

Head - 307 Department of Motor Traffic - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 307 - The audit of the financial statements of the Department of Motor Traffic for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance and cash flow statement for the year then ended 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 containing my comments and observations on the Financial Statements of the Department Motor Traffic was issued to the Accounting Officer on 30 May 2025 in terms of Section 11(1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report related to the Department was issued to the Accounting Officer on 27 June 2025 in terms of Section 11(2) of the Audit Act. This Report will be presented to the 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 of the Department of Motor Traffic for the year ended 31 December 2024 give a true and fair view of the financial position, financial performance and cash flows, all materialities consistent with the basis for preparing financial statements mentioned in note (1) related to the financial statements.

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 (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of the Matter – Basis of preparing Financial Statements

The attention is drawn to the Note 1 related to the financial statement which describes the basis of preparing these financial statements. The financial statements have been prepared as per the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 for the requirement of the Department of Motor Traffic, General Treasury and the Parliament. Consequently, this financial statement may not be suitable for other objectives. My report is only for the use of the Department of Motor Traffic, General Treasury and the Parliament. My opinion on this matter is not modified.

1.4 Responsibilities of Chief Accounting Officer and the Accounting Officer on Financial Statements

The Accounting Officer is responsible for preparation of financial statements that give a true and fair view on all the materialities in accordance with the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

1.5 Auditor's Responsibility for the Audit of Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and implemented 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 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 of Excise.
- Evaluated 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.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.6 Comments on the Financial Statements

1.6.1 Income Receipts

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

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	Without ensuring that the daily revenue received under each revenue code according to the services provided to the public by the Department of Motor Traffic and without verifying that the annual revenue is correct by comparing the revenue received with the revenue received according to the services provided, Rs.12,974,594,203 had been accounted for as revenue for the year under review based only on the daily revenue reports and bank statements sent by the bank.	The annual income is accounted based on the daily income report of the computer system operated by the department and the amount deposited in the bank daily and the computer daily report are compared to check the accuracy of the computer system. In addition, information is obtained daily through a WhatsApp group on the amount deposited in the bank at the district offices, and the income is verified by comparing that income with the bank account statement and the monthly cash flow report taken	According to the services provided by the department, the income should be reconciled with the income received on a daily basis.

over by the treasury.

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| <p>(b) During the year under review, Rs.7,148,201 was refunded from revenue without proper approval under 04 departmental revenue codes, and out of this, written evidence had not been submitted to the audit to confirm the reasons for making of Rs.6,694,751 refunds from revenue.</p> | <p>This was happened due to, the Department of Postal and the 12 District Secretariats have debited revenue from time to time and for the correction of such debits the journal entries were made deal with the refund of government revenue which were credited to Consolidated Fund in lining with the Public Finance Circular 1/2020-1 dated 28.08.2020, Section 4 and Financial Regulation 118 under the Financial Regulation 460.</p> | <p>Journal entries made for corrections or other deductions, approvals of the relevant authorized officers and supporting documents should be obtained from the Ministries/Departments/District Secretariats and reconciled with the monthly account summaries.</p> |
| <p>(c) The accuracy of the arrears of luxury tax revenue of Rs.130,546,000 included in the financial statements had not been verified due to the fact that the arrears tax schedules maintained by the Department did not contain sufficient information regarding the arrears of taxes for each vehicle, including the date of registration of the relevant motor vehicles, the amount and number of years of tax payable, and the number of years for which taxes have been arrears.</p> | <p>The revenue head 1003-01-00 is the luxury motor vehicle tax, under which luxury, semi-luxury and semi-luxury dual-purpose taxes are collected. Annual revenue estimates have been prepared for this purpose, and arrears revenue reports have also been prepared in relation to the revenue head 1003-01-00.</p> | <p>Tax arrears revenue records should be maintained separately to identify the arrears of luxury tax dues for each vehicle for each year.</p> |

1.6.2 Capital Expenditure

The following points were observed while accounting for capital expenditure related to financial statements.

Audit Observation	Comment of the Accounting Officer	Recommendation
The recurring expenditure of Rs.1,198,815,516 incurred for the Werahera Office had been accounted as capital expenditure under the capital expenditure code 307-2-1-1-2509 during the year under review.	The capital expenditure code 307-2-1-1-2509 incurred for the Werahera Office has been accounted by considering all the expenses related to the printing of driving licenses as a single cost center for the convenience of identifying the costs. However, in the future, when preparing the budget for the year 2026, will estimate the recurring expenses for the Werahera Office separately and incur the expenses under the recurring expenditure code.	Recurrent expenses should not be covered by capital allocation.

1.6.3 Impress Account Reconciliation Balance

Audit Observation	Comment of the Accounting Officer	Recommendation
When, the yearend Impress balance was added to the impress reconciliation statement balance, it should have been equal to the balance in the financial performance statement, but there had been created difference of Rs.2,240,100.	The difference between the balance of the Statement of Financial Performance and the balance of the preliminary reconciliation statement as at 31/12/2024 is due to a income that wasn't accounted for in the departmental books. It has been corrected by Journal No. 25/006 dated 28/03/2025.	Action should be taken in accordance with the provisions of the circular.

1.6.4 Non-Financial Assets

The following deficiencies were observed while accounting for non-financial assets in relation to the financial statements.

Audit Observation	Comment of the Accounting Officer	Recommendation
Capital expenditure of Rs.41,138,080 was incurred during the year under review under the headings of 11 other departments and ministries through the expenditure code of Meegaha Kiwula Building Construction and Tangential Method Examination (307-2-1-10-2104) and Furniture and Office Equipment (307-2-1-1-2102), but due to the fact that the assets purchased were not accounted, the non-financial assets had been stated less than that amount.	For the year 2024, the District Office has incurred expenses for the repairs and improvements of the District Office buildings under the expenditure code 307-2-1-10-2104. Since such expenses do not create assets, they were not accounted for as assets. In the future, will take steps to estimate and incur expenses for such expenses under the expenditure code Building Repairs and Improvements (2001) for the year 2026. A provision of Rs.60,000 was made to the Kegalle District Office under the expenditure code 307-2-1-1-2102 for the purchase of essential equipment, and since it has not been inventoried, will take steps to include it in the assets of the Head Office this year.	Assets should be accounted for by the expenditure head to which capital expenditure is applied and accounted.

1.6.5 Financial Assets

Government Officials' Advance "B" Account

Audit Observation	Comment of the Accounting Officer	Recommendation
Although the Public Finance Circular No. 05/2019 dated 27 June 2019 and the Guidelines No. 01 issued under the Financial Regulation 113(6)(b) of the Public Finance Circular Section 3.1 of No. 01/2020 dated 28 August 2020	Pursuant to the guidelines No. 01 issued under F.R.113(6)(b), the procedures to be followed in the recovery of overdue loan balances due to various reasons have been forwarded to the Director General of State Finance by the Secretary,	Overdue loan balances should be dealt in accordance with the circular provisions.

have laid down the procedures to be followed in relation to the recovery of overdue loan balances due to reasons such as transfers, deaths, retirements, interdictions, going abroad, leaving the service, etc., action had not been taken in accordance with the said provisions regarding such loan balances of Rs.1,673,874 which were overdue for more than 05 years.

Ministry of Transport, Highways, Ports and Civil Aviation on 2024.08.12 and to the Secretary, Ministry of Transport, Highways, Ports and Civil Aviation on 2024.10.25. However, on 2024.11.11 by the Department of State Finance and on 2024.11.19 by the Secretary, Ministry of Transport, Highways, Ports and Civil Aviation, have indicated that only 10 years of information cannot be justified as sufficient steps taken to recover the loan.

1.6.6 Net Asset/Equity

Audit Observation	Comment of the Accounting Officer	Recommendation
Although after deducting the value of deposit accounts from the value of advance accounts should have been the net assets of Rs.123,271,821 as per paragraph 7.9 of the Public Accounts Guide No. 06/2024 dated 16 December 2024, the net assets had been included as Rs.121,723,524 in the Statement of Financial Position (ACA-P) for the year under review.	The net assets to the treasury for the year under review should have been Rs.123,271,821, but it was reported as Rs.121,723,524 in the statement of financial position and the difference was Rs.1,548,297. The reason for this difference is that there was an outstanding advance balance of Rs.1,548,297. Out of that balance, Rs.1,529,147 has been corrected by now. Furthermore, there is an election advance balance of Rs.19,150 remaining and will promptly obtain relevant documents for it from the Election Office and correct it.	Net assets should be calculated and reported to the Treasury in accordance with the circular provisions.

1.6.7 Impress Balance

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) In the statement of Impress accounts as per the treasury books balance was Rs.638,247, while that in the department books balance was Rs.1,548,297, thereby had been created an unexplained difference of Rs.910,050 between the two main account balances.	There was an outstanding election advance balance, out of which Rs.1,529,197 has been corrected so far and further election advance balance of Rs.19,150 remaining, will take steps to correct as soon as possible.	Actions should be taken to ensure that there is no impress balance in the departmental books as at 31 December 2024.
(b) The balance of Rs.638,247 in the Statement of impress as at 31 December 2024 had not been shown as the impress balance in the Statement of Financial Performance as at 31 December 2024.	Even though there is a balance in the Impress account, the financial performance statement does not show a balance due to the fact that the financial performance statement has been prepared	When reporting information through each format of the financial statements, factual information as at 31 December 2024

correctly, regardless of those should be disclosed. deficiencies.

1.6.8 Misplaced vouchers

Audit Observation	Comment of the Accounting Officer	Recommendation
Although all voucher numbers for payments made should be arranged in order and submitted for audit in accordance with Financial Regulations 272(1) and 545(4), 16 paid vouchers totaling Rs.3,129,422 had not been submitted for audit, and photocopies of vouchers and supporting documents had been submitted instead of the originals in respect of 03 vouchers totaling Rs.104,057 in sample checking.	Seven vouchers are to be received from the Werahera office, will be brought those vouchers and complete the voucher files.	The vouchers, which were not submitted for audit by 31 December 2024, should be dealt in accordance with monetary regulations.

1.6.9 Failure to Maintain Books and Records

Audit Observation	Comment of the Accounting Officer	Recommendation
The Departmental Appropriation Ledger (Vote Ledger) had not been updated in accordance with Financial Regulation 447.	Although the departmental appropriation ledger was maintained, it was not updated correctly, and will be taken steps to update and maintain it correctly this year.	The Departmental Appropriations (Standard Expenditure) Ledger shall be updated and maintained in accordance with Common Form 138 incorporating the provisions of Financial Regulation 447.

2. Report on Other Legal Requirements

I declare the following matters in terms of Sub-section 6 (1) (d) of the National Audit Act No. 19 of 2018.

- The financial statements are in consistent with those of the preceding year,
- The recommendations made by me regarding the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Expenditure Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Due to the provisions over-allocated for 10 recurrent expenditure code, there had been a remaining provision of Rs.1,410,332,471 after the utilization of the provisions. The above-mentioned remaining had been ranged from 19 percent to	Due to the economical spending of recurrent expenditure in accordance with the expenditure control circular, the provisions were saved in this way. However, due to the expiry of the contract agreement under Expenditure Head 307-2-1-1-1409 New	Efforts should be made to prepare budget estimates with accurate forecasts.

100 percent.

Registered Vehicle Number Plate Expenditure on 2024.04.30, the provisions of that expenditure head were saved as the payments for the remaining period of that year were not made. Due to the non-commencement of the said project under the Electric Vehicle Head 307-2-1-12-1409, all the provisions allocated for that data system were saved and will take steps to prevent this from happening in the future.

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| (b) | Due to the over provision of allocations for capital expenditure items without accurate forecasting, provisions of Rs.24,382,409 were left after the utilization of provisions in relation to 04 capital expenditure items. The said provision balances had taken a range from 14 percent to 76 percent. | Although allocations were made for the capital expenditure item, the capital projects did not take place and the relevant payments were not made, resulting in the remaining provisions. | Efforts should be made to prepare budget estimates with accurate forecasts. |
| (c) | Due to over-provisioning for the New Registered Vehicle Number Plates (01-1409) expenditure code and failure to properly forecast expenditure for 10 recurrent expenditure codes and 03 capital expenditure codes, Rs.216,400,000 had to be transferred from the Vehicle Number Plates expenditure item to the aforementioned 13 expenditure items in accordance with Financial Regulation 66/69. | Although provisions had been made for the expenditure code of Newly Registered Vehicle Number Plates (01-1409), due to the temporary suspension of the preparation of vehicle number plates in the year 2024, provisions were remained under that expenditure code. Therefore, the remaining provisions were transferred in accordance with F.R.66/69. | Efforts should be made to prepare budget estimates with accurate forecasts. |
| (d) | Although provisions of Rs.833,600,000 had been made in the year under review for the development of an electronic vehicle data system (e-motoring) under recurrent expenditure code number 12-1409, no amount from that provision had been utilized. | Although provisions were made under expenditure code 12-1409 for an electronic vehicle data system (e-motoring), the provisions were not utilized as the development of the database has been halted. | Provisions should be made only if all necessary approvals have been received to implement this project. |

3.2 Entering in to debts and obligations

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The expenses related to the previous year, totaling	Due to an oversight, Rs.465,936 paid in January 2025 was not	All liabilities due in the coming year should be

Rs.465,936, which had been paid and released during January 2025, had not been recognized as liabilities in the financial statements of the year 2024. included in the liabilities of the financial statements for the year 2024. Instructions were given to avoid such mistakes in the future. identified and disclosed in the financial statements.

- (b) There had been created a difference of Rs.58,172,711 between the liability value stated in the liability statement in the financial statements submitted to the audit and the liability value stated in the accumulated obligation and liabilities in the Treasury computer printed notes (SA-92). Although the total liabilities as at 31 December 2024 were Rs.78,536,934, it has differed from the figure stated in the Treasury's Accumulated obligations and Liabilities Report, will be taken steps to ensure that such errors do not occur in the future. The correct values of obligations and liabilities should be entered in the SA 92 form.
- (c) Although obligations cannot be made for expenditure in excess of appropriations in accordance with the provisions of Financial Regulation 94 and Public Accounts Circular No. 255/2017 dated 27th April 2017, obligations totaling Rs.48,712,408 were made in excess of appropriations under 03 expenditure codes during the year under review. As per Financial Regulation 94(2), the expenses incurred for the Werahera Office and vehicle maintenance expenses have been committed to liabilities in excess of the provisions in anticipation of expenditure in the next financial year. In accordance with the provisions of the Financial Regulations and Circulars, departments should not incur expenditure commitments in excess of the financial allocations for the year.

4. Operational Review

4.1 Procurement

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Obtaining maintenance and services for the SRITIS computer software used for printing driving licenses	The SRITIS system for printing driving licenses was awarded to Face Technologies and Metropolitan joint venture Company for a period of seven years from 2009 through an open procurement in 2009. At the end of the contract period, the contract period was extended from 2016 to 2020 with the approval of the Cabinet on 05 occasions. However, the assets of the driving	Goods and services should be purchased through a procurement process to obtain competitive prices in a manner that meets the provisions set out in the Government Procurement Guidelines and the objectives of the procurement.
The SRITIS computer software, which was purchased under the Build, Operate and Transfer (BOT) concept, had been handed over to the Department of Motor Traffic along with its source codes in 2020. The files related to the manner in which maintenance services were obtained for this software in the years 2021 and 2022 was not submitted to the audit, and maintenance and services had been obtained from a private company for the years		

2023 and 2024 without proper tendering procedures for the amount of Rs.154,100,000 and Rs.181,973,700 respectively. Considering that this data system is a very simple data system compared to the data system for vehicle registration and transfer of the Department of Motor Transport, and the maintenance and service cost of the vehicle registration data system is Rs.10,000,000, it had been observed that a very unusual cost has been incurred for the maintenance and service of the driving license issuance data system. However, there had not been any documentation of the reasons for providing maintenance and services for the software at a very high cost to an institution that had no connection with the creators of the software without a tender process.

license system have been transferred to the Department based on the Cabinet decision No. 19/3524/225/011 and dated 2020/01/08. In accordance with the said Cabinet decision, a detailed operation, service and maintenance agreement has been entered into with the service provider for the driving license system from 2021/07/01.

The Driving License System has been taken over by the Sri Lanka Army as per the Cabinet Decision No. 20/0691/225/024 dated 2020/04/22 and 2020/07/01 and the Army has been operating the Driving License System under the said Operation, Service and Maintenance Agreement (Rs. 154 million per year) with Metropolitan Advanced Technologies Private Limited (a joint venture of Face Technologies and Metropolitan) from 2021/01/01 to 2023/09/12. After taking over the Driving License System from the Sri Lanka Army to the Department from 2023/09/13, the Department has negotiated under the said agreement and obtained services for the year 2024 along with the Backend System Operation (Backend Service) at the same price.

(b) Entering into contracts for the service and maintenance of printers used to print driving licenses

Without any procurement process a service agreement had been entered for Rs.14,700,000 with a private company for the service and maintenance of 02 printers purchased in 2017, which were used for printing driving licenses. the market price of such a new printer was between Rs.15 and 20 million, and the market value of these 02 printers could be less than

Due to the limited number of printers available to the department, the continued use of the printers purchased in 2017 will result in higher maintenance and service costs. Although the Army planned to purchase 09 machines in 2021, only one machine was purchased. Subsequently, in 2002, procurement was again carried

Goods and services should be purchased through a procurement process to obtain competitive prices in a manner that meets the provisions set out in the Government Procurement Guidelines and the objectives of the procurement.

the maintenance cost, because of that, this service agreement which had spent public money in a manner that deviated from the concept of value for money, had been become controversial.

out to purchase 06 machines, but when the budget department requested funds, it was informed that the funds could not be provided and that services would be provided on a rental basis.

Currently, the procurement process for the purchase of 02 new printers has been completed and relevant activities are being carried out.

(c) Outsourcing of driving licenses printing to a private company

While the Sri Lanka Army had purchased a driving license card for Rs.311 in 2022 for the printing of Werahera driving licenses, it had called for quotes from only one private company without any procurement process and entered in to agreement to pay Rs.576 per card and pay the printing cost, due to that, the government had to pay an additional Rs.265 per card (Rs.576 - Rs.311) for 507,807 cards printed from 15 September 2023 to July 2024, resulting, government had been incurred Rs.134,568,855 losses.

Due to the import restrictions and the economic crisis prevailing in the country at that time, and the considerable amount of backlogged driving licenses that had accumulated for printing, the government's need to issue driving licenses to the public expeditiously has led to the Cabinet Paper No. Amap/24/2115/809/005 authorizing a private company to print driving license cards. Accordingly, the company has provided the cards and made only the payments for the cards printed as per the prices mentioned in the relevant Cabinet Paper and the agreement. (The number of cards printed has been certified by the Commissioner (Driving Licenses) and Deputy Commissioner (Driving Licenses)).

Action should be taken against parties who have caused losses to the government in accordance with the provisions of the Establishments Code and civil law regulations.

(d) **Purchase of driving licenses cards**

Although the procurement guidelines stipulate that procurement should be made through international competitive bidding when the capacity of local suppliers is limited, the national competitive bidding method had been used to purchase 400,000 polycarbonate cards with security markings and quality assurance QR codes of international standard, which was insufficient for at least 06 months of the

As per the letter of the Commissioner (Driving License) bearing number DMT/WE/DLP/01/COM requesting the procurement of these cards, 193500 cards have been notified as sufficient for the next 03 months. Accordingly, the Procurement Unit decided to purchase the requirement for 06 months and since the purchase of driving license cards should be made as a fresh procurement,

The annual requirement should be accurately estimated, cost estimates should be prepared accordingly, the relevant procurement method should be determined by the appropriate authority, and steps should be taken to purchase that requirement from the appropriate supplier selected through a call for

approximate average monthly requirement of 90,000 cards and annual requirement of 1,080,000 cards. Although the conditions contained in the bidding documents required that the cards be ordered after an independent laboratory test of their contents, the procurement order had been purchased without such a test.

without any period of time or any related documents of previous driving license procurement, and since it may be risky to purchase a large quantity at once, the purchase of 06 months' quantity was made.

bids.

(e) **Revision of the contract price for the supply of number plates with vehicle identification numbers.**

- (i) The Hon. Minister of Transport had forwarded a Cabinet Paper dated 02 August 2022 to the Cabinet requesting the Cabinet to appoint a Cabinet-appointed Price Negotiation Committee (CANC) and Project Committee to support the said committee to justify a price revision in the contract, in the absence of provisions included in the Procurement Guidelines for a revision of the contracted prices due to a change in the Sri Lankan Rupees to be paid per dollar for an ongoing contract and then obtained Cabinet approval No. AMAP/22/1104/608/010 dated 31 August 2023. The Price Negotiation Committee (CANC) appointed by the Cabinet of Ministers had prepared its committee report, taking into account only the change in the exchange rate without evaluating any other factors that determine supply prices, and had been decided that it was appropriate to provide a price revision that was agreed upon in consultation with the supplier.
- Due to the economic crisis that arose in the country due to the Covid situation in the year 2022, it is not possible to print vehicle number plates at the contracted price due to the increase in the exchange rate, and therefore, in accordance with the condition number 30 of the said agreement, the Controller of Imports and Exports issued Operational Instruction Circular 05/2022 and the National Budget Circular No. 03/2022 and 26 April 2022 dated, while being flexible to the change in the value of the dollar, requests have been submitted on 2022.05.22 and 2022.06.15, requesting a price increase of 79%.
- Prices should be revised to comply with the provisions of the Government Procurement Guidelines only if there are any.
- In accordance with the decision taken on 22.08.2022 in the Cabinet Memorandum dated 2022.08.02 submitted to consider the request, the Cabinet has appointed a Technical Evaluation Committee, and the report of the Committee was submitted on 22.11.2022, recommending that an appropriate price increase be provided in consultation with the relevant supplier in relation to the increase in foreign exchange rates.

<p>(ii) The Attorney General had inquired whether there were legal provisions in the agreement to provide for a price revision in accordance with the Cabinet decision, and without mentioning any legal provisions the Attorney General had pointed out that “the matters contained in the press release issued by the Central Bank do not fall within the scope of Article 30 of the agreement.” However, without taking the Attorney General’s opinion into account and without the approval of the Cabinet, steps had been taken to amend Article 14 of the agreement entered into with the contractor to allow for a price increase of 62.5 percent.</p>	<p>The supplier of this procurement is requesting a price increase based on the increase in the foreign exchange rate. Therefore, since the increase in the foreign exchange rate affects the import of raw materials for vehicle number plates, the supplier has requested a price increase of 79%. The Technical Evaluation Committee has calculated that the increase in the foreign exchange rate on that date has increased by 97% compared to the year 2018. The increase in the inflation rate and fuel prices has also been observed. Paying attention to this, the Technical Evaluation Committee has observed that there should be some increase in the price paid for vehicle number plates. Accordingly, it has been recommended to discuss with the supplier to determine an appropriate price for the price increase.</p>	<p>In such special cases, the guidelines and practices given to the government and government-affiliated institutions should be taken into consideration.</p>
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(f) Service agreements for computers and equipment at the Werahera office

<p>Computers and accessories other than card printers and SriTis computer software related to the Werahera driving license issuance process had been identified under 12 main categories according to the service and maintenance requirement. For 07 of these categories, service providers had been selected by inviting competitive bids and for 05 categories, bids had been invited from only one bidder and service supplies had been obtained from that bidder. The said service supplies had been provided to one selected company without any document in the Technical Evaluation Committee notes or file regarding the inability to obtain service supplies at competitive prices in respect of the 05 items for which unilateral bids had been</p>	<p>The computer system for issuing driving licenses of the department which was operated by the Sri Lanka Army for 03 years from 2021 and all its related activities were taken over by the Department of Motor Traffic in October 2023. During this takeover, the Sri Lanka Army did not show any compliance to hand over this function to the department and due to this, this takeover was not a smooth task for the departmental officers at all. This task was extremely challenging for the departmental officers. In this situation, it is essential to continue the service agreements to minimize the risk of maintaining the services and based on information found in various ways, steps were taken to maintain the service agreements</p>	<p>The total cost estimates for these services should be prepared, the relevant procurement method should be determined by the appropriate authority, and the minimum number of bids should be invited accordingly, and the appropriate supplier should be selected.</p>
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invited.

that were previously maintained
in that manner.

4.2 Management Inefficiencies

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Printing of driving licenses under one-day service		
(i) The Werahera office has provided the opportunity to print 200 driving licenses per day under the one-day service. However, in addition to those 200 driving licenses, the Werahera management had taken steps to print approximately 300 to 400 driving licenses per day for people who had previously applied and obtained driving licenses through the normal method by paying a one-day service fee. Considering the fact that the relevant persons had not obtained tokens to obtain these cards, the fact that information that people had come to obtain the printed cards was not documented, and that information had not been communicated to the public that those who had obtained driving licenses through the normal method could come to the Werahera premises and obtain driving license cards through the one-day service, the public representation received during the audit that the number of 61,177 cards issued in the last 09 months was being issued through improper means could not be ruled out.	500 applicants have been given the opportunity to submit their applications daily under one-day service (online appointment). In addition, (a). Applicants who have applied under the normal service from another online office and come to the Werahera office to apply for a driving license under one-day service (b). Also, in cases where an appointment has not been reserved for one-day service but have to go abroad or for interviews for jobs, one-day service opportunities are also provided in cases where relevant documents (for verification) are submitted. (c) Also, arrangements have been made to consider the requests made by persons engaged in medical services in essential services, officers of the Police Department and the Tri-Forces and applicants appearing for interviews in government and private institutions (with relevant documents) to provide one-day service opportunities.	A control system should be implemented for cases where driving licenses are printed as an emergency without paying the one-day fee from driving licenses obtained through the normal method, and accordingly, the approval given by an authorized officer for such emergency needs should be documented and maintained, considering the reasonableness of the written request of the applicant.
(ii) The Commissioner (Driving Licenses) and Deputy Commissioners had ordered the Printing Division to print between 200 and 250 driving	In cases where the application for driving license has been made under the general service but the driving license has not been printed but the application	A control system should be implemented for cases where driving licenses are printed as an emergency without paying the one-

licenses obtained through the normal method per day from the backlog without paying a one-day fee, considering them as urgent needs. 21,890 driving licenses were printed in this way from December 2023 to August 2024. The reasons for granting the said approval had not been documented, and a formal procedure had not been introduced for that.

has been made effective, driving license cards will be printed on the request of the applicants. It will be issued as emergency prints.

For this, the relevant documents and the approval of a staff officer or supervisory officer are required to confirm the request. Here too, all the relevant documents will be scanned electronically. Also, as pointed out in the audit from July 2024, in addition to scanning electronically, the relevant information will also be maintained as a document.

day fee from driving licenses obtained through the normal method, and accordingly, the approval given by an authorized officer for such emergency needs should be documented and maintained, considering the reasonableness of the written request of the applicant.

(b) Issuance of International Driving Permits

(i) Section 34 of the Motor Vehicles (Amendment) Act No. 08 of 2009, which amends Section 132 (a) II of the Principal Act, provides that every person applying for an International Driving Permit shall be examined by an authorized officer appointed by the Commissioner General for the purpose before issuing an International Driving Permit. However, International Driving Permits had been issued for applications submitted by the relevant association without the applicant being examined to determine whether the physical organs essential for the driving function of the applicant are functioning properly.

According to the Motor Vehicles (Amendment) Act No. 8 of 2009, the Lanka Automobile Association has the authority to issue International Driving Permits in Sri Lanka. Pre-printed numbered International Driving Permit forms are issued from the Narahenpita Head Office.

An International Driving Permit is issued to persons who have a driving license for more than 1 year validity which is duly issued by the Department of Motor Traffic.

An authorized officer appointed for the purpose by the Commissioner General shall develop a procedure for screening every person applying for an International Driving Permit.

(ii) According to the orders for the authority 203 of the Motor Vehicles Act by the Special Gazette No. 2301/17 of the Democratic Socialist Republic of Sri Lanka dated 10/10/2022, the general service fee for issuing an International Driving Permit is Rs.3,000 and the one-day service fee is

A fee of Rs.3,000 for regular service and Rs.3,500 for one-day service is charged for the issuance of an International Driving Permit as per the Extraordinary Gazette of the Democratic Socialist Republic of Sri Lanka No. 2301/17 and dated 10.10.2022. The Lanka Automobile Association

Necessary measures should be taken to prevent the charging of fees other than those approved by the government and to prevent institutions without legal authority from charging public funds.

Rs.3,500, and the said fees are to be charged by the Motor Traffic Department. However, contrary to the said orders, the relevant association had charged an amount of Rs.10,394 for one International Driving Permit. Since this is a private institution, the Commissioner General of Motor Traffic has been informed to the audit that they are not responsible for the other fees charged by them.

- (iii) According to Section 132(b) of the Motor Vehicles Act, a valid International Driving Permit issued by a Contracting State to the Vienna Convention shall be deemed to be a driving permit issued under the provisions of the Act. A person holding an International Driving Permit may drive motor vehicles of the class of licence holder in Sri Lanka without any hindrance as per the Motor Vehicles Act. However, the relevant association had taken steps to issue an illegal driving permit called Recognition Permit by charging a sum of Rs. 8,466 from visitors holding International Driving Permits coming to Sri Lanka without any legal basis or authority. The Commissioner General of Motor Traffic had been informed to the audit that the relevant association has been informed on two occasions that there is no provision in the Motor Vehicles Act or any other form of law for the issuance of Recognition Permit.
- There is no provision in the Motor Vehicles Act or any other legal provision for the issuance of Recognition Permits. The Lanka Automobile Association has been informed in this regard on two occasions.
- Steps should be taken to prevent the issuance of illegal driving licenses and to take legal action against those who abuse the power of the Act.

(c) **Conducting written examinations for driving licenses**

- (i) The Department of Motor Traffic's Werahera office conducts written examinations for the issuance of driving licenses on 03 occasions a day using computers, subject to prior reservation, and 143 computers are used for this purpose. Accordingly, between 135 and 140 candidates could be given the opportunity to face the examination at any one time, although allowing for mechanical errors the number of candidates who could apply for the examination at any one time had been limited to 110. However, on the day of the examination or the day before, officers with special passwords had been informally directed candidates to the remaining seats (computers).
- A maximum of 143 candidates can appear for the written driving license examination on a single day and the number may vary slightly due to computer outages on certain days. As per the revised fee schedule for driving licenses in the Government Gazette Extraordinary No. 2301/17 dated 10.10.2022 and as per the Internal Circular of this Department No. 08/2024 dated 26.11.2024, candidates registering for a driving license are allowed to appear for the written examination on the same day by paying an additional government fee of Rs. 1,000.
- To protect human rights by quickly correcting the weaknesses of the established system so that officials can give special opportunities to individuals as per their discretion.

- (ii) Unique passwords were provided to 15 officers at the Werahera office, including 11 non-staff officers. applicants can be referred for the written test for the issuance of driving licenses on any day and applicants can be referred for reserved seats by using above password.
- Among the officers working in this office, special passwords have been given only to the following officers. namely
1. Commissioner / Deputy Commissioner / Assistant Commissioner
 2. Officers responsible in each division as per the requirement of duty

Accordingly, dates for the written examination are given only by the officers working at the cash desks.

Develop the system as in (i) above, removing special passwords.

(d) **Change of data entered in the Motor Transport Department computer system regarding the motor vehicle bearing registration number KE - XXXX**

The motor vehicle and motor vehicle chassis number bearing AT-212-0066488 was registered on 15th August 2007 under the above registration number and registration certificate number of LOT S

As stated in the reply given on 19.03.2025 to the audit query submitted regarding the above matter, I appointed a committee on 08.05.2025 to conduct an urgent investigation in this

The officers who own the passwords that changed this data should be identified, an internal investigation should be conducted immediately,

0034392 of the Department of Motor Traffic in the name of the Secretary to the President, Presidential Secretariat, Colombo 1. The main registration data of the vehicle including the name of the owner, owner's address, chassis number, engine number, etc., which were included in the Department of Motor Traffic database under the said registration number, were fraudulently changed and instead, the information of a person from the Galle area was entered into the Motor Traffic Database under the same registration certificate bearing number LOT S 0034392, and the information of the said vehicle belonging to the Presidential Secretariat was fraudulently deleted from the data system.

regard and submit a report. It has been informed that the report of the said investigation committee should be submitted before 08.06.2025. I further inform that further action will be taken regarding the above vehicle number after receiving the report of the investigation committee.

and disciplinary action should be taken in accordance with the Establishment Code.