should be implemented as planned and government funds should be spent effectively.	Steps have been taken to stop this project.	Project had not been implemented as planned.
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Children Development, Preschools and Primary Education, School Infrastructure and Education Services has spent a total sum of Rs. 2285.2 million as a sum of Rs. 44.7 million for the development of physical infrastructure for 831 schools and a sum of Rs. 20.5 million for the purchase of equipment under the program aimed at increasing the number of national schools from 353 to one thousand (1000), but Only 22 schools had been converted into national schools.

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| 13 | The Ministry of Education had not been able to complete the planned tasks regarding the pre-school education policy prepared by the State Ministry of Education Reform in the year 2021. | 2022 | Arrangements should be made to take necessary actions to carry out planned tasks. | Committees have been appointed and discussions are being carried out. | Actions had not been taken as recommended. |
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| 14 | The tasks of increasing the current system of 07 levels of national vocational facilities identified from the year 2019 to 10 levels and providing opportunities to study vocational education up to the post-graduate level identified from the year 2020 were not completed even till 31 July 2023. | 2022 | The project should be implemented as planned. | Actions had not been taken. | The project had not been implemented as planned. |
| 15 | Action had not been taken as per the F.R. 104 in respect of the total value of irregularities amounting to Rs.18,800,440 including the irregularity of Rs.12,905,806 at Paththalagedara Equipment stores recorded in the year 2013/2014, irregularity of Rs.4,510,409 in the receipt books of the NE/Newstead Girls' High School recorded in the year 2015 and a sum of Rs.1,384,225 still due from the irregularities in the banking of the money received by the School | 2022 | Action should be taken in terms of Financial Regulations. | Taking steps to appoint a committee to investigate the Patthalagedara irregularities. Actions are being taken to recover. | The entire amount related to the irregularity had not been recovered by taking actions in accordance with Financial Regulations even by now. |

Development
Society of Negombo
Harischandra
National School
during the year
under review.

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| 16 | On the approval granted by the Cabinet Paper No. AMA/16/0167/716/008 on 11 February 2016 to establish a National Science Center, a sum of Rs. 280 million had been paid to the Urban Development Authority for acquisition of the land belonging to the Urban Development Authority located in Homagama Pitipana. But the necessary actions had not been taken to get the ownership of the land to the Ministry even by the end of the year under review. | 2022 | Necessary action should be taken to take over the ownership of the land in consultation with the Urban Development Authority. | Necessary measures had not been taken. | Actions had not been taken to acquire. |
| 17 | Although the ratio of children to teachers in schools with special education section should be 5:1, there was a surplus of 66 teachers in 55 schools and 349 vacancies in 212 | 2022 | Action should be taken to create teachers balance. | Excess teachers are being sent to schools for vacancies. | Arrangements have not been made in the manner of being balanced of the number of teachers. |

schools in 09 provinces.

Furthermore, it was observed that there are 147 teachers in 135 schools who have received teacher appointments with special education training, but are engaged in teaching other subjects, and in relation to those teachers, they have not been dealt with in accordance with Section 12 of the Circular No. 37/2020 dated 13 December 2020 of the Secretary of the Ministry of Education.

18	According to the treasury records, the balance of non-financial assets as on 31 December 2022 was Rs.176,407,862,390 and according to the treasury records on 01 January 2023 that balance was Rs.173,918,252,522 accordingly difference of Rs.2,489,609,868 was revealed.	2023	Accounts should be properly prepared so that the closing and opening balances are equal.	The information required for correction had been sent to the Department of State Accounts.	Necessary actions for corrections are being taken.
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19	According to the Ministry of Public Administration Circular No. 09/2009 dated 16 April 2009, It was informed that officers of government institutes should use fingerprint machines to mark their arrival and departure and if a register is maintained for arrival and departure, it should be done in addition to the method of using fingerprint machines. But 02 schools had not used fingerprint machines to confirm arrival and departure.	2023	Circular provisions should be complied with.	Actions have been taken to make aware principals.	Arrangements had not been made in accordance with the recommendation.
20	According to the Director Establishment's letter No. EST-EXAMS-05-1007-06 dated 27/4/2017, It has been recommended to pay resource personnel allowances subject to a maximum of 03 hours to the officers on duty and maximum of 6 hours to the retired officers. Contrary to the instructions of	2023	Letter of Director Establishment should be followed.	The Audit and Management Committee had stated at the Meeting of the Committee that a formal circular and guidelines should be prepared on this matter.	The recommendations had not been implemented.

the letter, the officials who participated in non-lecture tasks such as preparation of various manuals, preparation of guidelines, preparation of circulars, and preparation of teacher training modules were paid Rs 7,418,540 as resource personnel allowances in the year 2023

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| 21 | According to the Circular No. 20/2007 dated 13 December 2007, Although the service period of a teacher in a school belonging to the category of more convenient schools should be maximum of 6 years, 113 teachers with more than 10 years of service were employed in the 04 more convenient schools which were inspected. | 2023 | As per the Annual Transfer Policy relating to National School Teachers, Teachers who have completed their tenure should be subjected to the transfers. | Actions had not been taken to include conditions in the Teacher Transfer Policy. | Transfers had not taken place as recommended. |
| 22 | According to the Self Employment Promotion Initiatives (SEPI) Scheme Phase II Agreement dated 29 | 2023 | Action should be taken to send the accounts to the Auditor General on the due date. | An action had not been taken. | Recommendations had not been implemented. |

March 2016 Clause (f) of paragraph 3.2, The Central Bank should have the responsibility to submit the accounts to the Auditor General regarding the SEPI Loan Scheme – Phase 11 within three months after the end of the accounting year, it has not done so since 2016 up to November 2024.

23	<p>The properties of schools taken over by the government in terms of the Assisted Schools and Training Colleges (Supplementary Provisions) Act No. 8 of 1961 are owned by the Ministry of Education and according to this Act, the Western Provincial Council does not have the legal authority to approve the lease of property belonging to the Ministry of Education to another person.</p> <p>Nevertheless, the land and buildings of the 40-acre Upananda School in Co/ Pinwatta, had</p>	2023	<p>The property should be taken over according to the court orders and the relevant parties should be informed by circulars about the necessary arrangements to prevent such situations from repeating in the future.</p>	<p>The Western Provincial Director has informed the Secretary of the Ministry to submit proposals and recommendations regarding the use of land for educational purposes.</p> <p>It has been announced at the Meeting of Audit and Management Committee that legal actions should be taken to evacuate from the land.</p>	<p>Recommendation s had not been implemented.</p>
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been leased out to an individual for a period of two years from 01 November 2008 to run an ancient puppetry art institute according to the decision of the Cabinet of Ministers of Western Province and even though the lease period had ended, steps had not been taken to get the property back. Although the closure of a school should be done with the approval of the School Structure Committee, the approval of the Provincial School Structure Committee regarding the closure of this school had not been obtained. As a result, an unauthorized person had been allowed to possess a government land that could be valued at a high price.

24	Out of the 65,657 job opportunities which were received from the Foreign Employment Bureau on 02 occasions, the number of job	2023	Actions should be taken to direct the trainees to jobs with high demand in the foreign employment sector.	Actions had not been taken to correct.	Actions had not been taken in accordance with the recommendation.
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opportunities that could have been directed to the trainees was 33,596 and steps had not been taken to send trainees for that purpose.

25	<p>The Science Technology and Research Educational Training Program, which provides facilities for the production of solar panel prototype projects, were given in-principle approval on 06 April 2016. The project started in the year 2017 with the contribution of local funds of Rs.240 million. The financial progress of this project at the end of the year under review was only 47 percent of the total allocation. Although the objective of this was to add 3,500 Solar Technicians in the field and produce 10 solar panels that can be used to generate electricity in universities, even though 07 years have passed, only 04</p>	2023	<p>Actions should be taken to achieve the objectives of the project without delay.</p>	<p>Actions had not been taken.</p>	<p>Actions had not been taken in accordance with the recommendation.</p>
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Laboratory Scale
Prototype Solar
Panels have been
produced.

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| 26 | A new three-storied building and workshop building constructed according to the Design and Built methodology under the Austrian Project on improving technical training activities at the Katunayake Institute of Engineering Technology had been completed and put into use in February 2021 and the Valuation Department had undervalued the property by Rs. 274,405,114 as at 31 December in the same year. The training equipment valued at Rs. 13,730,656 to be received by the Institute had not been received to the Katunayake Institute of Engineering Technology. | 2023 | Actions should be taken to utilize the resources with maximum efficiency and effectiveness. | Actions had not been taken to correct. | Actions had not been taken in accordance with the recommendation. |
| 27 | The construction of 45 industries worth of Rs.367,341,909 in the Central | 2023 | The initiated projects should be completed as scheduled and | Actions have been taken to allocate funds. | Actions are being taken to implement the recommendation. |

Province had been completed under the Nearest School Best School program and 32 industries worth of Rs.351,839,473 had been partially completed due to limited allocations by the end of the year under review.

work should be done to achieve the desired results.

28	Under the project of constructing technological laboratories in schools through the national program of developing 1000 secondary schools, a sum of Rs.24,689,403 had been spent and the work of 03 laboratories has been suspended midway.	2023	The initiated projects should be completed as scheduled and work should be done to achieve the desired results.	Actions had not been taken.	Actions had not been taken to implement the recommendation.
29	Project to construct a multi-storied building complex for the Faculty of Health Care Sciences of the Eastern University of Sri Lanka. The project to construct a building complex for the Faculty of Health Sciences of the Eastern University of Sri Lanka by the Higher Education Division in	2023	The relevant officials should plan to complete the project work on the scheduled date as per the agreement in order to achieve the objectives of the project.	Actions had not been taken.	Actions had not been taken as per the recommendation.

collaboration with the Democratic Socialist Republic of Sri Lanka and the Kuwait Fund for Arab Economic Development (KFAED) is being implemented under Loan Agreement No. 940 signed on 24 March 2016. It had been agreed to provide a loan of 10 million Kuwaiti Dinars for this project. Even though the construction of the faculty building complex had been completed, the remaining parts of the project had been inactive and its physical progress had remained at 10 per cent. The progress in purchasing learning equipment to be purchased through the project was at 40 per cent and the project activities were temporarily stopped because of the loan disbursement had been suspended since 08 June 2022.

30	The approval to establish a National Science Center had been granted in the cabinet paper dated 11 February 2016. Accordingly, a sum of Rs.280 million had been paid to the Urban Development Authority to acquire the related land portion but even by the end of the year under review, the ownership had not been transferred to the Ministry.	2023	Assets related to the Ministry should be taken over and works should be done to achieve the desired objectives.	Necessary actions had not been taken.	Necessary arrangements had not been made to take over.
31	A contract had been entered into with the Central Provincial Education Director and a private construction company on 06 September 2011 for Rs. 3,215,887 for the construction of a 63.65 meter long and 4 meter high embankment using 10 mm wire and a 1:3:6 concrete mix to construct a wall behind the aesthetic building of Maha/Dharmaraja College based on the estimated provision of Rs. 3,880,000 in the year 2011. The work had been completed at a cost	2023	Corrective action should be taken as soon as possible.	Necessary actions are being taken to find out the reasons.	Actions had not been taken as per the recommendation.

of Rs. 4,036,784 with additional works. The embankment became unstable and leaned onto the aesthetic building in front on 08 November 2021.

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| 32 | <p>Based on the allocations received by the Central Provincial Education Department, the construction of the canteen of Maha/Dharmaraja College had been carried out and an amount of Rs.4, 400,000 was paid to the contractor for that by 18 September 2023. Although the work of this industry was stopped midway and the industry was terminated on 20 December 2022 on the basis of bilateral agreement, the constructed building has been used as a bodybuilding center at the end of the year under review. The recommendation of the National Building Research Institute was also</p> | 2023 | <p>Constructions should be carried out after obtaining relevant research reports and actions should be taken for obtaining funds, completing the works, and using them for their intended purpose.</p> | <p>The project has been stopped.</p> | <p>Actions had not been taken as per the recommendation.</p> |
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not obtained for this building, which was built on a land risky to landslides.

33	<p>Advices had been obtained from the Attorney General's Department for the amendment of existing regulations identifying existing legal obstacles to intervention in the regulation of international schools according to the Annual Performance Report from 2015 to 2019 and it had been expected to formulate regulations and laws for government-approved private schools. Although its requirement was stated in the special performance report titled Regulatory Process Regarding Non-Government Schools issued by the National Audit Office on this matter, no action whatsoever had been taken thereon after 2019.</p>	2023	<p>The existing legal barriers should be identified and the existing regulations should be revised and criteria should be prepared so that the work related to education is regulated under the Ministry of Education. A system should be prepared and monitored to schools so that an annual license should be obtained under the regulation of the Ministry of Education.</p>	<p>Actions had not been taken.</p>	<p>Actions had not been taken as per the recommendation.</p>
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34 **Audit inspection on
Secondary
Education Sector
Development
Program (SESIP)**

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| (a) | Although 98.93 million dollars had been allocated for 22 sub disbursement link indicators under the 07 major disbursement link indicators for the year 2023, but those 22 sub disbursement link indicators included 12 sub disbursement link indicators that were not achieved in 2021 and 2022. It was not possible to get the above total amount allocated for the 2023 program, as none of these disbursement link indicators had been reached during the year. | 2023 | Action should be taken to ensure that the targeted Disbursement Link Indicators are achieved within the specified time frames. | Actions had not been taken. | Actions had not been taken as per the recommendation. |
| (b) | In addition to the interest amount, the Government of Sri Lanka will be required to pay interest at a variable rate depending on the amount of the loan obtained in accordance with Sub-Clause 2.02/2.03 of Article 2 of the Loan | 2023 | The Ministry should take actions to remove commitment charges informing the Asian Development Bank in writing through the Treasury about the Covid disaster, economic crisis, and political instability that | Actions had not been taken. | Actions had not been taken as per the recommendation. |

Agreement entered into with the Asian Development Bank, the commitment charge of 0.15% has to be paid on the undisbursed loan amount.

Accordingly, an interest of Rs. 3,591,557,763 had been paid on the released USD 216,270,000 and a commitment charge of Rs. 103,350,603 on the unreleased USD 183,730,000 for the year ended 31 December 2023. The commitment fee of Rs. 103,350,603 paid by the Ministry due to the delay in implementing the appropriation-related indicators had become a fruitless expenditure. Further, the Ministry had not taken actions to remove commitment charges informing the Asian Development Bank in writing through the Treasury about the Covid disaster, economic crisis, and political instability that occurred in the country in 2021 and

occurred in the country in 2021 and 2022.

2022.

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| (c) | <p>The above-mentioned 19 positions had been recruited on the basis of full-time work, that is payment of 1/3 of the salary according to the Department of Management Services Circular No. 01/2019 and within that, there had been 09 Provincial Evaluation and Regulatory Officers and 06 Provincial Coordination Officers. Despite expenditure-related targets were not achieved in the year under review, the allowances of Rs. 6,300,000 paid to provincial representatives had become a fruitless expenditure.</p> | 2023 | <p>Actions should be taken by the relevant authorities to take steps to fulfill their works and thereby achieve the program goals according to the objectives of recruiting Provincial Coordination Officers.</p> | <p>Actions had not been taken.</p> | <p>Actions had not been taken as per the recommendation.</p> |
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| 35 | <p>The procurement process for the purchase of 328 laptops had been started with a delay in July 2023 and a bid was awarded to an institution on 15 December 2023 for a value of Rs. 79,548,000 covering</p> | 2023 | <p>Goods should be accepted only after verification of compliance with the specifications.</p> | <p>Referring to the case assigned by the contractor.</p> | <p>Actions had not been taken as per the recommendation.</p> |
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all Divisional Education Offices to facilitate the entry of academic and non-academic staff information, student information and school-related information into the data system of school system. Even though the laptops had been handed over to the central warehouse of the Ministry of Education on 08 March 2024 as per the contract documents, the Management had not introduced an appropriate methodology as accepted by the Ministry only after verifying that the laptop complies with the specifications. It was observed that all 328 laptops received by the warehouse as above did not comply with the relevant specifications.

36	Action had been taken to purchase 96,919 tab computers and 2639 charging racks under the program of	2023	Actions should be taken to provide the necessary instructional guidelines so that the students can	Taking steps to make aware teachers.	Actions had not been taken as per the recommendation.
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providing tab computers to advance level students and teachers teaching the subject, which was implemented according to the 92 budget proposals of the year 2017. But the objective had been changed as providing these tab computers for the students from 6th to 11th year. Although 18,973 tab computers worth of Rs.589,035,758 and 535 charging racks worth of Rs.88,275,000 were given to 256 schools in the western region, most of them had been remained idle and under-utilized.

use the tab computers and get their benefits.

37	140 vehicles registered in the name of the Secretary of the Ministry of Education were not available in the Ministry of Education.	2023	The vehicles registered in the name of the Ministry Secretary should be properly identified and further action should be taken and an internal control system should be established.	Actions had not been taken.	Actions had not been taken to identify 140 cars by taking actions as recommended.
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38	Although it has been recommended that the supplier who supplied the computer equipment and installed the internal electrical systems to the relevant premises should be liable for the estimated loss of Rs. 12,517,406 for the loss caused by the sudden fire at the Mahindodaya Technical College, Kotahena Central College, actions had not been taken to recover this loss and 28.75 per cent departmental fees together bring the total loss to Rs. 16,116,160 from the supplier and to write off losses from the books.	2023	The entire loss should be recovered from the supplier.	The e-wis institution has been notified to settle the loss or restore the technology laboratory to its original condition.	Actions had not been taken to implement the recommendation.
39	Due to failure of approving of the economic rent assessed in 2018 for 29 government houses at the Pulasthipura National Faculty of Education, the assessed rent had been collected and due to not approving of the assessed rent for the year 2018, the government had	2023	The concerned authorities should take necessary actions to collect the revenues belonging to the government properly.	Actions had not been taken.	Actions had not been taken to implement the recommendation.

lost Rs. 1,446,000 in rent from January 2018 to December 2022.

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| 40 | In making decisions regarding the current structural committee activities, actions are being taken in accordance with the guidelines set out in the guidelines 1981 that were appropriate at the time and this has not been updated to be relevant to the present and obtaining legal approval for this guideline had not been carried out. Nevertheless, the Ministry of Education had not followed this guideline. | 2023 | Actions should be taken to obtain legal approval by updating the guideline. | Actions are being taken to amend. | Actions had not been taken to implement the recommendation. |
| 41 | After admitting children from the scholarship cut-off for the year 6 classes, some schools had enrolled significantly new students for the year 7 class and this had deprived them of the opportunity to admit the children who passed the scholarship cut-off | 2023 | A formal program should be established to properly identify the capacity to start 6th grade classes in schools and action should be taken to keep that information up to date. Also, the relevant authorities should ensure that new | Actions had not been taken. | Actions had not been taken to implement the recommendation. |

to those schools. Accordingly, the new admissions for grade 7 from 2016 to 2022 were 470, 503, 718, 829, 382, 707 and 889 respectively.

classes are started and students who pass the 5th year scholarship examination have all the opportunities as per the circular provisions.

42	<p>The total outstanding balance of debts receivable from transferred, deceased, retired, suspended and resigned officers at the end of the year under review is Rs. 170,296,262 as per the summary of the age analysis of loans/advances receivable balances in the consolidated statement of accounts presented as at 31 December 2023 and a sum of Rs. 164,077,248 should have been collected even by 30 April 2024. Out of that, a sum of Rs. 16,592,173 for more than 20 years, Rs. 30,899,811 from between 10 and 20 years, Rs. 22,264,959 from between 5 and 10 years, and Rs. 94,320,305 from less than 5 years had</p>	2023	<p>Arrangements should be made to recover loan balances by taking actions in accordance with the provisions of the circular.</p>	<p>Actions have been taken to inform all Provincial Education Departments, Zonal Education Offices, and National Colleges.</p>	<p>Actions had not been taken to implement the recommendation.</p>
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remained.

43	<p>There has been an increase in the number of applicants submitting lease agreement to verify residency when enrolling students in Grade 1 at popular schools and due to the fact that a lease agreement has been entered into at an address close to the school in order to protect the 50 points awarded for vicinity to the school it had an opportunity to get higher marks than permanent resident applicants (as the marks are not reduced for schools under the lease basis and schools with other primary divisions between the place of residence) . There were a large number of cases of school admissions obtaining 50 points for vicinity to the school from the place of residence for which obtained a mark of about 0.5 even for lease agreements registered less than</p>	2023	<p>Circular provisions should be introduced based on logical criteria, taking into consideration the existing problematic situations so that the correctness and truthfulness can be confirmed.</p>	<p>Actions had not been taken.</p>	<p>Actions had not been taken to implement the recommendation.</p>
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6 months ago.
Because of this,
children with
permanent residence
in that area had lost
the opportunity to
attend school for a
long period of time

3.22 Ministry of Sports and Youth Affairs

	Total Assets Rs.	Total Liability Rs.	Mass Rs.	Excess (deficiency) Rs.	Opinion
2021	2,173,319,117	111,348,985	2,061,970,132	(3,290,166,085)	Qualified
2022	3,078,630,812	76,494,468	3,002,136,344	(2,943,650,600)	Qualified
2023	3,407,812,504	59,320,548	3,348,491,956	(3,362,617,951)	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1	The Ministry had awarded a contract worth Rs. 12.23 million to a private contractor on 28 March 2018 to complete the archery range and shooting range of Maliyadeva Vidyalaya, Kurunegala within 06 months without being conducted a feasibility study for this project. Further, an additional amount of Rs. 4.23 million including tax had been paid to the contractor over the agreed value due to the extension of the contract period by 20 months on several occasions, without obtaining formal	2022 2023	The projects should be designed to be efficient and achieve the desired objectives effectively after conducting the feasibility study. Furthermore, construction projects should be systematically managed and monitored.	As there is no provision for the second phase of the project, the Vidyalaya had been informed to carry out the remaining activities in the best possible way and use it usefully.	The recommendation was not implemented. (The archery has not been made usable as there is no allocation for the project.)

approval from the Ministry of Sports for additional work, not rushing to the arbitration process and taking more than a year to make such decisions by the Technical Evaluation Committees appointed to examine price variations.

Meanwhile, the Ministry had failed to make the said playing grounds as usable stage till now.

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| 2 | <p>The Ministry had made a budgetary allocation of Rs. 3,866 million from 2017 to 2022 to develop the Diyagama Mahinda Rajapaksa International Sports Complex as a sports academy and international stadium and out of that, only Rs. 606 million had been spent. Although 400-meter artificial track had been built at a cost of Rs. 487 million, it was damaged at several places and due to the significant weaknesses in the construction the lines separating the</p> | <p>2022
2023</p> | <p>Construction projects should be systematically managed and monitored.</p> | <p>The project has been handed over to the Department of Sports Development.</p> | <p>The recommendation was not implemented. (Several areas on the 400-meter artificial runway were damaged, and the project of installing generators, construction of the small auditorium, and the repair of the kitchen had not yet been carried out.)</p> |
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lanes had faded, causing inconvenience to athletes who are participating in competitions on the track. Furthermore, although an advance of Rs. 5.4 million had been paid to a government construction company in 2019 without a contract agreement to carry out the renovation work of the kitchen, but the Ministry was unable to recover the advance due to the non-performance of the relevant construction work.

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| 3 | A private company named Technomedics International private limited had entered into a contract agreement with the Institute of Sports Medicine on 16 November 2021 for the supply, installation, commissioning, training and maintenance of equipment for the Human Performance Laboratory for a sum of Rs. 248.59 million. However, a | 2023 | A cost-benefit analysis should be conducted before initiate the project. It should negotiate with the supplier to obtain value for money spent for this project, and delay charges should be recovered for unacceptable delays. | A Special Consensus Committee was appointed by the Ministry of Sports for further activities at the request of the Institute of Sports Medicine. | The recommendation is being implemented. (The final report is being prepared by a Special Consensus Committee appointed by the Ministry of Sports for further work.) |
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cost-benefit analysis had not been conducted in this regard. Although the company had only installed the equipment on 23 and 24 January 2023, the operations at the laboratory had not been commenced. Even though the contractor should be installed the equipment within a contractual period of eight weeks from 16 November 2021, the supplier had installed the equipment after a delay of 13 months. Although according to conditions to the contract No.26.1, a delay charge of 1 percent per week up to a maximum of 10 percent, i.e. Rs. 25 million, could be recovered, the Ministry had not taken steps to conduct an analysis and recover the delay charges.

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| 4 | Although a sum of 2023
EUR 264,492.34 or
Rs. 51,047,021 had
been paid as loan
facility fees for the
construction of the | The projects should
be planned to
achieve the desired
objectives and action
should be taken as
per the instructions | After consulting
the Attorney
General with
regard to the
compensation
request | The
recommendation
is being
implemented.
(Evaluation of
compensation |
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		<p>high-altitude sports complex, which was proposed to be built on a land with an extend of 34.5-hectare belonging to the Ministry of Sports, due to the abundant of the project in the year 2021, the entire expenditure incurred thereof had become fruitless. In addition, this contractor had also requested compensation of EUR 23 million in the year 2023, and the Ministry had sought the advice of the Attorney General in this regard.</p>	<p>of the Attorney General regarding the compensation claim.</p>	<p>submitted by the contractor, the evaluation is being carried out based on the assessment report obtained from the expert selected for this purpose. The contractor has filed a case in the Trade High Court and the Attorney General's Department is conducting proceedings in this regard.</p>	<p>claim based on the report of the selected expert is being carried out and proceedings are being carried out by the Attorney General's Department.)</p>
5	<p>Due to the non-approval of the Atomic Energy Regulatory Council for the purchase of non-financial assets by the Sports Medicine Institute without a radiologist, the X-ray room, which was equipped with a Mobile X-Ray machine worth Rs. 3.2 million, a Radiation Protection Accessories Set worth Rs. 1.1 million, an X-ray table worth Rs. 4.3 million and an X-</p>	2023	<p>A feasibility study should be conducted before purchase of assets and steps should be taken to utilize the purchased equipment effectively.</p>	<p>A Recruitment Procedure for the post of Radiographer was prepared and forwarded to the Department of Management Services.</p>	<p>The recommendation is being implemented. (X-ray machines remained idle without being used.)</p>

Ray Digital Film Imaging System worth Rs. 1.6 million, remained unused for more than 07 years, 06 years and 02 years respectively from the date of purchase.

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| 6 | The activities for amending and updating the Sports Act, No. 25 of 1973 to resolve practical implementation issues had not been completed. | 2021
2022
2023 | The Sports Act should be amended without any delay. | This matter was referred to the Minister. | The recommendation is being implemented. (The process of amending and updating the Sports Act has not been completed.) |
| 7 | Although it is a main activity of the Institute of Sports Science to develop the skills and attitudes of all national sports associations and sports coaches affiliated to them and issue them with coach registration certificates, out of 66 associations registered with the Department of Sports Development as at the date of audit, the registration certificates had been issued to only 2,067 coaches belonging to 21 different sports associations. | 2023 | The Institute of Sports Science should be paid attention to obtain the necessary legal power to regulate coaches. | Coaches of major sports have been registered and certificates of coach registration have been issued to them and these certificates will be updated every two years. Although this was informed to them, it was not possible to register coaches in other sports associations due to the minimal contribution of coaches to the registration process, the time | The recommendation is being implemented. (No legal amendments have been made so far to obtain the legal powers to the Institute of Sports Science for train coaches.) |

Although the coaches of the remaining 45 sports associations had not been registered with the Institute of Sports Science, they also carried out sports training activities, and the National Institute of Sports Science had not taken the necessary steps to ensure that coaches who did not obtain the Coach Registration Certificate from the Institute of Sports Science could not carry out their training activities and that the Institute of Sports Science had the responsibility of training sports coaches as well as the legal powers, and to make the necessary legal amendments to obtain them.

taken to pass the Coach Skills Development Course (course duration 03 months - 12 days one day per week) which required for coach registration, and the very limited number of coaches in some sports associations, which is not enough to conduct a course. Accordingly, the coaches of other sports associations are also being registered under the established process at the earliest. The obtaining the legal powers for the registration of coaches were discussed in meetings on several occasions in the past and the Secretary of the Ministry has also informed the sports associations about the relevant process.

Accordingly, the matter of "Unregistered coaches cannot carry out sports coaching activities" will be legalized through the Sports Act or regulations through the Ministry.

3.23 Ministry of Women, Child Affairs and Social Empowerment

	Total Assets	Total Liabilities	Equity	Deficit	
	Rs.	Rs.	Rs.	Rs.	Opinion
2021	742,445,121	7,593,068	734,852,053	14,112,803,549	Qualified
2022	1,812,992,725	72,204,404	1,740,788,321	16,988,483,607	Unqualified
2023	2,076,309,122	54,529,173	2,021,779,949	40,945.529,268	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1	An amount of Rs. 6,817,698 had been spent for the repair of the land cruiser jeep that was accident from a flood on 8 June 2015 and the unpaid amount of Rs. 3,450,945 from that by the insurance company was stated to be recovered from the driver as per the F.R. 104(4) report. But due to the payment of that amount by the ministry in December 2021, the government had incurred a financial loss of Rs. 3,450,945.	2022	Action should be taken without delay regarding the vehicle accidents and insurance compensation should be taken properly.	A letter was again submitted to the Insurance Corporation as per the instructions given by the Attorney General regarding the further proceedings.	Although it had been request to cut off that loss from the department, the approval was not given.

2	29 Branches with total of Rs. 49,071,128 out of 59 Vanitha Shakthi microfinance branches are inactive till 31 December 2022 and the information about the account balances of 07 branches had not in the Information Bureau.	2023	Inactive branches should be brought to operational level or liquidated.	The all relevant information has been collected for the liquidation of the 29 inactive branches.	All relevant information had been collected for the liquidation of inactive branches.
3	Vanitha Shakthi has spent a total of Rs. 3,701,156 as Rs. 1,600,000 and Rs. 2,101,156 respectively for the capital and administrative expenses incurred by the Ministry for the micro financial branches, but the audit revealed that the administration, accounting, lending and loan collection of those branches are not actively done in now.	2023	Action should be taken to conduct an internal audit to obtain the up-to-date accounting information.	Only 11 branches are reported to be active and actions are being taken to obtain up-to-date accounting information as at 31 December 2023 and conduct an appropriate audit.	Updated accounting information were not taken as at 31 December 2023.
4	The Lanka Women E-market website was launched on 08 march 2022 at a cost of Rs. 4,458,063 with the aim of uplifting the living conditions and economic empowerment of	2023	Arrangements should be taken to fulfill the purpose of creating the website by providing the necessary facilities.	Action had been taken to registered only women entrepreneurs here systematically from the year 2023.	Any marketing task had not been done.

entrepreneurial women. Although it has been taken 2 years since this website was launched, the digital marketing platform had not been succeeded due to the lack of technical support and lack of sufficient responsibility regarding the implementation of the system from the relevant departments of the Ministry and due to that, the expenses had been inactive.

5	16	Development officers were employed in addition to the approved staff of the Rural Development Training and Research Institute, which was a division under the Ministry and Rs. 8,000,000 had been paid as salary and wages in the year under review.	2023	Action should be taken to recruit only officers related to the approved staff.	It has been sent to the Department of Management Services for revise the staff of the Rural Development Training and Research Institute.	A letter had been sent to the Department of Management Services for revise the staff.
6	2067	Societies out of the 3618 Grama Shakthi societies established for poverty alleviation according to the	2023	Deposited money in micro finance accounts should be spent for the relevant purposes.	Action is being taken to confirm the activation of the total 3696 registered societies with the	Action is being taken to confirm the activation of the total 3696 registered societies with the

cabinet decision dated 29 March 2017 were inactive and an amount of Rs. 635,705,116 in the microfinance accounts of that societies were inactive.

department of Registrar of Companies and that the task of transferring government funds from inactive societies to active societies is being implemented at the district and regional levels. department of Registrar of Companies and that the task of transferring government funds from inactive societies to active societies had been implemented at the district and regional levels.

3.24 Ministry of Water Supply and Estate Infrastructure Development.

	Total Assets	Total Liabilities	Equity	Surplus (Deficit)	Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	406,121,279	-	406,121,279	-	Qualified
2022	310,834,245	122,488	310,711,757	-	Qualified
2023	2,713,033,068	35,297,294	2,677,736,314	-	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
1	Fuel Consumption Tests were not done for 20 vehicles owned by the Ministry, According to section 3.1 of Public Administrative Circular No. 30/2016 dated 29 December 2016.	2021	Fuel Consumption Test should be carried out as per Public Administration Circular.	Instructions were given to proceed in future according to the circular.	Fuel Consumption had not been tested.
2	A total of Rs.33,373,453 was paid as interest during the year under review for 23 foreign aided projects on account of delay in payment of compensation for land acquisition.	2021	Expedite the process of land acquisition for projects.	Officers were instructed to act properly.	There was no adequate arrangement for prompt payment of compensation.
3	The mobile water quality inspection vehicle worth	2021 and 2022	Necessary measures to use this mobile water quality	It was informed to the audit on August 03, 2023	This vehicle had not been used for

Rs.39,183,806 (USD 211,142.40) which was handed over to the Ministry of Water Supply as a grant by the Chinese government was parked idle in the ministry premises without being used for any inspection purposes until December 31, 2022.

testing vehicle that three research should be taken reminders have purposes even immediately. been given to the till 10 October stakeholders to 2024. utilize this facility under the ministry through secretary to the ministry.

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| 4 | <p>A vehicle valued at Rs. 12,000,000 given to the private secretary of the state minister was brought to the Ministry on 20 June 2022 after the cancellation of the State Ministry from 09 May 2022 and it was identified that the vehicle was involved in an accident. The insurance company had refused to pay the estimated repair cost of Rs. 572,700 related to the accident due to the fact that the police and the insurance company had not been informed about it within the stipulated time. However, no action had been taken to identify and recover</p> | 2022 | <p>Actions should be taken to cover the losses incurred to the government in accordance with the financial regulations.</p> | <p>Preventive measures had not been reported.</p> | <p>An amount of Rs. 359,869.40 had not been recovered by 16 October 2024.</p> |
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those responsible for the losses incurred to the government in accordance with the Financial Regulation of the Democratic Socialist Republic of Sri Lanka by 27 March 2023.

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| 5 | According to paragraph 2.1 of the President's office letter dated 14 May 2010 CA/1/17/1 regarding public expenditure management, the minister's staff should not exceed a maximum of 15, but 18 officers were employed as minister staff by 24 May 2022. | 2022 | Arrangements should be made to cover the loss incurred to the government through these appointments made against the circular instructions. | Preventive measures had not been reported. | Arrangements had not been made to cover the losses incurred to the government through these appointments. |
| 6 | The camera equipment, printer and laptop worth Rs. 1.4 million given to the former state minister for official work were destroyed on 09 May 2022 due to the crisis situation in the country, thus the value of the non-financial assets was overstated by Rs.1.4 million in the financial statements as the treasury had not approved to remove from books | 2023 | Necessary activities should be done as per the financial regulations. | Preventive measures had not been reported. | The final report as per F.R. 104(4) provides that those responsible cannot be determined. Assets of Rs.1.4 million were included in the fixed assets of the Ministry on 10 October 2024. |

by 20 May 2024.

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| 7 | An updated vehicle register containing details of all vehicles owned by the Ministry was not maintained and according to the sample audit, 264 vehicles registered in the Department of Motor Traffic, as of 31 October 2023 under the name of the Secretary, Ministry of Water Supply and Estate Infrastructure had not been recorded as above. | 2023 | An updated vehicle register must be maintained as per the Financial Regulations. | Vehicle register is being updated. | Vehicle register had not been updated. |
| 8 | A complete survey of the vehicles and their equipment in the ministry had not been carried out as per Financial Regulation 1647(b). | 2023 | Must act in accordance with the Financial Regulations of the Democratic Socialist Republic of Sri Lanka. | Necessary arrangements are being made to conduct a vehicle survey in the year 2024. | A survey of vehicles had not been done. |
| 9 | There was a difference of 905 km between the distance driven according to the milometer of a vehicle that was used to run in the ministry secretariat. | 2023 | Running charts of Vehicles should be maintained up to date and disciplinary actions should be taken for use of vehicles without proper authorization. | Preventive measures had not been reported. | An Inquiry Officer has been appointed on 04 March 2024. The inquiry report had not been received even by the date of the audit 10 October 2024. |

10	Deposits that have expired 2 years from the date of deposit should be credited to government revenue, but the total value of 16 cases in the deposit account numbered 6000-0-0-16-0-82 is Rs. 5.05 million had not been dealt with according to Financial Regulation 571(3).	2023	Overdue deposits should be dealt with as per Financial Regulations.	Preventive measures had not been reported.	Money has been withheld in the deposit account due to non-completion of projects, deficiencies in projects and non-receipt of requests for release of retention money.
11	No money was spent from the 2 million rupees allocated for the management and supervision of the housing program identified in the action plan of the year 2023. Although it was planned to give land to 200 beneficiaries, the granting of land deeds to 101 beneficiaries was at a minimum level of 50 percent.	2023	Necessary measures should be taken to fulfill the programs included in the action plan within the stipulated time.	Preventive measures had not been reported.	This program had not been completed.
12	A provision of Rs.33 million was allocated for the construction of the vocational training center in Hatton and the installation of necessary equipment. By the end of the year	2023	The coordination needed to complete the project should be done properly.	Preventive measures had not been reported.	The project had not been completed.

2023, only the construction of the building had been completed at a cost of Rs. 56.11 million, exceeding the expected amount, and the purchase of machines and equipment had not been done by the date of the audit 10 April 2024.

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| 13 | Although Rs.24.3 million has been allocated to install 2 EDR treatment machines worth Rs.18.18 million under the kidney disease prevention program planned by the ministry to the Pulicchakulam water project in Puttalam district by December 31, 2023, the works had not been completed even by 31 December 2023. | 2023 | Necessary arrangements should be made to complete this water project as soon as possible. | Preventive measures had not been reported. | Distribution of drinking water to the beneficiaries had not been done. |
| 14 | Under the Indian Housing Project (Phase 01), allocation of Rs.100 million was planned to complete 154 housing units, only 16 housing units had been completed by the end of the year 2023. | 2023 | The Ministry should carry out the necessary coordination activities to achieve the desired physical goals quickly. | Preventive measures had not been reported. | 70 housing units were to be completed. |

15	Although provision of Rs.25 million was made to provide infrastructure for 181 housing units built under Indian aid, 99 percent which was Rs.24.77 million had been spent and infrastructure was provided to only 111 houses in total by the end of the year.	2023	Expected physical goals should be achieved.	Preventive measures had not been reported.	Construction work on the houses had not been completed in August 2024.
16	Although Rs. 155 million had been allocated for the establishment of 60 smart classrooms in the year 2023, none of that money had been spent and the necessary school selection and contracting activities had not been completed.	2023	Necessary coordination activities should be done properly in order to achieve the desired physical goals.	Due to the policy change the scope of the project had been changed and a memorandum of understanding has been prepared and submitted for the approval of the Government of India.	No contracts had been signed as of August 2024.
17	19 housing projects with an estimated value of Rs. 435.77 million were implemented by the Estate Infrastructure Development Division of the Ministry in 2017, 2018 and 2021 and Rs. 82.12 million in 19 housing projects, an amount of Rs.3.6 million was paid to Plantation Human	2023	Officials should work responsibly to fulfill the objectives of allocation.	The work order will be given to Plantation Human Development Trust without signing the contract according to the special gazette number 2315/35 dated 01/19/2023.	The Ministry had offset the bills of other projects that were to be paid to the Plantation Human Development Trust, in favor of the government.

Development Trust for initial advance and management fees, but the amount had not been reimbursed. Also, no performance security had been obtained for this contract.

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| 18 | The Community Water Project at Menikkadavara and Mahapallegama had been started in 2019, but according to the geological survey reports of the National Building Research Organization, the land was not suitable for the construction work due to landslides but the instructions were not followed and the cost of the project was Rs.33 million had become a idle expense by March 2024. | 2022 and 2023 | Disciplinary action should be taken for starting the project without proper feasibility study and disregarding the recommendations given by the National Building Research Organization. | Preventive measures had not been reported. | Necessary actions had not been taken for starting the project without proper feasibility study and ignoring the recommendations given by the National Building Research Organisation. |
| 19 | According to the agreements made with the Plantation Human Development Trust and the relevant society organization, 62 housing projects that had been started in the years 2016, | 2023 | A proper work order should be prepared to select the relevant contractors and spend the money with proper management in order to use the government funds | The allocated Rs. 500 million has been approved to carry out the rest of the work in the year 2024. | A proper work order had not been prepared to select the contractors and spend the money with proper management. |

2017, 2018, 2019, 2020 and 2021 had not been completed by 31 December 2023. But an amount of Rs.846.85 million had been paid by the ministry to pay for the contractors of those projects and an amount of Rs.51.37 million to Plantation Human Development Trust for carrying out supervision and management activities.

with maximum efficiency and effectiveness.

20 Although 168.8 million had been spent, the construction works of the respective houses had not been completed those 3.4 million rupees for 15 housing units in the Rothschild estate in Nuwara Eliya, under the Haritha Ran project, 48.2 million rupees for 211 housing units in Nuwara Eliya, Hatton, Kandy, Galle and Ratnapura, and 117.2 million rupees for another 29 housing units.

2023

These housing projects should be completed quickly and the people who are expecting benefits should be provided with the necessary services.

Based on the construction stages of the half-completed estate houses, it is planned to accomplish the amount of work that can be completed in the respective years within the allocation limit received by the Ministry.

The construction work of the houses had not been completed.

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| 21 | In the year 2021, 2023 under Nawa Jeewana Housing project, 157 housing units in Nuwara Eliya, Hatton, Kandy and Kegalle areas, Rs.92 million, in the years 2020 and 2021, in Hatton, Nuwara Eliya, Rs.45.6 million had been spent on 104 housing units and 56 housing units with an estimated value of Rs.173 million in Kegalle and Hatton areas had not been completed by 31 December 2023. | Delayed construction works should be completed promptly. | It is planned to accomplish the amount of work that can be completed in the respective years within the allocation limit received by the ministry based on the construction stages of the half-completed estate houses. | Approval to start the work of the remaining 383 housing units had been received. Depending on the allocations received Work on other housing projects is proposed to resume in 2025. |
| 22 | According to the agreement for the construction of the pilot project of poultry farming, goat farming, vegetable cultivation and polythene related cultivation through Diagama Community Energy Center, the work of the project should be started on 04 December 2020 and completed by 04 March 2021, but the construction work was completed after a delay of 06 months.Rs.6,092,469 had been spent on | The relevant officials should act responsibly in order to fulfill the objectives expected by the public from the projects implemented using the government funds. Also, in a situation where the relevant construction and maintenance works are not done properly by the institutions under the ministry, other alternative work arrangements should be applied without wasting | A Board paper was presented and approval had been obtained from Board of Directors for re-implementation of the project. | The project had not been resumed. |

construction and government money.
 Rs.920,435 on
 cultivation activities
 in this project and
 the defects related to
 the construction
 activities identified
 during the field
 inspections had not
 been corrected.
 Currently, the
 project site is
 overgrown and the
 water supply has
 been suspended.

- 23 Rs.2,680,657 had 2023 Arrangements Late charges The project
 been spent on the should be made to could not be had not been
 construction work of collect any late collected due to resumed.
 the project carried charges that may be non-submission
 out at the Watagoda levied as per the of bills after
 Community Energy agreement. March 2021.
 Center and
 Rs.321,002 had been
 spent on the
 purchase of the raw
 materials required to
 carry out the
 cultivation work
 without completing
 the construction.
 According to the
 agreement between
 the contractors and
 Thondaman
 Foundation,
 Although it has been
 stated that Rs.1,575
 per day is to be paid
 to Thondaman
 Foundation as
 liquidated damages
 under liquidated
 damages, the

Watagoda project was supposed to be completed on 04 March 2021, due to completion on 22 September 2021, there was a delay of 202 days and the amount of Rs. 318,150 that should be charged for that had not been collected from the contractor.

3.25 Ministry of Technology

	Total assets	Total liabilities	Equity Rs.	Profit/surplus	opinion
	Rs.	Rs..		/ Rs.	
2021	707,670,141	28,100	707,642,041	—	Qualified
2022	716,912,282	25,000	716,887,282	—	Qualified
2023	45,597,696	278,903	45,318,793	—	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
01	Since a space of 2217 sq. ft. of office premises housed at the One Galle Face tower remained underutilized, out of the total space of 7512 sq. ft. for which agreement had been reached on 22 June 2021 to run the Ministry therein at a monthly ground rent of Rs. 1.878 million, disregarding the procurement guidelines, and due to it had been returned on 12 July 2022 to the relevant institution, a sum of Rs. 6.651 million of the paid sum had been an idle expenditure.	2021 2022	Steps should be taken to act as per the procurement guidelines and to use the resources in an optimal and efficient way.	It should be mentioned that it has become almost impossible to fully comply with the procurement guidelines due to staff shortage. Since His Excellency the President is the Minister in charge of this Ministry, it was decided to move the Ministry to the One Galle Face building by taking into consideration the security of H.E. the President and also the close proximity to the Presidential	The procurement activities currently done by the Ministry comply with the Procurement Guidelines and Government Circulars.

				Secretariat. The premises have been returned with the abolishment of the State Ministry of Digital Affairs.	
02	The project had been halted midway following the revelation of differences between the requirements of the Institution and items of the system produced after completing about 75 per cent of activities of introduction of ICT solutions for the Government Analyst Department (ICT Solution for Gov Analyst Dept- GAD) by the Information and Communication technology Agency of Sri Lanka on an estimated cost of Rs. 40 million, incurring accumulated expenditure of Rs. 26.52 million by 31 December 2022.	2022	The project selected following carrying out of a feasibility study, should be properly executed.	The implementation of the project has been halted by the ICTA institution as per the Cabinet Decision No CP/23/2443/630/09 dated 14 December.	The project has been halted midway.
03	Although construction works had been done and equipment purchased by incurring a sum of Rs. 189.909 million for the establishment of a Center of Excellence for	2022	Action should be taken to achieve the objectives of the relevant projects through	The required steps are being taken by the Ministry of Technology to operationalize the affairs of the Robotic Technology Institution.	Plans have been drawn up to maintain the affairs of the Robotic Technology Institution in a new way and approval is

	Robotic Applications to fulfill 09 objectives, those 09 objectives had not been achieved.		optimal utilization of the existing resources.		awaited therefor.
04	Floor plans had been prepared following laying of carpets and installation of 10 Air-conditioners at the two assembly halls wherein contain about 3000 sq. ft. Due to the non-operation of the Robert Arm machines project, initiated in 2018 by incurring a sum of Rs.40 million, and it was observed that the equipment and machines belonging to this project were used by the Industries Development Board.	2022	Action should be taken to achieve the objectives of the relevant projects through optimal utilization of the existing resources.	It has been planned to use this institution to generate income by way of providing engineering and robotics services to the private sector. This will be implemented through a signing of an agreement involving the Ministry of Industries, Ministry of Technology and the Industries Development Board.	The center is yet to be operated.
05	It has been planned to use this institution to generate income by way of providing engineering and robotics services to the private sector. This will be implemented through a signing of an agreement involving the Ministry of Industries, Ministry of Technology and the Industries Development Board	2023	When getting bigger provision allocated for development expenditure, it should be done with proper knowledge of prediction with	Provision had been saved due to incurring of essential expenditure only and complying with Expenditure Management Circular.	Estimates had been prepared without making a proper prediction.

Out of the total provision of Rs. 7,298 million allocated related to the year under review for the No 02 Development Programme of the Ministry, the value utilized in the year amounted to Rs. 2,071.7. Million and the remaining provision amounting to Rs. 5,226.3 million or 71.6 per cent of the total provision had been saved. When allocating funding for tasks involving bigger expenditure such as development expenditure, although it should be done with a proper knowledge of prediction with attention being drawn to the identification of needs and the existing resources and the capability of carrying out task, due to inclusion of tasks in estimates which are impossible to be thus carried out, provision amounting to Rs. 5200 million had been underutilized.

attention focused on the identification of the existing resources and the needs and a proper study of the potential of carrying out the task.

3.26 Ministry of Industries

	Total Assets Rs..	Total Liabilities Rs.	Equity Rs.	Profit/Surpl us/(Loss)/(D eficit).	Opinion
2021	1,765,813,492	71,930,161	1,693,883,331	-	Qualified
2022	2,207,867,042	61,701,774	2,146,165,268	-	Qualified
2023	2,180,528,288	57,863,900	2,122,664,388	-	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
01	The sum of Rs. 544.94 million being the value of 13 administrative buildings, 03 factories, and 02 offices/houses/service buildings constructed at 16 industrial parks since 1996, had not been brought to accounts as at 31 December 2023.	2023	Action should be taken to include the value of buildings in the financial statements.	Action will be taken in due course to account them as non-financial assets in accordance with instructions to be received from Department of State Accounts of the Treasury.	The value of buildings had not been accounted for.
02.	Eighty nine plots of land in extent of 109.5 acres relating to 17 industrial parks had been allocated for industrialists as at 31 December 2023. However, those lands remained idle as the lands had not been released.	2023	Measures should be taken expeditiously to provide lands for suitable investors thus establishing industries.	Thirty investors of the 02 project evaluation committees appointed in the year 2024 to release the cancelled or underutilized lands to the investors again,	At present, 05 project proposals have been sent to be presented to the project evaluation committee of the Ministry. Five project proposals remain at divisional offices waiting to be sent to the

				had been Ministry and there provided with were 08 project lands in extent of proposals to be 24 acres 03 presented for roods and 44 approval of the perches. The divisional industrial total investment service committees. thereof Ninety three acres amounted to Rs. of bare lands 2,109.16 million remain at industrial and 1431 job parks at present. opportunities could be generated.	
03.	Of the 43 plots of land allocated for the industrial park in Buttala, 38 plots had been provided for 20 industrialists, but only 05 of them had been involved in production process whilst 03 industrialists had not commenced the production process although buildings had been built. Five of the industrialists are constructing buildings whilst the total area of lands in extent of 660.13 perches allocated for 07 industrialists, remained idle without being used for any development activity.	2023	Continuous follow-up action should be taken as to whether the industrialists follow the work plan given for commencing industries. Action should be taken to take over the lands that had not been so used, and release to other parties.	Land plots have been allocated for 20 industrialists at the industrial park in Buttala at present, and 05 of the industries therefrom remain active. A grace period of 03 months has been given to commence the production process by the divisional industrial services committee on 2024.07.31 for 09 industries which had not commenced production process although buildings had been constructed or under	Recommendations had been given by the divisional industrial services committee on 14 December 2023 and 31 July 2024 that the other 06 industries be cancelled, and 05 of the 06 industries have been sent to the Ministry for cancellation. The lands of the industries so cancelled, will be released to new investors.

construction.

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| <p>04. With priority given to production and assembly of electric and electronic accessories, packaging products, value added agricultural products, rubber and plastic related products, and textiles and related products, it was expected to establish the Raigama Industrial Estate over an area of 200 acres following a Cabinet Decision dated 26 October 2016. Prior to establishing the Estate, a feasibility study had not been carried out and a project proposal had not been prepared by indicating the development activities to be executed. As such, the expected outcome could not be achieved although a period of 07 years had elapsed since the development works had begun incurring a sum of Rs. 298 million.</p> | <p>2023</p> | <p>The process of expediting the development of Industrial Estate thereby commencing the production should be encouraged.</p> | <p>There were objections from the inception of the said Industrial Estate, and an unprecedented situation occurred during the development of Industrial Estate. The project had been suspended after November 2019, and implementation of the project delayed due to Covid-19 outbreak and political instability that occurred thereafter. When the Industrial Estate had been inaugurated officially by the Minister of Industries on 20230.07.27, approval had been given to continue the project again.</p> | <p>Although Cabinet approval had been given to establish the Industrial and Technological Development High Zone over an area of 200 acres, it was decided that the Zone be established using an area of 24 acres due to delay in preparing the environmental impact assessment report. At present, development works of the Industrial Estate have been commenced and in progress, and the works such as, construction of internal access roads, and obtaining water and electricity supply, are in progress.</p> |
| <p>05. Sums of Rs. 29.57 million and Rs. 36.8 million had been incurred as at 31 December 2023 for</p> | <p>2023</p> | <p>Action should be taken to begin operations by expediting the infrastructure</p> | <p>Construction of internal access roads of the Industrial Estate, has been</p> | <p>The surveying institution had been assigned to survey the paddy lands before being</p> |

laying pipes along the internal access road and construction of internal roads respectively at the Raigama Industrial Estate. However, the physical progress thereof stood at 70 per cent and 40 per cent respectively.

development of the Industrial Estate.

commenced. Once provision for the revised estimate presented by the Central Engineering Services Ltd (CESL) , had been approved, construction of the internal roads was commenced.

acquired for the Industrial Estate, but the survey could not be done. Hence, construction of an access road for the Estate had delayed thus hampering the laying of pipes along the internal road. As such, action had been taken in coordination with the Ministry and National Water Supply and Drainage Board.

06. Applications had been submitted by 194 investors in response to the newspaper advertisement published on 02 October 2017 for selecting investors to the Industrial Estate whilst 42 applications had been evaluated by the divisional industrial service committee. Due to delay in development works of the Industrial Estate, 04 investors who had been approved by the Cabinet after being selected by the divisional industrial service committee, withdrew their investments. As such, 2023
- Lands should be granted to suitable investors, thus taking action to restore industries.
- Operations of the Industrial Estate had been suspended after November 2019, and implementation of the industrial project had delayed due to Covid-19 outbreak, political instability, and temporary limits on the import of goods. Hence, some of the industrialists had informed in writing that their projects would not be implemented.
- Further action is being taken to conclude the works of the Industrial Estate.

the opportunity of creating 715 employment opportunities through an investment of Rs. 1185.4 million had been lost.

However, development works of the Industrial Estate have been commenced at present.

07. In order to commence 2023 The extent of lands remaining idle or to be released for industries, should be granted to the suitable investors, and the developed lands should be made use of.
- Land plots had been allocated for 11 industries of under this Industrial Estate. The divisional industrial services committee (south) is taking action to cancel the inactive industries.
- By the years 2023, and 2024, land plots had been allocated for 07 new industrialists by the Ministry, but the extent of bare lands that had been developed, was 11 acres 02 roods and 10.8 perches. Proposals have been presented for the year 2025 in order to develop the bare lands that had not been developed.
- In order to commence a tanning industry, the industrial estate in Bata Ata had been established over 105 acres of land in Hambanthota district at an expenditure of Rs. 343.41 million in accordance with the Cabinet Decision dated 18 August 1999. However, the constructions had been abandoned due to protests against the disposal of waste from the Industrial Estate. Hence, compensation totalling Rs. 17.55 million had been paid to 06 investors who had invested in the project relating to the period 2019-2022. Following the Cabinet Decision dated 15 February 2006, the Industrial Estate had again been developed as a mixed development zone. However, only 10 industrialists who received lands in extent of 34 acres and 03

roods out of Rs. 70 acres 01 rood and 2.3 perches provided for 23 industrialists, made sufficient productions. As such, once the extent of 09 acres and 03 roods allocated for common amenities was deducted from the total extent of 105 acres provided for the Industrial Estate, the rest of the 60 acres remained idle without being utilized.

08. Two administrative buildings had been constructed at the Industrial Estates in Bata Ata and Ragigama incurring expenses amounting to Rs. 31.66 million and Rs. 87.96 million respectively. However, those buildings remained closed without being used.	2023	Effective utilization of buildings constructed in the Industrial Estates should be ensured.	The administrative building at the Industrial Estate in Bata Ata had been provided on monthly lease for an institution functioning at the said Estate to be used by the employees. The administrative building spanning over 29,000 square feet was constructed at a 24 acre land in the Divisional Secretariat of Milleniya, Kalutara district to be used by the Raigama Industrial and Technological	The administrative building in the Bata Ata Industrial Estate has become dilapidated. As the building was suitable for disposal in terms of report of the Technical Evaluation Committee furnished by the Divisional Secretary of Ambalanthota, employees had been evacuated on 2021.11.30. A report of assessment had been obtained from the Government Valuation Department in order to determine the monthly lease rent for the
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				<p>Development High Zone under approval of the Cabinet, and requests for space in that building had been made by some of the investors selected to commence new industrial projects in that Estate.</p>	<p>administrative building in Ragigama Industrial Estate to be provided for the investors, and presented to the divisional industrial services center (Western) for further action.</p>
09	<p>Lands in extent of 60 acres at the Bata Ata Industrial Estate in Hambanthota district remained underutilized, and the sum of Rs. 252.7 million spent for establishing an Industrial Estate at a 20 acre land in Suriyawewa in a close proximity to Hambanthota, had become fruitless.</p>	2023	<p>Action should be taken to achieve the development targets expected from Industrial Estates planned and established.</p>	<p>There are bare lands in the Bata Ata Industrial Estate comprising 105 acres, but industries such as 02 food processing industries, production of lead-acid batteries, cement related products, steel products, and coir based products, have been established therein. There are many non-food industries in this Estate, and the proposed Industrial Estate in Suriyawewa will be used to establish food processing</p>	<p>Development of access roads and internal roads of the Industrial Estate in Suriyawewa, has been commenced.</p>

				industries of Hambanthota district.	
10	A period of 13 years had elapsed since the Industrial Estate had been established at a 24 acre land incurring Rs. 356 million in accordance with the Cabinet proposal for the establishment of an Industrial Estate in Mannar district dated 09 November 2010. However, no industry had been commenced thus far. Only one industrialist had maintained a textile industry using 06 acres.	2023	The lands remaining idle after being allocated for industries, should be provided for suitable investors thus gaining benefits proportional to the heavy costs incurred.	The textile manufactory functioning at the Estate at present is not the initial one of the Estate. However, it is an internationally recognized textile manufacturer that functions currently using the same building at a land of 06 acres. In order for this textile manufacturer to expand their production, a land in extent of 02 acres and 2.5 roods along with 02 buildings each spanning over 20,000 square feet and constructed by the Ministry, had been provided. The other facilities are being developed by this institution.	Cabinet approval has been given to allocate a plot of land for a project to make wooden furniture and cement based products at the Industrial Estate in Mannar. Two other projects had been assigned to the divisional industrial service center (North)

11. Under the project for 2023 establishing small and medium scale industrial zones at divisional and district levels, a sum of Rs. 3,266,558 had been expended in the year 2022 on activities such as, surveying lands, clearance, and preparing the plan for plotting the lands at 04 Industrial Estates under Stage III in Giradurukotte, Dimbulagala, Dikwella and Trincomalee. However, that expenditure had become fruitless as the project had been suspended in the year 2023.
- Action should be taken to commence the development activities of Industrial Estates on priority basis.
- A provision of Rs. 5,000 million had been allocated thereon through the budget of the year 2022. However, due to reasons such as, political instability that occurred at the beginning of the year and economic crisis, the funds so allocated had not been received whilst the release of funds on development purposes had also been restricted. As such, development works of the said 03 Industrial Estates had been suspended in the wake of the decision taken by the Ministry that only the Industrial Estates of which most of the development works had already been completed should be continued by utilizing the limited amount
- Development works of those 03 Industrial Estates have been temporarily suspended. It is scheduled to continue the development works based on the amount of provision to be allocated through the budget and priority.

of funds.

<p>12 Once a land is allocated for the industrialists, a long term lease agreement for 35 years should be entered into. Nevertheless, lease agreements had not been entered into with respect to 322 industrialists relating to 25 Industrial Estates.</p>	<p>2023 Long term lease agreements should be entered into with the industrialists. Prerequisites for entering into lease agreements should be fulfilled prior to allocating lands.</p>	<p>The Ministry had started conducting mobile services in the year 2021 at Industrial Estates to expedite the preparation of lease agreements of the investors for whom lands had been allocated at the Industrial Estates. This process is continued with the participation of all the relevant Government institutions and investors.</p>	<p>Issues relating to the preparation of deeds of lease for industrialists have been taken for discussion. The relevant institutions have been informed to take necessary action expeditiously.</p>
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3.27 Ministry of Environment

	Total Asstes	Total Liabilities	Equity Rs.	Surplus/ Deficiency	Audit Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	1,623,610,877	43,716,469	1,579,894,408	-	Qualified
2022	1,631,302,942	33,408,618	1,597,894,324	-	Qualified
2023	1,644,399,186	37,471,542	1,606,927,643	-	Qualified

	Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
01	Although the criteria and capacity of entrepreneurs should be considered when selecting them for plant nursery under the Green Entrepreneurship Promotion Program implemented at a cost of Rs. 100.82 million under the Environmental Conservation Program, but 28 entrepreneurs had abandoned from the program due to failure to not doing so. Accordingly, it was observed	2021	Actions should be taken in accordance with relevant observations and criteria.	A general guideline and criteria to be used in selecting green entrepreneurs for this program have been forwarded to the District Secretary. Accordingly, all selections have been made on the recommendation and approval of the District Secretary and Divisional Secretary, and funds have been released only for those selected from those who have been selected.	The Rs. 5.7 million of Provisions has been recovered, which was given to 19 entrepreneurs and action are being taken to obtain provisions of Rs. 1.41 million due from the remaining 09 entrepreneurs through the District Secretaries.

during the audit that due to the selection of unsuitable and incompetent beneficiaries, eligible entrepreneurs who were actually entitled to benefits had lost the opportunity and government funds had been spent in ineffectively.

02	<p>A wastewater treatment system had installed at the Sobadham Piyasa building premises at a cost of Rs. 12.53 million, of which Rs. 3.47 million had spent on the biogas production unit. The biogas generated had been released into the atmosphere without being utilized over a period of more than 5 years from 14 September 2017 to 23 March 2023 which was the date of audit. Accordingly, it was observed that the necessary activities had not been conducted to achieve the intended objectives</p>	2022	Resources should be utilized effectively.	<p>The Additional Secretary (Administration) has informed by letter number 02/03/Service/01/23 and dated 08 January 2019 that the necessary equipment should be prepared to transport the biogas from the biogas unit to the canteen and utilize it. The institution has already completed this repair work by the date of discussion held on 09 December 2020 with representatives of the Central Engineering Consultancy Bureau regarding the maintenance of the building. However, the system does not</p>	<p>Although a cost of Rs. 3.47 million was incurred to construct the biogas unit, the expected goals have not been achieved as because of producing quantity of biogas is inadequate.</p>
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of the system.

produce enough biogas to be utilized and since it is not possible to discharge the wastewater to the land where the ministry building is located, the wastewater is being discharged into this system.

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| 03 | Adequate actions had not been taken to disclose the assessed value of Rs. 261 million of the land which the Sobadham Piyasa building, where the Ministry of Environment being operated under non-financial assets in the financial statements and to acquire the land legally. | 2023 | Steps should be taken to legally acquire the land where the Sobadham Piyasa building is located. | Taking necessary actions to legally acquire this land. | The legal acquisition of the land had not been completed by 30 September 2024. |
| 04 | A vehicle that had been disposed of on 9 November 2023 was included in the value of the non-financial assets of the Ministry as at 31 December 2023 and a value of Rs. 27.79 million related to 10 vehicles that had been transferred to other institutions as | 2023 | The disposed and transferred assets should be properly accounted. | Action will be taken to correct the matter after legally verified. | Actions had not been taken to legally transfer the vehicles up to now. |

of 31 December,
2023.

- 05 (i) Although a 2023 Project consultancy service of was acquired by spending Rs. 31 million to establish a national climate change data exchange network system to achieve the objectives of the Climate Change Mitigation Action Support Project, but this system had not been on operational status by the 31 March 2024. The performance bond value of Rs. 3.1 million which obtained for this purpose was about to expire on 12 April 2024 and the amount of Rs. 1.86 million had been spent on maintenance of the system for the years 2022 and 2023 while this system was not
- performance should be monitored and followed up.
- Some technical failures in the National Climate Change Data Sharing Network were restored with the assistance of the same consulting firm and work is being conducted currently underway at present to add data to this system with several identified stakeholders.
- Although maintenance costs were incurred for the data exchange networking system in the years 2022 and 2023, but the system is not on operational level.
- A training session will be held again for all identified focal points and steps will be taken to enter data at the end of the trial session.
- The performance of these projects is being evaluated and regulatory and follow-up activities are being conducted at present.
- A legal standard is being developed to achieve the desired performance level.
- Accordingly, actions will be taken to establish

			Memorandums of Understanding, review those	
(ii) Although 55 data providers had been identified for this system, MoUs had been signed with only 8 of them and actions had not been taken to identify the data to be provided by the relevant institutions and obtain their consent. The Ministry of Environment had not granted permission to the data providers to access the data network.	2023	A legal framework should be established to achieve the desired level of performance.	<p>agreements on a timely basis and taking actions accordingly.</p> <ul style="list-style-type: none"> • Instructions have been given to the relevant officers to manage the projects properly. • Instructions are being given to manage them properly at present. 	The MoUs had not been signed with any institution As of 30 September 2024.
(iii) For this system, The 55 desktop computers had purchased on 30 December 2020 at the price of Rs. 12.45 million without VAT and these computers had provided to 55 partner institutions 14 months after the	2023	The project should be planned in such a way that it can achieve the desired objectives.	The data collection is already underway with the assistance of the partner institutions that provided data to establish this data exchange networking system and with several new partner institutions identified to restore some of the	Any institution had not transmitted data to the relevant data system up to the date of 30 November 2024.

date of purchase before signing the Memorandum of Understanding. The 20 partner institutions out of the 27 partner institutions which directed to the sampling test of audit had not utilized these desktop computers to transferring data to the network or to process data related to it.

technical failures.

Accordingly, all these computers are being operated to achieve the desired objectives of the project.

(iv) Although the Committee on Public Accounts held on 19 November 2021 had emphasized that there should be a method to update the data system and the need to continuously follow up on this system since the progress of this project was not at a satisfactory level, but the	2023	Action should be taken as per the recommendations of the Committee of Public Accounts.	The technical failures in the system were restored with the assistance of the consulting firm and data collection activities are being underway with several identified stakeholders. A training session will be conducted again at all identified focal points and steps will be taken to enter data at the end of the pilot session. Similarly, a re-survey of the data to	The database system had not been updated as per the instructions of the Committee of Public Accounts.
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Ministry had not taken the necessary action in order to that.

be obtained from the partner institutions should be conducted and discussions were held regarding the institutions that were unable to provide data. At the end of these trial sessions, The necessary actions are being taken to reach into agreements with all the partner institutions. The actions are being conducted to update the data system.

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| 06 | Although the Thumbikulam tank had been renovated with the aim of obtaining water for cultivation purposes at a cost of Rs. 51.56 million under the Healthy Landscape Project, it was observed that it was not capable of releasing water for cultivation purposes by the tank. This was because of the fact that the coordination had not been made with the relevant institutions to renovate the canals | 2023 | Projects should be implemented in a way that achieves the objectives of project. | The Thumbikulam Tank which is an Olagam Tank was renovated as an environmental restoration under this project. The proper functioning of this Olagam Tank directly contributes to the proper functioning of other tanks in the cascade system, the increase in groundwater levels and the well-being of the ecosystems associated with the cascade system. The water security of the cascade systems and their | The department had requested according to the letter sent to the Department of Agrarian Development by the Additional Secretary (Natural Resources) dated 30th September 2024 that the future action plans of department focus on the reconstruction of the lower canals and inform about the future measures. According to the |
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so that the overflow water of the tank could flow to the tanks located downstream of cascade.

associated ecosystems will be ensured during long drought periods. If these Olagam Tanks are properly maintained. This will ensure the well-being of the people and wildlife associated with it. Accordingly, these objectives have already been achieved through the renovation of these tanks. The Department of Agrarian Services has been informed to take further steps as required since this tank is controlled by the Department of Agrarian Services.

above facts, the canals required to flow the spill water to the tanks located downstream of cascade had not been prepared up to the date of 30 December 2024.

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| 07 | Although the agreement relating to the restoration of the Thumbikulam tank had stipulated the restoration of 200 acres of paddy fields and the restoration of the ecosystem as outputs, since the Thumbikulam tank and an area of 2,744 hectares associated with it had been declared as the | 2023 | The attention should be paid to the legal background involved before initiating the projects. | Instructions have been given to pay attention to the legal background before initiating the future projects. | The Cabinet has not been taken a decision to release land for cultivation although the President presented a Cabinet Memorandum on 16 June 2023 and it is being taken actions to conduct a joint investigation with the relevant institutions. |
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Thumbikulam

Reserve Forest by Gazette No. 1821/34 dated 01 August 2013, It was observed that it had been stated that the said agreement had stipulated outputs that could not be achieved legally.

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| 08 | The renovation of Thumbikulam Tank under the project was discussed at the Palugaswewa Regional Coordination Meeting on 26 January 2022 and although the officers of the Department of Forest Conservation and Wildlife Conservation had given their consent to construct this tank without a sluice for the benefit of wildlife, it was observed during the physical audit conducted on 14 August 2023 that a sluice had been constructed in this tank at a cost of Rs. 1.54 million. | 2023 | Project activities should be implemented in a systematic manner. | The Thumbikulam Tank, which did not yet have a sluice gate among the tanks selected for renovation under this project. The sluice gate, which was repaired at the time of renovation of the tank which was dilapidation and, steps have been taken to obtain the relevant approval from the Forest Conservation Department as per your recommendations. | The construction of a sluice gate during the renovation of the Thumbikulam Tank was not approved during the coordination meeting held on 26 January 2022 and evidence of the decisions and approvals for the same was not presented to the audit even after that. |
| 09 | The Procurement Committee had decided to purchase | 2023 | The activities of program should be properly identified | This happened because of security reasons and food | Instructions have been given to properly |

meal for the officers who participating in the 5th Session of the Asia Pacific Ministers and Environmental Authorities Forum on 27 September 2023 and it had also been requested to obtain the service from a bakery establishment and provide a total of 3,712 packets of meal, 200 packets of meal for one meal. The Procurement Committee had approved the ordering of the required quantity of packets of meal based on the requirement and, it can be obtained again subject to the approval of the Procurement Committee if the quantity is exceeded. However, 8,423 packets of meal or 4,711 packets of meal in addition to the 3,712 packets of meal for which the above prices were called, had purchased for this conference.

and planned in a way that maximizes the return on government funds. was provided to the security forces in the morning of the relevant day or as soon as they were assigned to a certain duty without prior notice. Furthermore, the arrival of leaders of state and representatives to the country did not happen on the same day. However, instructions were given to properly identify activities of future project future and actions taking according to the relevant guidelines. identify the project and proceed in accordance with the relevant guidelines.

Accordingly, it was observed during the audit that 127 percent more packets of meal had been purchased than the amount approved for purchase.

According to the above information, although Rs. 2.42 million had been allocated as the provision of meal for this conference, it was observed that Rs. 4.44 million had been paid for this and Rs. 2.02 million had been spent in excess of the expected amount for the provision of meal.

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| 10 | The institution selected to provide meal to the officers who participating in the 5th session of the Asia Pacific Ministers and Environmental Authorities Forum had requested that the cheque for the amount of Rs. 4.44 million to be issued to the personal name of an individual in the institution by the relevant institution | 2023 | Action should be taken in accordance with relevant circulars and procurement guidelines. | The cheque was issued in that name since the documents had been submitted stating that the institution selected to provide the meal was an institution registered in the name of the relevant individual. | It has been informed that action will be taken in accordance with the recommendation s in the future. |
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and accordingly the Ministry had issued the cheque to the relevant individual. According to the above information, it was observed during the audit that the Ministry had taken steps to issue the cheque to an individual name instead of issuing cheques in the name of the institution that provided the meal.

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| 11 | <p>A vehicle that had been involved in an accident in 2013 was parked in a private garage for over 10 years without being able to settle the repair costs and in 2023 this vehicle had disposed of for Rs. 1.8 million. Since the investigation under Financial Regulation 104(4) regarding this accident had not been conducted and the method of settling the repair costs had not been accurately determined and Rs. 1.61 million of the money which received through</p> | 2023 | <p>The individual who responsible for the damage caused by the accident should be identified and actions should be taken to recover those damages.</p> | <p>An investigation into this matter is being conducted.</p> | <p>Investigations are continuing in this regard. It was informed that the investigation will be completed within two weeks.</p> |
|----|--|------|--|--|---|

disposal had been utilized to settle the repair costs of the accident and only the remaining amount of Rs. 185,895 had been remitted to the Treasury.

Accordingly, it was revealed during the audit that a loss by Rs.1.61 million had been incurred to the government.

However, the Ministry had not taken actions to accounting of this incident properly and identifying the losses.

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|----|--|------|---|--|--|
| 12 | The observations made by the Minister of Finance, Economic Stabilization and National Policies in relating to the Cabinet memorandum No. 23/1739/622/021 and dated 07 September 2023 that submitted by the Minister of Environment with the title of "The 28th Conference of the Parties to the United Nations Framework Convention on | 2023 | An appropriate action should be taken against officers who have traveled abroad without the prior approval of the Secretary of the President. | Instructions have been given to implement the recommendations given by the Cabinet Memorandum and taking actions in accordance with the circular regarding foreign travel. | An actions had not been taken regarding the 6 officers who participated in the conference without obtaining the prior consent of the President and the progress report that was to be submitted after the conclusion of the conference by the relevant officers had not been submitted to the Cabinet still. |
|----|--|------|---|--|--|

Climate Change to be held in Dubai, United Arab Emirates” stated that it is appropriate for the participation of the essential and minimum number of officials in the above-mentioned conference due to the restrictions imposed on foreign travel of government officials for the purpose of controlling expenditure and it was stated that should be submitted for the prior approval of the Secretary to the President after the specific nomination of the said officers. It was observed that in addition to the officers who had obtained approval, 06 other officers of the Ministry had participated in this conference and it was further observed that these officers had not obtained prior approval from the Presidential Secretariat to participate in the conference.

Furthermore, three officers are attached to the Environmental Planning and Economic Division out of those 06 officers and it was not confirmed the priority basis for selecting those officers to participate in the United Nations Framework Convention on Climate Change conference during the audit. Furthermore, it was observed that although the Minister of Finance, Economic Stabilization and National Policies had stated that “after the conclusion of the summit, a report on the progress towards achieving the desired goals of the United Nations Framework Convention on Climate Change for Sri Lanka should be submitted to the Cabinet”, but such a report had not been submitted to the Cabinet.

- 13 The Ministry had assigned 07 vehicles to the staff of the Minister of Environment on 24 October 2023, but in addition to the above vehicles, 04 reserve vehicles owned by the Ministry had also utilized by the staff of minister on various occasions. The above-mentioned 04 vehicles had driven 16,950 kilometers during the period from 24 October 2023 to 03 February 2024 and 2,366 liters of fuel (diesel) had provided by the Ministry for this purpose. Accordingly, the audit revealed that the Ministry had spent Rs. 0.83 million to provide 2,366 liters of fuel for the 04 vehicles obtained from time to time and Minister and staff of Minister have been obtained the fuel exceeding the quantity of fuel that allowed as per the circular.
- 2023 The provisions of the Circular should be followed. Instructions were given to taking actions in accordance with the circular. Actions had not been taken to recover the particular losses from the responsible drivers.

3.28 Ministry of Ports, Shipping and Aviation

	Total Assets	Total Liabilities	Equity	Surplus (Deficit)	Opinion
	Rs.	Rs.	Rs.	Rs.	
2021	337,468,698	318,759,366	18,709,332	-	Unqualified
2022	469,423,870	452,157,501	17,266,369	-	Qualified
2023	442,325,344	428,634,551	13,690,793	-	Unqualified

Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
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1. Financial Review**1.1. Non-compliance with Laws, Rules, Regulations and Management Decisions, etc.**

Although Public Administration Circular No. 30/2016 dated 29 December 2016 states that the fuel combustion of vehicles should be re-tested every 12 months or after driving 25,000 km or after a major engine repair, whichever comes first, a fuel test had not been carried out for the vehicles of the Ministry in 2023 as per the said circular.	2023	Actions to be taken in accordance with Public Administration Circular No. 30/2016 dated 29 December 2016 .	Due to the fuel crisis, it had been impossible to conduct fuel tests due to the difficulty in obtaining sufficient fuel.	Out of the 47 vehicles in the custody of the Ministry, only 10 pool vehicles had been fuel checked on 2024.08.01 and fuel check had not been carried out for 37 vehicles including 05 pool vehicles.
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2. Operational Review

2.1. Losses and Damages

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| (a) | <p>The cab No. PG 9548 had experienced in an accident on 06 April 2022 and the Ministry had spent Rs. 587,480 on its renovation work. Nevertheless, the insurance company had agreed to pay only Rs.250,000. Due to the failure to meet the conditions required to obtain full compensation from the insurance company or to take necessary steps to be paid and settled by the driver for the damage caused by the vehicle being involved in the accident, a loss of Rs.337,480 had occurred to the government.</p> | 2023 | <p>When assigning duties to drivers, steps should be taken to hand over the vehicle in a proper manner.</p> | <p>At the time of the accident happens, the respective vehicle was not in the possession of this Ministry but was in the possession of the then State Ministry. .</p> | <p>Since the vehicle mentioned in the query has been insured, insurance compensation should be obtained or recovered from the driver. A loss had occurred to the government due to the inability to obtain so.</p> |
| (b) | <p>Although the loan balance of Rs.293,470 had to be received for more than 20 years from an officer who had been suspended, the Ministry had not been able to recover the balance by the end of the year under review. These outstanding loan balances continued to</p> | 2023 | <p>Actions should be taken to recover arrears of loan balances.</p> | <p>A balance remaining from 20 years ago .</p> | <p>The loan amount mentioned in the audit query has not been recovered even up to now.</p> |

be carried forward in the loan registers.

2.2. Transactions in Contentious Nature

<p>A loan of Rs.3,950,858,870 had been obtained from People's Bank with an interest rate of 33.30 per cent per annum (interest rate varies) and a total of Rs.11,796,877,071 to be repaid over a period of 15 years stating on 14 December 2017, that it should be paid through the Ministry of Finance and Mass Media by the Sri Lanka Ports Authority to settle the debt payable to a contractor for the construction of the Suriyawewa Cricket Stadium built in 2011. The Approval for this payment had been given through joint Cabinet memorandum and Cabinet decisions and accordingly, the necessary provisions had been made available to this Ministry through the Annual Budget Estimates for paying loan interest from the</p>	<p>2023 Plans need to be made and necessary provisions should be made in accordance with the objectives of the Ministry.</p>	<p>It has been assigned to this Ministry through Cabinet Memorandum.</p>	<p>Provisions had also been made in the year 2024 for these expenses that are not complied with the objectives and actions of the Ministry as indicated in the audit query .</p>
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year 2018 and for paying loan interest and installments from the year 2021. An amount of Rs.1,485,050,090 was paid for this Stadium, which does not belong to the Ministry, as loan installments and interest during the year under review as the Ministry's bank interest and financial expenses under expenditure item - 176-2-4 - 23 1509 ii (Sri Lanka Ports Authority, Suriyawewa, International Cricket Stadium - Government Institutions). This expenditure constituted 73.62 per cent of the recurrent expenditure, 26.99 per cent of the capital expenditure and 46.62 percent of the total expenditure of the Ministry.

Even though the land on which this cricket stadium is built has been transferred to the Sri Lanka Cricket in terms of Section 23(2) of the Government Lands Ordinance on 26 April 2011, the Ministry of Ports,

Shipping and Aviation
has no right over it.

According to the
above matters, this
expenditure incurred
under the Expenditure
Head of the Ministry
was not complied with
the objectives and
activities of the
Ministry.

3.29 Ministry of Finance, Planning & Economic Development

	Total Assets (Rs.)	Total Liabilities (Rs.)	Equity (Rs.)	Surplus (Deficit) (Rs.)	Opinion
2021	14,542,664,905	14,542,664,905	14,325,048,730	-	Unqualified
2022	14,469,647,590	14,469,647,590	14,224,140,812	-	Unqualified
2023	14,478,344,344	14,478,344,344	13,844,257,042	-	Unqualified

Audit Observation	Year of the Report	Auditor General's Recommendation	Preventive action taken by Audited Institute	Implementation status of recommendation as on date of the Report
01. A bid valued at Rs. 1,539,000 (Including tax) submitted by a private company under limited quotations had been selected for the purchase of a photocopy machine for the Parliamentary Affairs Division of the Ministry of Finance and payments had been made to the contractor based on the said contract value in the year 2021. The following observations are made in this connection.	2021	Action should be taken to performance obtain security in terms of provisions of the Government Procurement Guidelines.	In awarding the contract to the relevant institution, performance security had not been obtained and action will be taken to avoid such error in future.	it was not revealed even as at 31 December 2024, that the required formal action had been taken to do necessary rectifications or communicate officers to prevent such situations in future.
(i) The performance security of 5 per cent of the				

contractual sum should have been furnished so as to cover the period of 28 days after the date of termination of the supply contract as per Section 2.7 of bidding documents prepared in compliance with the recommendation of the Technical Evaluation Committee for the purchase of the said machine. Nevertheless, those performance securities relating to the supply contract had not been furnished.

(ii) Even though 2021 purchase orders had been issued on 20 May 2021 to the selected contractor, an agreement with Conditions including the supply period and the guarantee period of the machine, had not been entered into with the contractor.	Action should be taken to formulate a perfect agreement up to the period of supply and enter into it.	Contract was awarded on the concurrence of both parties with Conditions of the bidding document submitted by the contractor	-Do-
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(iii) In terms of 2021 Guidelines 4.2.2 and 4.2.3 of the Government Procurement Guidelines, a procurement time schedule had not been prepared under two stages describing steps	A procurement time schedule should be prepared in terms of the Government Procurement Guidelines and procurement activities should be carried out	Time schedules had not been prepared for the procurement process.	-Do-
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of each individual procurement action, from the point of commencement until its completion. The relevant machine had been supplied on 14 September 2021 with a delay of 06 months and 24 days after commencing the procurement on 18 February 2021 accordingly.

<p>(iv) A certificate from a Technical Officer, whether the photocopy machine received to the Ministry on 14 September 2021 under the procurement is in compliance with specifications, had not been obtained before making payments to the relevant supply contractor for the said machine.</p>	<p>2021</p>	<p>Goods supplied should be examined and certified by a Technical Officer whether those are in compliance with prescribed specifications.</p>	<p>The said machine has not been subjected to an examination of a Technical Officer and action will be taken to avoid this error herein after.</p>	<p>-Do-</p>
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<p>(v) In case the contractor fails to make the relevant supply on due date under conditions specified in bidding documents relating to the supply contract, it had been indicated that a sum equivalent to 0.05 per cent of the contractual amount should be deducted for each day as delay</p>	<p>2021</p>	<p>Action should be taken to prepare and enter into agreements perfectly up to the period of supply and relevant procurement activities should be carried out in terms of Conditions of the agreement.</p>	<p>Delay charges were not recovered.</p>	<p>-Do-</p>
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charges. The order relating to the said supply contract had been issued on 21 May 2021 and the said supply was made after a period of 06 months and 24 days from the date of issue. However, as agreements had not been entered into up to the period of supply pertaining to the said supply contract, delay charges were unable to recover as per the said Condition.

02. An engineering 2022 estimate of Rs.15,698,375 had been prepared for a repair carried out in the Treasury Operations Department of the General Treasury Building, open bids were invited and the contract was awarded at a cost of Rs.12,732,080 (excluding tax) and the contractor had been paid Rs.8,418,434 by 05 May 2022. The following points are observed in this regard.

Performance security should be obtained as per the State Finance Circular and as per the instructions issued by ICTAD.

It is kindly informed that action had not been taken to extend the bond period furthermore.

It was not revealed even as at 31 December 2024, that the required formal action had been taken to do necessary rectifications or communicate officers to prevent such situations in future.

(i) Since the bid value was 20 percent less than the engineering estimate, the performance security was to be 15 percent as per the State Finance Circular No. 3/2020(i) dated on 11 January 2021 and ITB Section 34:2 of the guidelines issued by ICTAD. Although the Ministry had obtained 15 percent performance guarantee till 31 December 2021, it was observed that from 01 January 2022 to 12 August 2022 only 5 percent performance guarantee had been obtained.

<p>(ii) Although the 2022 relevant contract should be completed and handed over on 16 July 2021, although the contractor has requested extensions up to 10 December 2021, despite the fact that the consultancy firm has informed that the reasons presented by the contractor for extending the dates are not at an acceptable level. It was observed that the contract period had</p>	<p>Extension of the contract period should be done only on acceptable reasons.</p>	<p>Date extensions were approved on the consent given by the consultancy firm.</p>
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been extended till 10 December 2021.

(iii) According to the information submitted to the audit, the contract period was not extended beyond 10 December 2021, and the construction was carried out until 28 February 2022. Accordingly, as per clause 49.1 of the contract agreement, Rs.1,018,566 should be charged as late fees until 28 February 2022, but it was observed that the ministry had not made arrangements to charge accordingly.

Action should be taken to charge late fees as per the contract agreement. No late fees had -Do-charged.

03. As at 31 December, 2022 the total number of vehicles owned by the Ministry could not be determined by computer printouts, as vehicle numbers and related costs could not be identified separately according to the asset list mentioned in the SA 82 computer printout of the Ministry's CIGAS computer software system. Furthermore, according to the fixed asset register maintained by the
- According to the list of assets mentioned in the computer printout, a system should be prepared so that vehicle numbers and related costs can be identified.
- I would like to inform you that the actions are being taken to update CIGAS computer software system.
- The Fixed Asset Register and CIGAS Computer software had not been updated even as at 31 December 2024.

Ministry, the vehicle cost was Rs.692,869,000 as at 31 December 2022, while according to the CIGAS computer printout (SA-82), it was Rs.1,832,801,692, and a difference of Rs.1,131,932,692 was observed.

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| <p>04. The outstanding loan balance of aggregate Rs.588,491 as loan balance of aggregate of Rs.469,418 exceeding 10-20 years from 03 officers vacated the post and a loan balance of Rs.119,073 exceeding 1-3 years had not been recovered to the ministry at the end of year under review.</p> | <p>2023</p> <p>The action should be expeditiously taken to recover the outstanding loans.</p> | <p>An amount of Rs.5000.00 from an officer vacated the post had been recovered for January 2024 the reminders had been submitted to recover the remaining installments. If the creditor will not further make the payments, such amount should be recovered from the sureties. The loan balance to be recovered from another officer had been submitted for the instructions of Attorney General.</p> |
| <p>05. The recoverable loan balance from the officers attached to Ministry of National Policies and Economic Affairs was Rs. 2,633,505. This loan balance had not</p> | <p>2023</p> <p>-Do-</p> | <p>Ministry of National Policies and Economic Affairs existed at that time had been closed and its administrative activities had been</p> |

The outstanding loan balance from the officers who left the service was amounted to Rs.563,491 as at 31 December 2024.

The outstanding loan balance as at 31 December 2024 was amounted to Rs.2,040,420.

been recovered to the ministry even at the end of year under review.

assigned to the Ministry of Finance. Therefore, the balance of advance account of Ministry of National Policies and Economic Affairs had been transferred to advance account No.10201 of Ministry of Finance. It is informed that the action will be taken to further identify the working stations in which the persons who had not paid the loan balances are in service and recover or write off the loan balances which couldn't be recovered as per F.R.113(3) in the future.

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| <p>06. A Public Enterprises Restructuring Unit had been established under the approval of the Cabinet of ministers to restructure public enterprises and the following observations are made on that matter.</p> <p>(i) In accordance with the approval of the</p> | <p>2023</p> <p>A scheme of recruitment should be prepared based on necessity, merit and skills by inquiring from the Department of Management Services and the approval should be obtained for that having submitted to the Department of Management</p> | <p>The approval had been granted to recruit a staff with 37 employees for Public Enterprises Restructuring Unit under the cabinet approval No. MF/052/CM/2022/ 215 dated 11 October 2022 as indicated under this. Accordingly, a scheme of</p> | <p>Action had not been taken to prepare a scheme of recruitment and get the approval of the Department of Management Services up to 31 December 2024,</p> |
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cabinet of ministers
No.

MF/063/CM/2022/215

date 25 October 2022

a staff consisting with

37 employees had

been approved to this

unit and it had been

mentioned that the

scheme of recruitment

should be prepared as

per the cabinet

decision No.

MF/052/CM/2022/177

dated 25 September

2023 and the approval

of Department of

Management Services

should be obtained.

However, 12 persons

had been recruited on

contract basis for the

unit without

approving the scheme

of recruitment.

Services.

recruitment had
been prepared for
the posts
temporarily
recruited for this
unit. Specially, the
main objective of
this Unit is to
formulate a policy
for restructuring all
the public owned
enterprises and set
up an established
institute for that
purpose.

Accordingly, the
institutions
established will
take action to
prepare the scheme
of recruitment for
the staff recruited
under the holding
company.

(ii) Even though it had 2023

been specified that

establishment of a

holding company as

indicated in second

principle in public

enterprises reforms

policy and 72

institutions listed in

Annexure 02 and 03

of public owned

enterprises reforms

policy as per

paragraphs 4.2 and 4.3

of the cabinet

memorandum No.

MF/036/CM/2023/107

dated 08.05.2023 on

The action should
be taken as per the
cabinet decision.

It had been A holding
proposed to company had
establish a holding not been
company and draft established until
and submit it to 31 December
Ministry of 2024.
Finance, Economic
Stabilization and
National Policies.
The policy of the
government was
that it is suitable to
insert such task into
proposed Public
Enterprises
Reforms Act and
commence it.
Therefore, the

which the approval of cabinet of ministers had been granted on 15 May 2023 are assigned to the holding company as its affiliated companies for restructuring, such holding company had not been established even up to 31 December 2023.

(iii) It was observed 2023 -Do- that 07 institutions out of 08 indicated in list of Annexure 02 of public enterprises reforms program including in the above memorandum proposed to be restructured after assigning to holding company as above had implemented several stages of the bids calling process having recruited the consultants for transactions for divestiture of the government shares under public enterprises reforms program without assigning to the holding company up to now and 01 institute under this had been suspended on the instructions of Attorney General.

above-mentioned proposals had not been implemented so far.

07 institutions out -Do- of 08 indicated in under this had already implemented several stages of the bids calling process after recruiting the consultants for transactions for divestiture of the government owned shares under public enterprises reforms program. At the meeting of the cabinet of ministers held on 13.03.2023 as per the priority of the government for this, these activities had been commenced subsequent to obtaining the approval of the cabinet of ministers No. 23/0431/604/046. Under this, Waters

Edge had been suspended on the instructions of Attorney General.

07. In order to efficiently deliver the public services, the National Agency for Public Private Partnership had been established on the approval granted by the cabinet of ministers on 13 September 2022 with an objective of introducing a public private partnership method with the association of the public institutions and the private sector and the following observations are made on that matter.
- 2023
- As per the cabinet decision, a scheme of recruitment should be prepared and obtained the approval of Department of Management Services.
- A letter had been forwarded to the Department of Management Services by us in relation to the recruitment of staff (Scheme of Recruitment) on 22.09.2023. No answers had been received so far on that matter.
- The approval of the Department of Management Services had not been obtained for scheme of recruitment until 31 December 2024.

(i) As per the approval of the cabinet of ministers, even though the required staff should be recruited by inquiring the Department of Management services, 11 persons had been recruited up to 06 May 2024 for 03 years period of contract. But the approval of Department of Management Services had not been obtained for the scheme of recruitment.

(ii) In accordance with the information submitted to the audit, the activities had been started with regard to 12 projects by National Agency for Public, Private Partnership as at 31 December 2023 and it had been expected to take action related 07 projects in due course. Even though it is very important to exist a specific legal framework in implementation of the projects, it was observed that the drafting of the public private partnership bill was in the initial stage as at 31 December 2023.	2023	Before implementation the projects, the legal provisions related to that should be made.	As at 31 December 2023, the public private partnership bill had been submitted to the Ministry of Finance. However, the "Guidelines on Government Tender Procedure-Part II and Circular of Department of Public Finance No.02/2019 are used for PPP projects until public private partnership bill will be approved.	This bill was in the drafting stage up to 31 December 2024.
08. 120 copies of the Annual Report 2022 of the ministry had been printed at a cost of Rs.4,285,237 under digital printing method as Sinhala, Tamil and English languages each at Rs.30,894, Rs.38,605 and Rs.28,641 respectively and 1,600 copies of the report had been printed at a cost of Rs.8,223,190 under offset printing method under re-order	2023	The action should be taken to select the most advantageous method to the government in the procurement and adhere to section 3.6.1(d) of the Government Procurement Guidelines.	As informed by the Department of Fiscal Policies, the quotations had been called from 12 institutions under the shopping method for printing of 120 copies of Annual Report. At this situation, since it is due to printed a small quantity of Annual Reports such as 120, the quotations had been called only from	Action had not been taken to make aware the officers carried out procurements regarding that mistake and to give relevant instructions, until 31 December 2024.

from that supplier itself as Sinhala, Tamil and English languages each at Rs.3,768, Rs.3,415 and Rs.4,694 respectively. It was observed that the re-order had been made in contrary to the section 3.6.1 (d) of the Procurement Guidelines and an additional cost of Rs.3,185,633 had been incurred due to not printing 120 copies of report printed under digital printing by using offset printing method.

digital printing method in printing of Annual Report taking into account that a huge cost would be incurred for that in printing under offset printing.

Since his Excellency the president had instructed to distribute the report by covering the all schools with G.C.E. Advance Level, ministry large scale procurement committee had decided that it was suitable to follow the offset printing method for printing 1,600 copies in the second printing. Furthermore, it had not been made aware on 1,600 books due to be distributed among the schools in printing of first 120 Annual Reports and the digital printing which is the most advantageous method of printing small quantity of books had been followed.

09. (i) Without taking 2023
- action to select a solution provider by calling open competitive bids, the approval of the cabinet of ministers had been granted on 18 June 2019 to award the contract for preparation of e-GP system to a private company introducing as a connected institute to University of Colombo based on single source selection-SSS as per section 3.13 of the Guidelines for selection of consultants and obtaining the service 2007 and enter into the preliminary agreement for that. However, it had been informed by Vice Chancellor of University of Colombo through the letter dated 17 June 2019 to the Secretary of Ministry of Finance that the above-mentioned contract company was not under purview of University of Colombo and it was an independent company as per the memorandum submitted to the
- The steps should be taken to select the accurate suppliers in most advantageous and efficient manner to the government in procurement.
- In accordance with the documents forwarded in signing the preliminary agreement with Theekshana company, it was observed that it was belonged to University of Colombo and after it had been verified that said company was not an affiliated institute to University of Colombo as informed by Vice Chancellor of University of Colombo, the cabinet of ministers had been made aware in that regard.
- Formal measures had not been taken against the parties who presented the wrong information even by 31 December 2024.

cabinet on 11 October 2019.

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| <p>(ii) Even though 2023 the basic contract for preparation of e-GP system had been awarded to Rs.71,500,000 and entered into agreement for contract on 25 November 2019, the contractor had not shown an adequate performance even up to 31 December 2021. By inserting the recommended improvements of software development process of e-GP system, a supplementary to the original contract had been signed on 22 March 2023 with that contract company for preparation of the system within 20 months at a contract value of Rs.152,870,000 including Rs.81,370,000 into the original contract value.</p> | <p>The measures should be taken to prepare the contract agreements by inserting adequate conditions in the contract agreements for getting necessary steps for the suppliers who do not show adequate performance within the period of contract and take required steps on not taking action as per the agreements.</p> | <p>In accordance with the proposals given by the consultants of Information and Communication Technology Agency of Sri Lanka (ICTA) and World Bank, the original contract entered with Theekshana company had to be amended.</p> | <p>The relevant work had not been completed as expected up to present.</p> |
| <p>(iii) Even though it had been entered into the preliminary agreement for development of system on 25</p> | <p>2023 The necessary measures should be taken to enter the public institutions into process of the</p> | <p>Presently, the system had been developed to call bids under the shopping method and promise.lk is</p> | <p>-Do-</p> |

November 2019, the system had been developed only for calling bids under the shopping method even up to 31 December 2023. As at 31 December 2023, there were 465 registered public institutions in e-GP system and 69 institutions out of that i.e. only 15 percent had entered into the process of the shopping method in the market of e-GP system. The Ministry of Finance had carried out the procurement activities through e-GP system only at 03 occasions and it was observed that the departments under purview of the Treasury had also not formally entered into this procurement process.

shopping method in e-GP system, expand e-GP system for all procurements in the public institutions and use the module already developed.

being developed enabling to carry out the procurement activities under open competitive method in 2024. There were 523 registered public institutions in e-GP system on 22 May 2024 and 152 institutions out of that i.e. only 30 percent had entered into the process of shopping method in e-GP system. The Ministry of Finance and 18 departments under purview of that had already registered under electronic procurement system and 28 procurements in 2024 had been carried out through electronic procurement system.

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| <p>10. Even though a computer input had been prepared for easing the vehicle operations of the transport division of ministry by Department of Information Technology Management, no action had been taken</p> | <p>2023 The action should be taken to use the computer operating system prepared.</p> | <p>Even though training on computer input system had been provided by Department of Information Technology Management, those officers were not in the service of transport division</p> | <p>It was not in operating condition even as at 31 December 2024.</p> |
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by ministry for using that system as at 31 December 2023.

presently. It is kindly informed that the action will be taken to use the computer input system since the next year having provided a formal training for new officers.

11. 1,706 tax appeals had been received to the Tax Appeals Commission under purview of the Ministry of Finance from 2011 to 31 October 2023. The following observations are made on that matter.
- (i) As 31 December 2023, there were 617 appeals which had been registered in Tax Appeals Commission but not given the determinations and the total disputed value of tax related to that was Rs.120,632,702,366. Within this, aggregate value of 34 appeals exceeding Rs. 01 billion was Rs.69,971,348,414 i.e.58 percent from total appeals value on which the determinations had not been given. The
- The proper measures should be taken to recover the tax in arrears having expeditiously carried out the investigations related to the tax appeals.
- The Tax Appeals Commission had not given determinations for 617 appeals up to 31 December 2023 and even though the total disputed value of tax had been indicated as Rs. 120,632,702,366, this total disputed value of tax can be changed due to mediation of Tax Appeals Commission for reconciliation between the tax payers and Commissioner General of Inland Revenue within relevant appeals inquiry process as well as providing of the determinations by Tax Appeals Commission. Therefore, recoverable disputed value of tax on relevant
- There were 534 appeals that were not given determinations by the Tax Appeals Commission as at 31.08.2024 and the total disputed value of tax related to that was Rs.53,671,669,136.

aggregate value of 133 appeals within the range Rs.100 million – Rs.1000 million was Rs.40,264,266,831 i.e.33 percent from the total appeal value on which the determination had not been given.

appeals can't be exactly computed.

(ii) Out of the total 2023 -Do- appeals registered in Tax Appeals Commission, 1,059 appeals i.e. 62 percent are related to Income Tax. It was observed that there were 183 appeals with disputed value of tax of Rs.29,466,916,108 on which the determinations had not been given within the range 03-12 years from the registration from 455 appeals out of that had been commenced the hearing as at 31 December 2023.

Even though the provisions had been made to maintain 03 boards consisting with 03 members in Tax Appeals Commission Act No.23 of 2011, the commission had implemented as a one tribunal with 03 members up to 2019 and the appeal inquiries had not been continuously carried out due to not properly appointment of new members at the end of 03 years. Similarly, the delays of solving the appeals had occurred owing to the obstructions met for carrying out the activities of this commission within the period in which Covid 19 pandemic had prevailed. The disputed value of tax related to income tax appeals as at 31.08.2024 was amounted to Rs.11,502,913,765.

With the appointment of current 09 members on 01.09.2022 by the President, the appeal inquiry had been formally commenced.

12. Even though it had 2023 The expeditious action should be taken to complete the liquidation activities of relevant institutions.
- The final Action had not account reports been taken to related to the all liquidate and years from the close as per the commencement legal provisions of wildlife trust up to 31 up to closure had December 2024. not been prepared and submitted to the audit. As per the approval of the cabinet of ministers received, since the all assets had been assigned to the Department of Wildlife Conservation after closing the bank account of the institute, the approval of His Excellency the president had been obtained to take the action for closure. A letter had been referred to Attorney General to obtain the instructions on how to take
12. Even though it had elapsed 03 years on 31 December 2023 from inclusion wildlife trust and Sri Lanka Mass Media Training Institute which were due to be liquidated by the gazette notification No.2187/27 dated 09 August 2020, these 02 institutes had not been liquidated and closed in legal manner.

actions to close
the wildlife trust.

- The information of Sri Lanka Mass Media Training Institute can't be found. The Presidential Secretariat, Ministry of Mass Media and Sri Lanka Foundation Institute had informed that they had no such information. A letter had been submitted again to Sri Lanka Foundation Institute on 16.05.2024 requesting the information and no answer had been received so far.

13. The observations related to the audit examination carried in the year under review about 12 government quarters of ministry are as follows.	2023 A uniform method should be followed in relation to the period of time for providing the government quarters.	- It had been decided to revise the agreement period of all the quarters.
(i) When giving the government quarters by ministry, it had been indicated that period of 05 years for 05 officers, up to		

the service in the ministry or for a certain period of time as decided by Secretary of ministry for 05 officers as per the agreements entered into with the officers. Accordingly, it was observed at the audit that a uniform policy had not been followed in the determination of period of time for providing the government quarters to the officers in the ministry.

(ii) 02 officers to whom it had been informed by ministry in writing to vacate the government quarters had not taken action to vacate relevant government quarters or extend the period of agreement even up to 30 November 2023. It had been specified that as per section 07 of Chapter XIX of the Establishments Code, if an officer fails to vacate quarters when ordered to do so he should be evicted under Government Quarters (Recovery of Possession) Act No.07 of 1969 amended by	2023	The action should be taken on the officers who fail to vacate the government quarters in terms of section 07 of Chapter XIX of the Establishments Code.	The ministry had informed to these officers in writing to hand over the government quarters in March 2024. If the quarters will not be further vacated as at 31 .05.2024, it had been informed that a penalty of 8 percent and 12.5 percent house rent and economic rent will be charged as per the Establishments Code with effect from March 2024.	The quarters had not been handed over even as at 31 December 2024.
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Act No.3 of 1971 and No.40 of 1974 and even though it had been specified that a penal rennet should be charged from him for the period of residing in quarters exceeding the period of lease, no action had been taken as per the Establishments Code even up to 30 November 2023 by ministry for 02 officers who had not vacated the government quarters since 07 years.

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| (iii) A government quarters belonging to ministry had been provided to an officer in 2016 and the original file related to such government quarters had been misplaced. | 2023 | The steps should be taken to assign the responsibility of safely maintaining relevant documents to the officers who are in charge of subject of maintenance of documents and find out the document misplaced. | Since the original file had been misplaced, the action is being taken as per the current file prevailed. | The misplaced file had not been found even as at 31 December 2024. |
| 14. As at 31 December 2023, the overall vacancies of the ministry were 103, 18 vacancies in the senior level and 57 vacancies in the secondary level were within it. | 2023 | The action should be taken to fill the vacancies or amend the approved cadre having formally taken action. | The vacancies are filled from the attachments under annual transfers and non-annual transfers, officers attached under new recruitments made by Ministry of | There were 16 vacancies in the senior level and 49 vacancies in the secondary level and the total number of vacancies as at 31 December |

Public Administration, Home Affairs, provincial Councils and Local Government and attachments made by the cabinet of ministers on exigency of service and the relevant appointing authorities had been made aware on existing vacancies. In addition, the officers are not recruited by the ministry for these posts.

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| <p>15. An aggregate of 2023 Rs.8,086,967 had been paid by ministry as salaries and allowances as at 31 December 2023 for 15 officers released to the service of the other institutions.</p> | <p>The action should be taken to release in a formal manner enabling to obtain the salaries and allowances from the institutions being serviced.</p> | <p>The officers had been released for the institutions under purview of other ministries for the specific period of time on exigency of service by the cabinet of ministers and relevant appointing authorities and on the justification of the personal requests of the officers.</p> | <p>Action had not been taken to issue instructions including the provisions preventing the appointment to other institutions, even as at 31 December 2024.</p> |
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