

Head 320–Civil Security Department

1. Financial Statements

1.1 Qualified Opinion

Head 320- The audit of the financial statement of the Civil Security Department for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. The summary report including my comments and observations on the financial statements of the Civil Security Department was issued to the Accounting Officer on 29 May 2024 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 28 June 2024 in terms of Section 11(2) of the National Audit Act, No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Civil Security Department as at 31 December 2023, and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Civil Security Department exists, and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on other Legal Requirement

I express the following matters in terms of Section 6(1)(d) of the National Audit Act No. 19 of 2018.

- a) The financial statements are consistent with the preceding year,
- (b) The following recommendations made by me on the financial statements of the preceding year had not been implemented.

Reference to the paragraphs in the previous year report	Non implemented Recommendation	Reference to the Paragraph in this report
1.6.1.1	The department should arrange to get a separate revenue head.	1.6.2 (a) (i)
1.6.1.2	The relevant arrears should be recovered promptly.	2.1
1.6.2.1 (a)(b)(c)	Documenting and accounting of related assets. Proper maintenance of fixed assets register.	1.6.2 (b)
2.1	Prompt recovery of advance loan balances.	3.5(g)(l)
2.2	Prompt settlement of debts.	2.4 (b)
2.3(b)	To act according to the relevant monetary regulations. (advanced)	2.8
3.2.2	To follow procurement guidelines.	3.2
3.3 (b)	Actions should be taken to take over legal rights as soon as possible.	3.3 (e)
3.3 (c)	Actions should be taken to take over the legal right	3.3 (m)

1.6 Comments on Financial Statements

1.6.1 Non-Compliance with Financial Disclosure Circular Provisions

Audit Observation	Comments of the Accounting Officer	Recommendation
Public Accounts Guideline No. 03/2023 bearing No. SA/SD/1/Circular dated 07 November 2023 had revised the format that were being used for the advance “B” account of government officials and the advance “B” account of the year 2023 should have been prepared using the revised format, but the department had not used the new format.	Agree with the observation. It was also noted that new format should be prepared and submitted in the preparation of the final account in the year 2024.	Advance accounts should be prepared as per Public Accounts Guidelines.

1.6.2 Accounting Deficiencies

(a) Income Receipts

The following deficiencies were observed while accounting for revenue receipts related to the department.

Audit observation	Comments of the Accounting Officer	Recommendation
Department collects income every year from the income of agriculture and animals and other, music and dance, security services, construction and maintenance services, and in the year under review also the total from those sources of income were Rs. 1,547.8 million had been collected. In the year under review, the Department of Fiscal Policy inquired to account for these incomes generated annually and obtained a separate income head.	It has been informed that before obtaining a revenue head, an amendment should be made regarding the role of the Civil Defense Department through a Cabinet Memorandum. But at present, since this department is proposed to be restructured and plans are being made in connection with it, I inform that it is not practical to arrange for a revenue head.	Having to work to get a head of income.
i. On 12 June 2022, 4500 kgs of Red Raw Rice for Rs.720,000 and 3,000 Kgs of White Raw Rice for Rs.480,000 sold to the Diyatalawa Army Training School and Rs. 1,200,000 should have received to the Uhana Camp and in the months of December 2022, January, February and in March 2023. White Ball Rice 12014kgs have been sold and an amount of Rs. 1,063,047 to be received by the Seva Vanita Unit to the Mahaoya Camp and the Welisara Force should have received an amount of Rs. 62,758,801 to be paid to the Government of Sri Lanka for rice, grain and other products in the years 2021, 2022, 2023. The total receivable amount of Rs.65,021,848 was not included	In the future, necessary instructions have been given to properly identify and report the arrears of income. Accordingly, I inform you that instructions have been given to keep an information system by updating the documents related to the income due and the arrears.	All project income should be updated and correctly identified in the accounts.

in the financial statements of the year 2023 due to the fact that it was not identified and reported by the project department, and accordingly the amount of outstanding income was shown less than those amounts.

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| <p>ii. The arrears of income in 2019, 2020 and 2021 respectively, Rs.122,000, Rs. 274,000 and Rs.147,000, totaling Rs.543,000 which was outstanding had been deducted from the balance of outstanding income showing that it could not be recovered by the institutions basis due to various reasons but no evidence was submitted to the audit that such reduction or waiver of income had been done in accordance with the 113 of the Financial Regulations.</p> | <p>Kindly inform that the necessary instructions have been given so far for deducting or waiving the income as per Financial Regulations 113 of the irrecoverable balance amount stated as arrears of income.</p> | <p>Actions should be taken to recover the arrears of income and if the income is deducted, it should be done in accordance with the Financial Regulations.</p> |
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(b) Property Plant and equipment

In accounting for non-revenue receipts related to financial statements, the following shortages have been observed

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>i. In the year 2022, the land of Kuragala Balaka Training School, which was 1 Acre, 3 Roods and, 16.48 Perches, was re-accounted in the year under review and the value of that land was increased by Rs. 1,100,000 in the financial position of th financial statement.</p>	<p>I recorded this value by removing it from the departmental books to correct the departmental land balance.</p>	<p>Correct values should be shown in financial statements.</p>

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| <p>ii. The Polonnaruwa Welikanda Headquarter's land of 6 Acres, 4 Roods, 30.98 Perches, which had been acquired and completed, was valued at Rs. 3,600,000 and the land of Ampara Uhana Samangala subdivision consisting of 15.4 Perches was valued at Rs. 500,000, but was not included in ACA 6 Form of the year under review. Accordingly, the property, plant and equipment values were understated by Rs. 4,100,000 in the statement of financial position.</p> | <p>In the year 2024 financial statement, the relevant assessed values were accounted for under buildings (9151) and recorded for representation in the financial statement.</p> | <p>Correct values should be shown in financial statements.</p> |
| <p>iii. By the end of the year under review, 21 plots of land with an area of 11 Hectares which had been acquired had not been valued and included in the financial statements.</p> | <p>I point out that the assets shown are not the land values, but the assessed values of the existing buildings in the respective premises. When those values were assessed and submitted for accounting, the accounting work for the year 2023 had been completed and I noted it for representation in the final accounts of the year 2024.</p> | <p>To assess and account for the correct values.</p> |
| <p>iv. Number of 58 vehicles valued at Rs.134,124,000 included in the schedules provided by the Transport Department were not included in the ACA 6 statement included in the annual financial statements. Accordingly, the value of property, plant and equipment was understated in the statement of financial Position by that amount.</p> | <p>Kindly inform that out of 58 vehicles presented by this audit observation, accounting for 43 vehicles will be done before the end of the second quarter of in year 2024. Other vehicles have also been checked and instructions have been given to take necessary action.</p> | <p>To ensure that all vehicle values are correctly included in the financial statements.</p> |

v. According to the information submitted to the audit, it was stated that the department had 341 bicycles, but the value of those bicycles was not included in the accounts.	Kindly inform that a committee will assess and account for the department's bicycles.	To ensure that bicycle values are correctly entered in the accounts.
vi. The value of property, plant and equipment in the year 2022 was Rs. 2,314,614,772 and in the year 2023 the property, plant and equipment value was Rs.1,761,457,769. Accordingly the difference of Rs. 553,157,003 and the reason for the change was not revealed during the audit.	Correctly entered into the computer system and removed the plant and equipment assets from the computer system and reverified the physical balance. But all the re-verified physical balances could not be entered into the computer system during the period. Kindly inform that this observation is due to that contradiction. Please further inform that the remaining corrected balances will be entered into the computer system promptly.	Correct value of all property, plant and equipment should be included in the accounts.

(c) Non-maintenance of books and records

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Loan and Advance Register According to the paragraph 05 of Public Finance Circular No. 256/2017 dated 05 July 2017, the loan and advance register was not prepared and the loan balances and charges were recorded with the help of a computer spreadsheet.</p>	<p>Department's CC10 credit records and advance records are not maintained manually, and credit balances and charges are recorded with the help of computer spreadsheets. I am informed that the reason for that is the employment of nearly 32,000 troops. In the future, it is planned to get a computer software that includes CC10 credit register and P ledger.</p>	<p>According to paragraph 05 of the Public Finance Circular No. 256/2017 dated 05 July 2017, CC10 format and loan and advance documents should be prepared based on that format.</p>

2. Financial review

2.1 Revenue Management

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the report on deficit income in the financial statements, Rs.133,700,136 was received by the department for the provision of services through security services and projects at the end of the year under review. Out of which, for security services, Rs. 11,143,453 was to be received, and at the end of the year under review, the department failed to collect those revenues, even though between 01 and 06 years had passed.	Actions like filing of cases, discussions with institutions have been taken so far to settle the outstanding balances.	Arrears should be recovered promptly.

2.2 Management of Expenditure

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
i. Although the Accounting officer shall see to it that all reasonably foreseeable services are included in the estimates in terms of Financial Regulation 50 and that they are within the capacity of his department to perform during the financial year and that the estimates are prepared as fully and accurately as possible. The variability of change in estimates prepared by the department for the year under review was between 23 percent and 133 percent.	Accepted that estimates for the 2023 fiscal year were prepared in August 2022, and in 2023, the cost of all goods and services, including rising fuel costs, rising electricity cost, rising fuel tariffs and the rising dollar rate will increase at a higher rate, and kindly point out that those line items of expenditure could not be managed as estimated.	Costs should be managed as much as possible according to the prepared estimates.

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| <p>ii. The balance of the allocations of 17 budget subjects was between 10 percent and 100 percent, and even after reducing the allocations of 03 budget subjects, the balance remained in the range of 28 percent to 79 percent. Furthermore, after increasing the allocations of 05 expenditure subjects under the Financial Regulation 66, savings ranged from 16 percent to 60 percent.</p> | <p>Employing overtime only in essential services, restricted foreign training courses and not getting adequate funds and agreed to save the provisions.</p> | <p>Estimates should be prepared as accurately as possible.</p> |
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2.3 Incurring of Liabilities and Commitments

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>a) Although in accordance with section 3.3 of Public Finance Guidelines No. 05/2023 dated 30 November 2023, the obligations and liabilities of the reporting entity must be disclosed in terms of obligation numbers as on 31/12/2023 and the liabilities of Rs.1,201,338 related to the year 2023 were not disclosed in the financial statements of the year 2023.</p>	<p>Up to the year 2022, the accounts receivable were updated manually, and in the final accounts of 2023, the above liabilities were prepared through Sigas software. It was not possible to update the obligations under the 1205 budget subject, and the liabilities related to other audited budget subjects are not included as liabilities due to non-reporting at the end of the year.</p>	<p>All obligations and liabilities at the end of the year must be accurately disclosed in the financial statements.</p>
<p>b) By the end of March 2024, the department had not settled the obligations and liabilities worth of Rs. 124,703,033 disclosed in the financial statements.</p>	<p>I would like to inform you that it was not possible to settle the liabilities of Rs. 124,703,033 disclosed in the financial statements as it took some time to get funds from the Treasury to settle them by the end of March.</p>	<p>Prompt settlement of obligations and liabilities.</p>

2.4 Non-Compliance with Laws, Rules and Regulations

Cases of non-compliance with the provisions of laws, rules and regulations observed during sample audits are analyzed below.

	Reference to laws, Rules and Regulations	Observation to Value Non Compliance Rs.	Comments of the Accounting Officer	Recommendation
i.	Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka. (a) Financial Regulation 103 to Financial Regulation 110 1`	- Destruction of paddy and maize crop in 2023 in NLDB Agriculture Project under Polonnaruwa Force , a number of 2,603 of 100g packets of Mospilan Insecticide used for Cashew cultivation in Marnkeni Cashew Project under Polonnaruwa Force have been expired by July 2023 and shortage of 20019 kgs of Nadu Paddy shown in the Karankawa Lahugala Ampara force and also destroying the paddy cultivation in Maha season in 2022/23 are the losses and damages and not being identified them and need to be recovered and prompt actions have not been taken.	The projects and civil administration divisions have been instructed to follow the financial regulations related to these audits. I would also like to inform you that investigations are currently being conducted in connection with the observed incidents.	Compliance with financial regulations.
	b). F.R. 756(6)	The board of survey reports for the year 2022 were not submitted to the Auditor General before 15 June 2023, and only a letter was given stating that the board of survey work for the year 2022 was completed.	CSD/ACCT/09/02/2023(26) and the letter dated 30.06.2023 inform that the board of survey reports for the year 2022 have been given.	Compliance with financial regulations.

ii.	Public Administration Circular No. 289 dated 10 May 1985 and No. 26/92 dated 19 August 1992	Not all the vehicles on them had been painted the government Logo.	Please inform that the state logo is being painted or stickers are being applied on the vehicles.	To be done in a circular manner.
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2.5 Informal Transactions

(i) Payments without authority

The department had made the following payment without authority.

Audit Observation	Comment of the Accounting Officer	Recommendation
From the year 2015 to the year 2021, the department has paid over payment as salaries to 56 and 37 officers who died and retired, respectively, amounting to Rs.1,107,463 and at the end of the year under review, the salaries of Rs. 1,914,647, which were overpaid to 85 officers who had left the service during that period, had failed to be recovered.	The last month's salary of the deceased and retired officers has been banked and the money is to be collected from their retirement/death gratuity and will be received by this department in the future. Accordingly, I kindly inform you that the amount will be charged gradually.	Internal control over salary payments should be strengthened and steps should be taken to recover overpaid salaries.

2.6 Fraudulent Transactions

Details of fraudulent transactions observed during sample audits are given below.

Audit Observation	Comments of the Accounting Officer	Recommendation
a).A jeep belonging to the headquarters had suffered a loss of Rs. 323,000 due to damage to the engine system on 17 September 2022 in Hunnasingiriya area. As at 31 of December 2023, the said loss had not been recovered from the respective parties.	As instructions have been given to conduct a preliminary investigation again, the report of the investigation carried out has been forwarded to the Investigation Division.	To recover the loss from the concerned parties.

b).Although an amount of Rs. 62,758,801 has to be paid to the Government of Sri Lanka in relation to the grains and other products of the forces obtained from 07 forces in relation to the years 2021, 2022 and 2023 from the special rice project run by the Welisara sub-force. But even up to 13 February 2024, the money had not been settled and also the Welisara Rice Project did not have enough cash or rice stocks to settle those values.

A panel has been appointed at the ministerial level and an investigation is underway.

Prompt recovery of money.

2.7 Issuance and Settlement of Advances

The following observations are made.

Audit Observation	Comments by the Accounting Officer	Recommendation
<p>a) Although to be settled the advance as amended by number 91 of Public Finance Circular No. 01/2020 dated 28 August 2020 of Finance Regulations 371(2) (b) and 371(5) , in case of any particular work, immediately after the completion of the work or 10 days after the completion of the work concerned, but during the year under review, the total amount of Rs.5,491,244 given by the department in 65 cases were settled between 11 days and 323 days with a delay.</p>	<p>The procedure related to issuing and settlement of advances has been reviewed and necessary steps have been taken to comply with the monetary regulations. Accordingly, necessary instructions have been given to settle the advance immediately after the relevant work is completed and to make arrangements to prevent such observations from occurring again.</p>	<p>To arrange for settlement of advances as per circulars.</p>
<p>b). As per the Section 371(2)(b) of the Revised Financial Regulations only officers of staff grade can be granted an interim advance up to a maximum of Rs.100,000 at a time for any particular purpose and in the case of</p>	<p>As per the financial regulations, advance should be given to a staff grade officer, but due to the low number of staff officers in the department, advances have to be given from time to time due to urgent needs.</p>	<p>Advances should be made in accordance with Financial Regulations .</p>

<p>exceeding the financial limits, the prior permission of the Treasury must be obtained, but the institution had exceeded the limit on 15 occasions during the year under review and without obtaining the prior permission of the Treasury, the total advance of Rs.3,929,350 had been provided.</p>	<p>However, I would like to inform you that since an internal control system has been implemented regarding the provision of such advances, measures have been taken to prevent such observations from happening in the future.</p>	
<p>c) On 10 occasions, amounted to Rs.323,100 advances were kept in hand for a period between 05 and 126 days without spending, and then the entire advance amount was settled in cash.</p>	<p>Kindly inform that the money given in advance is to cover the expenses of the troops who participated from external institutions for activities including private security courses. But in order to review this system once again, steps have been taken to streamline the reporting system.</p>	<p>If the advance money received for a specific purpose is not utilized for that purpose, arrangements should be made to settle the money given as advance promptly.</p>

2.8 Operation of Bank Accounts.

Following are the deficiencies revealed during the sample audit inspection conducted in relation to the management of bank accounts.

Audit Observation	Comments by the Accounting Officer	Recommendation
<p>a) As at 31 January 2024, number of 107 cases of unrecognized receipts amounting to Rs.10,172,367 in the bank account bearing No. 7042755 related to the department had not been identified.</p>	<p>I would also like to point out that the unrecognized receipts have been reduced to 83, while arrangements are being made to settle these amounts promptly. I would like to inform you that such unrecognized receipts will be promptly identified and settled in the future.</p>	<p>Prompt identification of direct remittances.</p>

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| <p>b) As at 31 January 2024, 04 unidentified payment instances amounting to Rs. 1,252,809 in the bank account bearing No. 7042755 related to the department were not identified.</p> | <p>Kindly inform that 02 out of 04 cases of unidentified payments have been settled and remaining unidentified payments have been settled by bank reconciliation of April 2024.</p> | <p>Prompt identification of unidentified payments.</p> |
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3. Operational review
3.1 Locally Funded Projects

The following observations are made.

Audit Observation	Comments by the Accounting Officer	Recommendation
(a) Marnkeni Cashew Project		
<p>i. The Marnkeni Cashew project belonging to the Polonnaruwa Corps consists of 187 Acres, of which 155 Acres have been planted with Cashew trees. As the area was not accurately measured and mapped, the accuracy of revenue and expenditure calculation of cultivated area was not confirmed.</p>	<p>The land portion of this cashew project owned by the Cashew Corporation is stated to be 187 Acres, but it has not been measured. Therefore, I would like to inform you that the land plot has been measured and notice has been given to the Cashew Corporation for the construction of a permanent fence.</p>	<p>Land area should be accurately identified and revenue and expenditure should be updated and accurately identified.</p>
<p>ii. Although the Marnkeni Cashew Project of the Polonnaruwa Corps is said to have 8,787 Cashew trees, there is currently a shortfall of 5,105 Cashew trees as there are 3,682 Cashew trees. Regarding that deficiency, the department had not acted according to Financial Regulations 103, 104, 110.</p>	<p>Due to the fact that an accurate count of Cashew trees/plants has not been done at the beginning of the project, it has been stated that there are 8,787 Cashew trees in the project at the initial stage. But let me inform that there are actually 3,682 Cashew plants here. Accordingly, instructions have been given so far to maintain a vital data register related to the amount of Cashew trees.</p>	<p>Compliance with Financial regulations.</p>

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| <p>iii. Number of 2,930 100g packets of Mospilan Acetamiprid, an Insecticide used for Cashew cultivation, were purchased in 2022 and 2023 and stored in the temporary warehouse insecurely. Due to the expiry of all those packets by July 2023, the loss to the government was approximately amounted to Rs.3,123,600.</p> | <p>I am informed that an investigation will be conducted regarding this purchase. Instructions have been given to use for the needs of Cashew cultivation or Kondachi Cashew cultivation. However, I would like to inform you that an investigation is underway in order to prevent such observations from happening again and steps have been taken to apply the necessary internal controls by reviewing the existing methods related to the need, purchases, applications, stock control etc.</p> | <p>Making arrangements to buy only for the need and making arrangements to use the purchased insecticides on the crops at the right time</p> |
| <p>iv. Although 1,980 packets of Mospilan acetamiprid insecticide were issued to Marnkeni Sub-Force from Polonnaruwa Force Stock Book. It was stated in the stock books of Marnkeni Sub-Division that there were 1,916 packets so as a shortfall of 64 packets, valued at Rs.76,800.</p> | <p>I have informed the current commanding officer to check this and give a report, and after receiving the report, I kindly inform you that further action will be taken.</p> | <p>Proper management should be done so that there are no differences between sub-division stock books.</p> |

(b) NLDB Agriculture Project

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| <p>i. The agricultural project carried out on the 90 Acre land owned by the National Livestock Board belonging to the Polonnaru Force in the Gallella area had been started without the written approval of the Director General.</p> | <p>Including these observations, an investigation was conducted regarding the affairs of the Polonnaruwa Force, after which an internal preliminary investigation board was also appointed and an investigation was conducted. I am informed that I will report to the line ministry and take further steps.</p> | <p>A written approval must be obtained for projects.</p> |
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| <p>ii. This land had been returned to the National Livestock Development Board by the Polonnaruwa Force and at that time, it had earned an income of Rs. 324,100 with an expenditure of Rs.1,395,060. As a result, the department had incurred a loss of Rs. 1,070,960.</p> | <p>Including these observations, an investigation was conducted regarding the activities of the Polonnaruwa Force, after which an internal preliminary investigation board was also appointed and an investigation was conducted. I am informed that I will report to the line ministry and take further steps.</p> | <p>Cultivation projects should be carried out without causing losses.</p> |
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(c) Lahugala Karankowa Paddy Plantation Project

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| <p>i. Although the plan was approved by submitting information that 105,000 kg of rice can be harvested from the 70-Acre paddy cultivation project and an income of Rs. 12,600,000 can be obtained from it. The actual yield was 24,500 kg and the income was Rs. 1,849,750 and it was observed that unattainable targets were included in the project reports.</p> | <p>Hada Oya, which flow near the cropland, has also become dried due to the extremely drought weather in this area. Accordingly, the project has not been able to get the required water.</p> <p>In accordance with the circulars and instructions given by the departmental headquarters during the preparation of the project proposal, the amount of harvest that can be obtained from an acre has been calculated as 1500 kg. Relative to the prevailing rice prices in the area, the price has been taken as Rs.120 and the income has been calculated.</p> <p>However, I have further informed that I have also appointed a committee to investigate whether there is any misuse or irregularity in this cultivation project and will proceed according to its report.</p> | <p>Project reports should be prepared based on achievable yields.</p> |
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| <p>ii. According to the paddy cultivation project plan, 64 troops were planned to be deployed, but actually 74 troops were deployed for the project work, so ten more troops were deployed without formal approval. Furthermore, an expenditure of Rs.21,528,146 was incurred for the project in the year under review and the income from this project was an amount of Rs.1,849,750, so the loss to the government was Rs.19,678,396.</p> | <p>Although 64 Troops were proposed for the project in the project proposal, 70 Troops constables as one constable and 04 superintendents as per 01 acre were deployed as per requirement.</p> <p>The surplus troops who had left the special duty and returned to the office were additionally deployed for this purpose.</p> | <p>Management should work to implement projects in a way that does not cause losses.</p> |
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3.2 Procurement

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>a) Although as per Chapter “Bid Evaluation Report” in 7.11.1 of the Procurement Manual, all bidders shall include in the bid evaluation report a table showing the bidders' compliance with the main specifications of the technical specifications. But in the year under review, the Department had made four procurements at a cost of Rs. 5,907,940, but such a table was not included in the technical evaluation report.</p>	<p>In accordance with the procurement guidelines, an awareness guide is being prepared regarding the matters to be taken into consideration while evaluating the bids and preparing and submitting the report. I confirm to the audit that such observations will not be made in the future. Instructions have been given to the procurement department for this.</p>	<p>To follow procurement guidelines.</p>
<p>b) In the procurement for the purchase of Sportswear during the year under review, between the lowest and highest bidder prices, Rs. 1,328,154 had a huge</p>	<p>I would like to inform you that a system is being prepared for the preparation of standard technical specifications for annual purchases by committees with subject</p>	<p>To follow procurement guidelines</p>

<p>price range. It was observed that the reason for such a price range was that the technical specifications were not prepared as per clause (c) of the procurement guidelines.</p>	<p>knowledge.</p>	
<p>c) Although evaluation factors not specified in the bid document shall not be used in the evaluation of bids during the bid evaluation stages as per Section 7 of the Procurement Manual. In the year under review, in two procurements worth Rs.4,760,172, the technical evaluation committee had used evaluation factors which were not mentioned in the bid document for the evaluation of the bids.</p>	<p>An awareness guide is being prepared on the issues to be taken into account regarding the responsibility and evaluation of the Technical Appraisal Committees while evaluating the bids according to the procurement guidelines and kindly inform that the procurement department has been instructed to ensure that such observations do not occur in the future.</p>	<p>To follow procurement guidelines.</p>
<p>d) In the year under review, in the purchase of Glass Cleaner and Air Freshener Spray at a cost of Rs.2,229,195, the tender documents did not specify the volume of liquid to be contained in a unit of goods, whereas the bidders had submitted prices for different volumes. These changes in volumes were not taken into account during bid evaluation.</p>	<p>Kindly inform that the necessary instructions have been given to the procurement department to specify the requirement and include it in the tender documents so that such observations do not occur in the future.</p>	<p>While preparing the bid documents, the procurement committee should ensure that the specifications are perfected.</p>
<p>e) Although the total cost estimate including all associated costs shall be prepared by the procuring entity as per Section 4.3 of the Procurement</p>	<p>The estimated total cost has not been prepared as a separate document, and I kindly inform that necessary instructions have been given to the procurement department to ensure that a</p>	<p>To follow procurement guidelines</p>

Guidelines, the department had not prepared a total cost estimate for the purchase of 77 Canon Toners at a cost of Rs.4,111,572. correct cost estimate is included with the specifications while appointing the pre-technical evaluation committees in the future.

<p>f) Though in the year under review, 9 bidders had submitted bids for the purchase of building materials for the Garment Factory of Wilpattu Force estimated at Rs.4,838,293 out of which 4 bidders had submitted bids instead of using the bid documents signed by the Director (supply of Force activities) and approved by the department. The Technical Evaluation Committee too did not pay attention to the same during the evaluation of the bids.</p>	<p>In future, instructions were given to include a clause in the bids to obtain quotations using standard formats. I further inform that instructions were also given to use standard tender documents for calling for quotations.</p>	<p>Bid documents approved by the Procurement Committee shall be used.</p>
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3.3 Asset Management

The following observations are made.

Audit observation	Comment of the Accounting Officer	Recommendation
<p>a) The Accounts Department has paid Rs. 69,310,000 were accounted for 176 Acres 3 Roods and 39.5 Perches located in 6 areas, but it was observed that the Department does not have 6 such plots of land according to the information provided by the Adminl Division.</p>	<p>In order to find out and make the necessary corrections, these assets should be inspected according to the General 287 Format and I would like to inform you that a board will be appointed and the necessary further work will be done. I am further kindly informed that since the annual goods surveys are not verification the land and</p>	<p>To ensure that there are no contradictions between the information of the accounting department and the admin department.</p>

buildings, the above board will pay special attention to your observations and provide a report promptly and make the necessary corrections accordingly.

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| <p>b) The Accounts Department has paid Rs. 198,846,000 accounted for 4 plots of land located in 4 Areas were stated as 121 acres 2 Roods 33.12 Perches, but according to the information provided by the control department, the total area of those plots was 33 Acres 2 Roods and 35.48 Perches. Accordingly, a change in land area of about 88 Acres was observed.</p> | <p>In order to find out and make the necessary corrections, these assets should be inspected according to the General 287 form and I kindly inform you that a board will be appointed for that and the necessary further work will be done.I am further kindly informed that the above board will act and provide a report promptly and make the necessary corrections accordingly.</p> | <p>To ensure that there are no contradictions between the information of the accounting department and the Admin department.</p> |
| <p>c) 2.17 Hectares of Serupita Balaka land and 4 Acres of land called Samurdhi Mawatha, Parana Medavachchiya, Alapatha were accounted for by the Accounts Department at Rs.13,400,000 and Rs.1,500,000 respectively.The Admin department had not provided an assessment value for these lands.</p> | <p>In order to find out and make the necessary corrections, these assets should be inspected according to the General 287 Format and I would like to inform you that a board will be appointed and the necessary further work will be done.I am further kindly informed that the above board will act and provide a report promptly and make the necessary corrections accordingly.</p> | <p>To ensure that there are no contradictions between the information of the accounting department and the Admin department.</p> |
| <p>d) The accounts department had accounted for a land of Rood 1 and 28.4 of Perches in the name of Palugaswanguwa, Siripura for Rs.513,000, but according to the information given by the</p> | <p>In order to find out and make the necessary corrections, these assets should be inspected according to the General 287 Format and I would like to inform you that a</p> | <p>To ensure that there are no contradictions between the information of the Accounting department and the Admin department.</p> |

Admin department, the land area of Sripura sub division was not specified.	board will be appointed and the necessary further work will be done.I am further kindly informed that the above board will act and provide a report promptly and make the necessary corrections accordingly.	
e) Out of the 554 plots that the department had been using in various parts of the island for a long time, by 31 December 2023, only 21.086 Hectares of land related to 30 plots had been expropriated.The acquisition of the remaining 524 plots had not been completed by the end of the year under review.	I kindly inform you that the department is currently working to take over the monitored lands.	Actions should be taken to take over the legal right.
f) In the ACA 6 statement submitted with the financial statements, Rs. 740,456,671 worth of transport equipment included 579 vehicles but only 502 vehicles were included in the list of vehicles provided by the Transport department.	I am kindly informed that the reason for the difference between the vehicles included in ACA 6 presented as the audit observation and the vehicles reported by the transport department and the registration details have been checked and instructions have been given to take necessary action.	To ensure that there are no contradictions between the information of the Accounting department and the Admin department.
g) Number of 135 vehicles worth of Rs.100,345,435 has been ncluded in the financial statements but not included in the schedules given by the transport department, and the information regarding those vehicles was not submitted to the audit.	I am kindly informed that the reason for the difference between the vehicles included in ACA 6 presented by the audit observation and the vehicles reported by the transport department and the registration details have been checked and instructions have been given to take necessary action.	To ensure that there are no contradictions between the information of the accounting department and the control department.

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| <p>h) Out of 444 vehicles in both the Transport and Accounts department 82 vehicles worth of Rs.140,135,000 were not registered in the Motor Traffic Department.</p> | <p>I am kindly informed that the reason for the difference between the vehicles included in ACA 6 presented by the audit observation and the vehicles reported by the Transport department and the registration details have been checked and instructions have been given to take necessary action.</p> | <p>To take over ownership of vehicles.</p> |
| <p>i) 38 vehicles out of 58 vehicles included in the information in the transport sector not accounted for in ACA 6 were not registered in the Motor Transport Department. Further, the transport department did not have information about 108 vehicles registered with the Motor Traffic Department.</p> | <p>I would like to inform that the reasons and registration details of the difference between the vehicles included in ACA 6 presented by the audit observation and the vehicles reported by the Transport department have been checked and instructions have been given to take necessary action.</p> | <p>The ownership of the vehicles should be taken over and the department should have the information about the vehicles belonging to the department.</p> |
| <p>j) 78 vehicles out of 135 vehicles included in ACA 6, whose details were not included in the transport sector, were not registered in the Motor Traffic Department. Furthermore, 71 vehicles included in the registered vehicle schedule of the Department of Motor Traffic regarding the vehicles belonging to the department were not included in ACA 6. Accordingly, the value of property, plant and equipment was understated in the statement of financial position of the financial statements of the year under review.</p> | <p>I would like to inform that the reasons and registration details of the difference between the vehicles included in ACA 6 presented by the audit observation and the vehicles reported by the transport department have been checked and instructions have been given to take necessary action.</p> | <p>That the ownership of the vehicles should be taken over and that all the vehicles owned by the department should be included in the accounts.</p> |

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| <p>k) Thus, there were 128 vehicles registered under the name of the Civil Security Department by the Motor Traffic Department which were not included in both the documents maintained by the Transport Division and the Accounts Division. Of these, the evidence that 108 vehicles (with no details in the transport department) are in the department was not submitted to the audit. It was stated that there are 40 vehicles with an estimated value of Rs. 43,410,000 which the department has not taken ownership yet. One of above vehicle, GA-4428 was registered under Civil Security Department at the Motor Traffic Department,</p> | <p>The reasons for the difference between the ACA 6 vehicles presented by the audit and the vehicles registered by the transport department and the registration details have been checked and instructions have been given to take necessary action. I am informed that the reasons and registration details of the difference between the vehicles included in ACA 6 and the vehicles registered by the transport department have been checked and instructions have been given to take necessary action.</p> | <p>All vehicles registered in the name of the Civil Security Department at the Motor Traffic Department should be owned by the Department.</p> |
| <p>l) It had been stated that there were 40 vehicles with an assessment value of Rs.43,410,000 that had not been acquired by the department, but the vehicle bearing GA-4428 had been registered under the name of Department of Civil Security at the Department of Motor Traffic.</p> | <p>I would like to inform that the reasons and registration details of the difference between the vehicles included in ACA 6 presented by the audit observation and the vehicles reported by the transport department have been checked and instructions have been given to take necessary action.</p> | <p>Accurate vehicle information must be maintained within the department.</p> |
| <p>m) The department has been using 36 vehicles belonging to various ministries and departments for a long time, but the legal rights of those vehicles have not been taken over.</p> | <p>At present, the number of vehicles being seized is 22. I inform that the details of the 14 vehicles are not available. At present, the number of vehicles to be taken over is 27. I would like to inform you that there are 05 vehicles that are being handed over to the</p> | <p>Actions to take legal ownership.</p> |

government agencies that have the right to dispose of them and a board is working on this matter.

3.4 Security of Public Officers

Audit Observation	Comments of the Accounting Officer	Recommendation
According to Finance Regulations 880 and 891, 70 officers related to 07 executive positions and 02 secondary positions who are supposed to be keep security in the department were not kept.	I kindly inform you that the bail will be completed within the next month.	Compliance with monetary regulations.

3.5 Management Weaknesses

The following observations are made.

Audit Observation	Comments of Accounting Officer	Recommendation
a) The department had incurred a loss of Rs.5,447,590 due to a shortage of 762,322 bricks that had occurred in the brick projects that had been run in the years 2010 and 2012 in the Bakki Ella subdivision under the Mahaoya Force. By 31 December 2023, the department had managed to recover only Rs. 2,255,672, but the department had failed to recover the remaining amount of Rs. 3,191,918.	A further amount of Rs.3,242,165 is to be recovered.Further, pending formal approval regarding this levy, it has been notified by Ministry of Defense letter MOD/CSD/CSD/03/08/1 and dated 31.01.2024 that the levy is temporarily suspended and this was discussed in the Audit and Management Committee meeting.I am informed that the remaining money will be charged after receiving the approval of the Ministry.	To recover the remaining amount promptly.
b) The Kataragama Police Headquarters did not receive the construction materials including cement, stone and sand purchased from a private company in the area to modernize the main internal road system which is 16	CSD/1/1/2/8 () and the letter dated 14.12.2023 has been forwarded to the Army Commander with a request to carry out the necessary activities for the remaining recovery from the responsible Army officers and I kindly inform you that I will report to you	To recover the remaining amount promptly.

<p>feet wide and 903 feet long in the year 2016. The department had incurred a loss of Rs. 579,124 due to the non-repair of that road. As of 31 December 2023, only Rs. 144,781 had been recovered.</p>	<p>after the payment.</p>	
<p>c) At the end of the year under review, the value of the buildings constructed on 524 plots of land that had not been taken over, assessed and accounted for was Rs.746,203,209. Also, in the year under review, construction of buildings was done again in Wilpatthu, which was a land that was not assigned, and the amount spent for it was Rs. 16,156,769.</p>	<p>I kindly inform you that necessary instructions have been given to act according to the financial regulations.</p>	<p>To settle the ownership of the land before carrying out the construction.</p>
<p>d) In the years 2021, 2022 and 2023 by the Uhana and Mahaoya forces, Rs. 2,263,047 to recover from the relevant institutions and the relevant authorities had not taken steps to settle it with the Government of Sri Lanka.</p>	<p>Kindly inform that a committee has been appointed at the ministerial level to carry out the recovery and an investigation is being carried out.</p>	<p>Prompt recovery of money.</p>
<p>e) 2,291 items related to 76 types of plumbing equipment purchased without proper recognition of the need remained in the Serupita warehouse for more than 15 years and 2,000 polysack bags worth of Rs.304,400 in the year 2021 for more than a year.</p>	<p>Acting on the recommendations made by the Internal Auditor in relation to the redundancies of all the forces and training schools including this training school, providing surplus items to the places of need and, I kindly inform you that the necessary measures have been taken to tender the idle items according to a formal procedure.</p>	<p>Use before the useful life is over and need to be properly identified before purchase.</p>
<p>f) According to the technical evaluation committee report dated 30 November 2022, for the repair of a lorry used for the work of the Serupita Corps, the technical evaluation committee had recommended that the lowest price be done by a private company for an amount of Rs. 1,250,000. According to 8.9.1 of the Procurement Guidelines</p>	<p>Since no contract has been awarded for the repair of the said lorry and it cannot be expected to have an effective lifespan compared to the cost. I would like to inform you that a committee has been appointed to take appropriate steps and work is currently underway to take further action. In order to avoid vehicles being left in garages for a long time awaiting approval or for repairs, necessary instructions have been given</p>	<p>Adhere to procurement guidelines and properly manage vehicle repairs.</p>

Code, in the procurement of services exceeding Rs.500,000, there should have been a formal written agreement between the contractor and the procurement agency, but this was not done. It was observed that this situation has arisen due to improper management of vehicle repairs.

to the transport department to hold repair progress review meetings on a monthly basis.

g) 113 vehicles removed from use by the forces, training schools and offices owned by the department were parked at the Serupita force headquarters. The force received these vehicles during the period 2018-2023. Due to the fact that these vehicles were not used for a long period of time, there was a lot of damage and by the date of audit, March 20, 2024, these vehicles had not been disposed of.

This issue has been discussed in the audit and management committee meetings on several occasions and I would like to mention that there has been a delay pending the instructions regarding the actions to be taken regarding the confiscated vehicles before 2016. Kindly inform that as of now newspaper advertisements have been published and tenders are being invited for sale.

The management should make sure that the disposal of vehicles is carried out promptly before the situation becomes unfavorable for the department.

h) unissued uniform items between 05 and 20 years old, 268 unissued tires and tubes between 02 and 08 years old, and building materials between 04 and 11 years old in the warehouse of the Welisara Force. and 93 electrical appliances, 26,417 units of 17 unissued stationery, Toner and computer accessories items remained idle between 05 and 13. The value of 20 uniform stock items submitted for audit is Rs. 5,946,501. The value of 21 types of building materials and electrical equipment is Rs. 762,809 and the value of 195 units of tires and tubes was Rs.2,310,917.

I would like to inform you that by following the recommendations made by the internal auditor regarding the redundancies, the necessary measures have been taken to provide the redundant items to the places of need and to tender the idle items according to a formal procedure. Currently, regarding excess tires, get a representative from the University of Moratuwa and keep only the stocks of tires and tubes that the department needs and I also inform that the necessary arrangements are being made to provide the remaining stocks to the Armed Forces and the Police Department on the basis of exchange between government agencies in coordination with the Ministry of Defense.

The need should be correctly identified and purchases should be made and the existing equipment should be used in an effective economic activity.

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| <p>i) In the year under review, due to purchase of seeds without proper assessment of seed requirement by the Procurement and Technical Evaluation Committees, failure to plant at proper time and follow-up, Rs. 1,067,202 2,112 kg of seeds belonging to 8 varieties of seeds remained unusable.</p> | <p>And not to re-order future requirements of these slow-release stocks in stock and I inform that proper instructions have been given by the Director of Procurement to use the best possible utilization of these stocks in the preparation of estimates.</p> | <p>Making purchases only for necessity.</p> |
| <p>j) Although paddy should be released from the forces as per the written order of the project department, without such order, the Polonnaru Force possessed 1 kg of paddy. 75,150 had been issued to a private rice mill, Its value was Rs. 7,890,750</p> | <p>In the future, all agricultural products or other power products will be sold on the basis of written approval from the project department, and I would like to inform you that a series of instructions has been issued regarding paddy cultivation.</p> | <p>To issue paddy from forces as per the written order of the project department.</p> |
| <p>k) According to the stock records of the Polonnaru Force, there were 98,539 kg of paddy, but the actual stock in the warehouse was found to be 84,035 kg during the weighing of the paddy stock by the appointed board. Accordingly, a deficiency of 14,504 kg of wheat was observed. Its value was Rs 1,675,067. Furthermore, according to the stock records of the Polonnaru Force, there was 11,054 kg of Samba paddy, but the actual stock of paddy stock in the warehouse was stated to be 11,585 kg during the weighing of the appointed board, and therefore the stock of Samba paddy showed an excess of 531 kg. Its value is Rs. was 55,746. The parties responsible for these deficiencies and excesses were not identified.</p> | <p>I observe that there has been some error in the measurement or a mistake in the calculation. However, I would like to inform you that the reduction of 14,504 kilos of paddy rice is currently being checked by a board.</p> | <p>Safe storage of harvested crops and action to recover deficiencies.</p> |

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| <p>l) Outstanding loan balances include a loan balance of Rs.155,492 due from a deceased officer more than 2 years old, and Rs.1,475,631 due from 10 retired officers. more than 2 years old loan balances, and more than 5 years old loan balances of Rs.4,141,473 due from 53 retired officers, and to be collected from 78 officers of 2-5 years old Rs. 7,635,965 in credit balances remained unsettled. Accordingly, no sufficient progress was observed in recovering these loan balances.</p> | <p>I kindly inform you that the debt balance of the deceased and retired officers will be settled after deducting the retirement gratuity and remitting it to this department. Also, I kindly point out that the credit balance of 155,492 has been entered against the request of an officer. A board has been appointed by the Director General through letter No. SIAD/1/1/3/18() dated 17.08.2022 to check the outstanding balance related to Advance B account and regularize and maintain the account and The Board has taken steps to recover the individual balances as the errors in the list of individual balances have been cleared up.</p> | <p>Prompt recovery of outstanding loan balances.</p> |
| <p>m) Due to the fact that the amount of Rs.14,904,310 due from 102 officials at the beginning of the year under review failed to be recovered during the year, the opening balance was also included in the advance balance at the end of the year.</p> | <p>The concerned debtors have been informed by the duty station commanders where the officers were last posted. Arrangements have already been made to recover the salary of the respective guarantors in installments from each of the borrowers. Letters have been directed to recover any amount due to these troops from the Officer's Provident Fund, Welfare Fund and Welfare Fund Departments.</p> | <p>Prompt recovery of loan balances.</p> |