

Head 149 - Ministry of Industry and Entrepreneurship Development

1. Financial Statements

1.1 Qualified Opinion

Head 149 - The audit of the financial statements of the Ministry of Industry and Entrepreneurship Development 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 Ministry of Industry and Entrepreneurship Development was issued to the Chief Accounting Officer on 11 June 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Ministry was issued to the Chief Accounting Officer on 14 July 2025 in terms of Section 11(2) of the Audit Act. 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 of the Ministry of Industry and Entrepreneurship Development as at 31 December 2024 give a true and fair view on the financial position and its financial performance and cash flows and on all the material respects in compliance with the basis of preparation of the financial statements set out in Note 01 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 Matter - Basis of Preparation of Financial Statements

I draw attention to Note 1 to the financial statements which describes the basis of preparation of these financial statements. The financial statements have been prepared for the use of the Ministry of Industry and Entrepreneurship Development General Treasury and Parliament in accordance with the Financial Regulations 150 and 151 and Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the

Ministry of Industry and Entrepreneurship Development General Treasury and Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibility of the Chief Accounting Officer for the Financial Statements

The Chief Accounting Officer is responsible for preparing financial statements that give a true and fair view in all material respects in accordance with Financial Regulations 150 and 151 and Public Accounts Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025, and for determining such internal control as 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 Ministry 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 Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry 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.

1.5 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 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 judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.6 Comment on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Property Plant and Equipment

The following deficiencies were observed in accounting for Property, Plant and Equipment.

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(i) Rs. 1,645,805 was shown in the ACA-6 format of the financial statements as purchases in the year under review, but the value shown in the Treasury printed copies related to non-financial assets and expenditure codes 2102 , 2103 related to the acquisition of capital assets of the Ministry was Rs. 13,123,501, due to this, there was a difference of Rs.11,477,696.	The reason for the difference has been identified as an error in entering data into the online system, and action will be taken to correct it using the CigaS computer program in the future.	The accounting for capital asset acquisitions should be corrected.
(ii) The value of the buildings constructed at the expense of the Ministry should be disclosed in the financial statements, but the value of 13 administrative buildings, 03 factories and 02 office/residential service buildings constructed in 16 industrial estates since 1996, amounting to Rs. 544.94 million, had not been accounted for as at 31 December 2024.	The unaccounted amount of Rs.544.94 million has been accounted for in relation to the year 2025.	Expenses incurred and assets accrued by Ministry should be accounted for promptly.

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| (iii) | A detailed schedule related to the value of passenger vehicles amounting to Rs.737,323,781, as at 31 December 2024, presented in the ACA 6 format along with the financial statements, had not been submitted. | A list of individual balance can be submitted for the closing balance of the year 2023, discussing with the Public Finance Department and necessary adjustments and corrections will be made in the future. | Detailed schedules relation to assets should be submitted. |
| (iv) | Five vehicles with a total value of Rs. 60,300,000 included in the CIGAS information system on motor vehicles were not included in the information provided by the transport division of the Ministry. | The necessary actions are already being taken to remove the relevant value from the CIGAS information system. | The information in the CIGAS information system and the transport division should be updated and maintained. |
| (v) | According to the CIGAS program and Treasury printouts, the Ministry had 35 motorcycles with a total value of Rs.5,513,319, but according to the information submitted by Transport Division of the Ministry, only 2 motorcycles were in use by the Ministry. | The ownership of the 35 motorcycles has been transferred to the Vidatha Division of the Ministry of Science and Technology. The relevant arrangements in relation to that transfer will be carried out in the future. | The information in the CIGAS information system should be updated and maintained. |
| (vi) | 26 vehicles owned to the Ministry had not been accounted for as assets in the CIGAS program. | The vehicles recently assigned to the Ministry will be accounted for as assets after the takeover process is completed. | Assets owned to the Ministry should be properly accounted for. |

2. Report on Other Legal Requirements

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.

3. Financial Review

3.1 Management of Expenditure

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) Since the Overallocations of Rs.2,875,181,044 were allocated for 39 expenditure codes, in relation to 32 recurrent expenditure codes, 06 capital expenditure codes and 04 sub-projects, after the utilization of Rs. 1,605,189,978 during the year, there was a remaining balance of Rs. 1,269,995,066 which was taken as a percentage ranging from 20 to 99 percent of the net allocation.	Due to the fact that the Minister of Industries also served as the Minister of Plantation Industries and Health for the first 10 months of 2024, there were savings in expenditure codes due to the division of expenditure among ministries, the end of the tenure of State Ministers from September 2024, the control of expenditure pursuant to 2024 Budget Circular No. 1/2024, the restriction of government recruitment for vacancies, the decline in the general price level in 2024, the limitation of retirement benefit claims, and the restriction of property loans by banks.	Actions should be taken to get maximum utilization from the allocated provisions as planned to prevent any saving of provisions.
(b) The total provision of Rs. 202,800,000 remained saved due to the fact that no expenditure was incurred out of the provisions allocated for in relations to 06 recurrent expenditure codes and 05 capital expenditure codes during the year.		
(c) In cases where the provisions provided for a particular expenditure code are expected to be insufficient, when seeking to obtain provisions for it through F.R.66 or a supplementary estimate, it is necessary to allocate provisions as accurately as possible for the payments to be incurred in the future under that expenditure code. However, for an expenditure code for which provisions of Rs.9,000,000 were allocated, additional provisions of Rs.2,000,000 were obtained through M.R.66 and Rs.3,885,000 through the supplementary estimate, but by the end of the year under review,	Savings were made due to limited requests for retirement benefits.	When provisions are obtained from another expenditure code, the funds should be reserved only for the requirement.

only Rs.10,755,490 had been spent out of the net provision of Rs.14,885,000, and Rs.4,129,510 was remained.

3.2 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) The liabilities of Rs. 4,115,868 relating to the year under review, which were not included in the statement of obligations and liabilities (Note iii) in financial statements, were paid in 49 instances in the year 2025.	The last date for crediting liabilities to the CIGAS system was 31 January 2025. Vouchers 125 to 339, which are not credited, were submitted after the relevant date and therefore they have not been included in the CIGAS system. This is expected to be corrected in the future.	The statement of obligations and liabilities included in the financial statements should be prepared accurately.
(b) There were 43 liabilities of Rs.727,693 related to 43 cases in 2019 and one case in 2018, but actions had not been taken to settle those liabilities by the end of the year under review.	The printed obligations and liabilities register in the CIGAS computer system shows that there are outstanding liabilities for the years 2018 and 2019, but in reality, the Ministry does not have any vouchers as outstanding liabilities for the years 2018 and 2019. This has been discussed with the Public Finance Department and actions will be taken to remove those from the CIGAS computer system in the future.	If there are no liabilities related to the years 2018 and 2019, further actions should be taken in consultation with the Treasury before preparing the financial statements to have them removed.

3.3 Non-compliance with Laws, Rules and Regulations

	Observation	Comments of the Chief Accounting Officer	Recommendation
Reference to laws, rules and regulations	Non-compliance		
(a) Section 38 of the National Audit Act bearing No. 19 of 2018	The annual reports of 08 institutions under the Ministry for the period of 2015 - 2024 had not been tabled in Parliament.	Actions are being taken to table the reports in Parliament.	Annual reports should be tabled in Parliament on the due date.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regualtions 104(03)	An inspection board was appointed on 20 November 2024 to conduct a preliminary inspection to assess the damage caused to the fence and gate constructed in the Wellawaya Industrial Estate, but the preliminary report had not been submitted until the date of the audit 14 May 2025.	The preliminary investigation was conducted on 29 May 2025 and a report on the losses has been prepared under FR 104 (3) and the necessary further action is to be taken in this regard.	Preliminary investigations into an incident should be conducted immediately and a report should be submitted.
(ii) Financial Regualtions 104 (04)	A full report should be submitted within 03 months of a loss occurring, but full reports had not been submitted regarding the losses incurred in connection with the fire of a vehicle on 21 March 2024, and the flooding of the Restructuring Division of the Ministry on 09 April 2024.	Due to the difficulty in finding some spare parts for the relevant vehicle type in the market, it has not been possible to assess the damage caused to the vehicle, hence it has been delayed in providing a full report. The Restructuring Division has taken actions to assess the damage	A full report should be submitted within 03 months of the loss occurring.

caused by the flooding and the relevant repairs have been carried out. In this regard, a committee has been appointed as per the F.R. and it has been planned to prepare a full report expeditiously.

(iii) Financial Regulations 756	No commodity survey had been conducted for the year under review.	Only 02 committees have submitted relevant reports after surveying the goods. The relevant reports are currently being received by the Accounts Division and action will be taken to provide the inventory survey report as soon as the relevant reports are received by all the divisions.	The survey of inventory should be carried out and reports should be submitted within the prescribed time frame.
(iv) Financial Regulations 772 and Public Finance Circular bearing 01/2020 dated 28 August 2020	Action had not been taken to dispose the items identified as being subject to disposal in 2023.	Actions are underway to dispose the items identified as being subject to disposal in 2023.	The goods decided to be disposed of should be disposed of without delay in accordance with the provisions.
(c) Public Administration Circular bearing No. 30/2016 dated 29 December 2016	Fuel combustion tests had been conducted on only 03 vehicles used by the Ministry, while fuel combustion tests had not been conducted on 95 vehicles during the year under review.	In accordance with Public Administration Circular No. 30/2016, the necessary actions are currently being taken to conduct fuel combustion tests on other vehicles.	Fuel combustion testing should be carried out in accordance with the circular provisions.

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| (d) | National Budget Circular bearing No. 01/2024 dated 10 January 2024 | Additional provisions of Rs. 450,000 had been made for travelling expenses. | Payments for the work performed by officers employed for essential industrial development activities have not been carried over to the next year, but only Rs.450,000 has been allocated under F.R. 66 for travel expenses to be made in the same year. | Action should be taken as per the circular provisions when transferring provisions between expenditure codes. |
| (e) | Asset Management Circular bearing No. 01/2017 dated 28 June 2017 | Information regarding assets purchased during the year under review had not been submitted to the Office of the Comptroller General. | Action will be taken in the future as indicated. | Information regarding assets purchased, in accordance with the provisions of the circular should be reported to the Comptroller General. |
| (f) | Circular No. CGIR/2019/3 of the Commissioner of Inland Revenue dated 09 July 2019 | The Value Added Tax (VAT) paid should have been reported quarterly, but action had not been taken accordingly. | In the future, quarterly reports on Value Added Tax (VAT) paid will be sent to the Commissioner of Inland Revenue. | The Commissioner of Inland Revenue should be informed about the value added tax. |

4. Operational Review

4.1 Non- performance of Functions

	Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a)	Although it was expected to establish the Raigama Industrial Zone on a land area of 200 acres, a feasibility study and a project plan specifying the development works to be carried out had not been prepared before the industrial zone was started. Although an expenditure of Rs. 905 million	Although the Raigama Industrial Estate was initially planned to be developed on an area of 200 acres, an environmental feasibility study should have been conducted for this, as per the Cabinet decision dated 26 October 2016, in accordance with the	Projects should be initiated after a proper feasibility study and the initial industrial zone project should be started properly, working on proper

had been incurred for the industrial zone from 2017 to the year under review, as no investor had come forward to start the industry by the end of the year under review, it was not possible to start the industrial zone by the end of the year under review and the expenditure incurred had become idle expenditure.

Environmental Act.

Since the decision was made to complete the project in several phases and it has been reduced the area to 25 acres, it is exempted from the need to conduct an environmental feasibility study as per the Environmental Act.

This industrial Estate, which was a project that was started quickly under the approval of the Cabinet based on the decisions of the political authority, had a pre-feasibility study conducted by the Regional Director (Western Province) before the project was started. Furthermore, with the political upheaval that occurred in November 2019, the work on this project was temporarily stopped and then the implementation of the project was delayed due to the Covid pandemic situation and political instability in the country. Approval to resume this project was received after the Minister of Industries officially started the work on the industrial Estate on 27 July 2023, and these works are being carried out according to plan.

plans.

- (b) The financial statements of 10 institutions under the Ministry for the period 2019-2024 had not been submitted for audit.

The relevant institutions will be informed to submit reports and actions will be taken to submit them promptly.

All institutions should take actions to submit their financial statements to audit on the due date.

- (c) Restructuring activities had not been carried out in 08 institutions under the Ministry that were scheduled to be restructured.

It has been informed that Lanka Mineral Sands Limited and National Paper Company Limited have not submitted project reports, that the meeting reports of the committee appointed to explore the graphite reserves of

The restructuring of the 08 relevant institutions should be carried out as approved and actions should be taken without delay

Kahatagaha Graphite Lanka Limited have not been received, that instructions have not been received from the Department of Public Enterprises regarding Lanka Leyland Limited, that the decision of the Procurement Appeals Board regarding National Salt Limited has been handed over to the Attorney General's Department for submission to the court, that the acquisition of the land where the Kankesanthurai Cement Factory of Sri Lanka Cement Corporation is located is being carried out by the Investment Promotion Board, that a board meeting of the Cement Company Limited is to be convened and liquidated, and that the reasons for the cost variation in the two cost reports prepared for the Caustic Soda/Chlorine project of Paranthan Chemical Company Limited have been inquired from the Department of National Planning.	to improve their efficiency. If there are institutions that are scheduled to be liquidated, attention should be paid to expediting those processes.
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| <p>(d) Estimates had been prepared for the construction of a cinnamon processing center in the Karandeniya Industrial Estate and the raw material management program for the handloom textile industry, but those projects had not been implemented during the year under review.</p> | <p>For this, the Industrial Technology Institute prepared a project proposal and action plan in 2024 as instructed by the Ministry of Industry and Entrepreneurship Development, but no financial allocation has been made.</p> |
| <p>(e) The construction of the Wellawaya Industrial Zone was commenced in year 2023 at a cost of Rs. 8,383,056, but no progress had been made in this regard since the action plan in year 2024 did not include provisions for the development activities of this industrial zone.</p> | <p>The national budget allocates a limited amount of provisions for the development of industrial estates. These limited provisions are used according to the action plan prepared for the year, giving priority to the development activities that need to be carried</p> |

Actions should be taken to ensure that financial provisions are made for planned projects and to complete them as planned.

Investors' demand for industries in industrial estates should be identified and provisions should be allocated accordingly.

out under the demand of investors in each industrial estate. At there, no provisions were allocated for the development activities of the Wellawaya Industrial Estate for the year 2024.

4.2 Non-achievement of expected Output

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) The government has incurred a cost of Rs. 1542 million for 09 industrial estates proposed to be implemented on 281.399 acres of government land under the Industrial Zone Development, but no industry has been started in them.	All the development activities required to be carried out in the industrial estates of Aluthepola, Raigama, Bulathsinhala, Katunayake, Nochchiyagama, Dambulla, and Suriyawewa are being carried out, and the most of the basic infrastructure development activities in Aluthepola, Raigama, and Suriyawewa are currently in the final stage. Investors are not able to start their industrial projects until the basic infrastructure development activities in the industrial estates are completed. All the infrastructure development activities in the Tirumaladu (Batticaloa) industrial estate have been completed and the remaining plots of land, except for 3.25 acres of land, have been allocated to 08 investors. Requests from investors to acquire lands in other industrial estates are being received.	It is necessary to ensure that the construction work of the industrial estate is completed as expected.
(b) Although the total land allocated when industrial estates were established in 21 districts was 1,340 acres, only 741.50 acres of it was allocated for industries, As a result 598.50 acres of land remained idle by	Due to the Easter attacks that began in year 2019, the COVID-19 pandemic situation in year 2020, the economic crisis that has been going on in the country for about 03 years, various	Action should be taken to properly utilize the allocated lands for industrial estates.

the end of the year under review.

restrictions imposed by the government, the rise in the value of the US dollar, power cuts and increased electricity bills, the contraction of the foreign market for products exported from this country, etc., the inability to continue production activities in factories, and the departure of skilled workers for foreign employment, industrialists in all provinces have had to face many difficulties in continuing their production activities. Due to this, the activities of the industries have not been carried out at the level expected by the Ministry.

- (c) The Central Engineering Services (Pvt) Ltd. (CESL), which was awarded the contract to develop infrastructure facilities in the Kalutara Raigama Industrial and Technological Development High zone in year 2017, had not completed the contract work as per the agreement by April 2025 due to reasons such as non-removal of rubber trees in the relevant area, objections of plantation companies and non-completion of the waterway system.
- After the jackfruit trees that obstructed the development were cut down and removed, the development work of the internal road is currently underway with the approval of the Divisional Secretary. A discussion was held with the Plantation Company and the official of Land Reform Commission on 17 February 2025 to remove the rubber trees that obstructed the construction of the protective fence of the industrial estate. Since the Plantation Company has filed a case in court regarding the land in the Millaniya Industrial Estate, it was decided to obtain a valuation report for the value of the relevant rubber trees to be removed and to auction the above trees and deposit the relevant money in the court. Furthermore, it is necessary to acquire a piece of land of 80 perches to construct the access road, and executing its surveying work was delayed due to a trade
- Close attention should be paid to the obstacles to complete the work expeditiously and the necessary actions should be taken in a planned manner to complete the work.

union action in the Survey Department, which also delayed the acquisition of the relevant piece of land. Due to this delay, it has not been possible to commence the development work of laying water pipes along the access road for the water supply system.

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| <p>(d) Although the expected number of employees in 24 industrial estates was 32,588 according to the project proposals when the industrial estates were launched, the actual number employed was 15,949 that is at a minimum level of 51 percent, so the achievement of the expected targets was at a minimal level.</p> | <p>Due to the COVID-19 pandemic situation that has been prevailing in the country for the past few years, the economic crisis in the country, fuel shortage, inability to import raw materials, to the country, recession in the construction sector, inability to sell manufactured goods, rise in electricity bills, migration of workers to other countries, and etc.. many industries have been unable to continue their production activities and carry out production activities at maximum capacity. In such a situation, in order to maintain industries, many institutions have had to minimize costs and operate production activities on a cyclical basis with a minimum number of employees.</p> | <p>Sufficient human resources should be maintained to achieve goals.</p> |
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4.3 Non-achievement of expected Outcome

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) Although Rs. 65.98 million had been spent on repairing the access roads of the Karadeniya Industrial Estate, its physical progress was 0 percent as at 31 December of the year under review. Although Rs.4.1 million had been estimated for the establishment of the Katunayake Industrial Estate, its physical progress was at a lower level of 02 percent and no expenss had been made in this regard.	The Road Development Authority is initiating and carrying out the relevant procurement and development activities in year 2025, based on the release of these provisions at the end of the financial year for these development activities with a medium-term timeframe. The Procurement Division selected the Industrial Technology Institute to prepare the preliminary environmental study report for the Katunayake Industrial Estate by paying a sum of Rs. 150,000 to the Central Environmental Authority. Although a 40 percent advance has been paid to the Industrial Technology Institute to prepare the preliminary environmental study report, the report has not been submitted to the Ministry yet.	Action should be taken to obtain the preliminary environmental study report of the Katunayake project as soon as possible. Necessary steps should be taken to complete the work of the Karadeniya project as soon as possible.
(b) During the examination of the progress reports as at 31 December of the year under review, the physical progress of 07 projects with an estimated value of Rs.772 million was between 10% - 25%, the physical progress of 21 projects with an estimated value of Rs.185.59 million was between 25% - 50%, the physical progress of 17 projects with an estimated value of Rs. 109.08 million was between 50% - 75%, and the physical progress of 35 projects with an estimated value of Rs.342.15	Answers were not given.	When planning projects, practical conditions should be taken into account and the work should be completed as planned.

million was between 75% - 99%, and the necessary steps had not been taken to complete these projects before the end of the year under review.

4.4 Asset Management

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Out of 08 vehicles identified for disposal in the year 2023, only one vehicle had been auctioned and 03 vehicles had been handed over to the Industrial Development Board. The actions had not been taken to dispose the remaining 04 vehicles as at 31 December of the year under review.	08 vehicles that were sent for auction in the year 2023 were auctioned in the year 2024 and only one vehicle has been sold at auction and 03 vehicles that were not auctioned at that situation have been handed over to the Industrial Development Board as scrap. The necessary preliminary work for the auction of other vehicles are undergoing in this year.	Vehicles that need to be disposed of should be disposed of promptly in accordance with the regulations.
(b)	Apart from the vehicles that had been granted approval for disposal, 06 vehicles had been parked without being repaired on the Ministry premises and at institutions that had been referred for repair.	In addition to the vehicles that had been granted approval for disposal, 02 vehicles parked at the Ministry are vehicles that have been caused in accidents and are currently undergoing legal proceedings and insurance coverage. 04 vehicles have been sent to the garage for repairs and the necessary repairs are being carried out on these vehicles.	Vehicles that need to be repaired should be repaired and put back into service as soon as possible.
(c)	The ownership of 12 vehicles with a total value of Rs. 52,200,000 had been recorded as assets even though they had not been acquired.	Further work is underway to take over the ownership of vehicles not registered in the name of the Ministry.	Ownership of vehicles should be taken over.
(d)	There were 08 vehicles with a total value of Rs. 79,848,262 whose vehicle numbers were not mentioned in the vehicle information in the CIGAS program.	Action will be taken to account for the assets of the CIGAS program after the transfer of the recently assigned vehicles to the Ministry is completed.	The information should be compared with asset records of the Ministry. If there

are any differences, corrections should be made immediately.

4.5 Security of Public Officers

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Officials required to post bails in accordance with Section 880 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka were required to post bails in accordance with the Government Officials bails Ordinance, but the officials of the Ministry had not done so.	Further work is being carried out to identify officials who need to post bails in accordance with the Government Officials Bail Ordinance and it is planned to complete that work expeditiously.	Actions should be taken to obtain bails from the officers who are required to post bails.

4.6 Losses and Damage

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) In the statement of losses and waivers included in the financial statements of the year under review, Rs.28,700,797 was recorded in relations to 11 cases over Rs.25,000 under the losses F.R 106 and F.R 113 under the statement of recovery of losses and/or write- off and / or waiver in the statement of losses and waivers during the year but as per the information submitted to the audit regarding losses and waivers, that balance was Rs.29,267,359 in relation to 13 cases, resulting in there was a difference of Rs.566,561. The classification according to the nature of the loss had shown Rs.28,219,497 and Rs.520,000 respectively for 10	Since the relevant information was obtained after the financial statements were prepared, it has not been possible to include it in the financial statements.	Actions should be taken to include accurate information in the financial statements and to submit relevant information to confirm them.

vehicle incidents and 03 other incidents, but it was Rs.28,619,559 and Rs.686,500 respectively for 11 vehicle incidents and 04 other incidents, resulting in there was a difference of Rs.400,062 and Rs.166,500 respectively in those balances.

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| (b) | <p>In the statement of losses and waivers included in the financial statements of the year under review, Rs.107,574 was recorded in relation to 02 cases over Rs.25,000 under the losses F.R 106 and F.R 113 under the statement of recovery of losses and/or write- off and / or waiver in the statement of losses and waivers during the year but according to the information submitted to the audit regarding losses and waivers, that balance was Rs. 377,557 in relation to 04 cases, resulting in there was a difference of Rs. 269,978. The classification according to the nature of the loss indicated Rs. 107,574 in relation 02 vehicle incidents, but according to the information submitted to the audit, it was Rs. 211,052 and Rs.166,500 in relation to 03 vehicle incidents and one other incident respectively, resulting in there was a difference of Rs.269,978 between those balances.</p> | <p>No comments were given.</p> | <p>Actions should be taken to include accurate information in the financial statements and to submit relevant information to confirm them.</p> |
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4.7 Management Weaknesses

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	A balance of Rs. 193,787 due from three deceased officers, a balance of Rs. 101,386 due from two retired officers and a balance of Rs. 364,817 due from five officers who have left the service had been outstanding for	These debt balances are due from the officers of the Vidatha Division and the Vidatha Division, which was under this Ministry, has been transferred to the Ministry of Science and	Action should be taken to recover uncollected debt balances in accordance with the circular

- more than 3 years and remained outstanding in the public Officers' Advance Account, even at the end of the year under review.
- Technology with effect from 01 January 2025 by Extraordinary Gazette No. 2412/08 dated 25 November 2024. Actions have been taken to inform the Ministry of Science and Technology for further action.
- (b) The agency had submitted an estimate of Rs. 602,809 to repair a mortar vehicle that had caught fire on 21 March 2024, and, no insurance compensation had been received for this loss or no repairs had been carried out, as at the date of the audit 14 May 2025.
- Since the vehicle caught fire on 21 March 2024, the preliminary work has been carried out to obtain an estimate for the repair. Due to the difficulty in finding some spare parts of the relevant types of vehicle in the market, it has not been possible to submit an estimate including the prices of each item to submit to the insurance companies. Since it has not been possible to assess the damage to the vehicle, the repair work has been delayed. Necessary actions have been taken to expedite the future work related to the repair of this vehicle in consultation with the institution and the insurance company that sent the vehicle for repair.
- Insurance claims should be obtained and vehicle repair should be done promptly.
- (c) Due to the errors of construction company during the renovation of the road adjacent to the Ministry building, drainage system of the Ministry was blocked on 09 April 2024 and the Restructuring Division of Ministry was flooded. The Assistant Director (Engineering) had estimated the loss incurred as Rs. 821,286. Although the Road Construction Company had agreed to pay this loss, no action had been taken to recover it by the date of audit 28 April 2025, and no disclosure had been made in the financial statement in relation to this.
- The Restructuring Division of Ministry has taken actions to assess the damage caused by the flooding and has carried out the relevant repairs. In this regard, a committee has been appointed in accordance with the Financial Regulations and plans have been made to prepare a full report as soon as possible.
- Relevant actions should be taken to recover the loss.

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| (d) | Although 18 years had passed since the establishment of the Buttala Industrial Estate, no industrialist had signed lease agreements and only one industrialist had paid a lease amount of Rs. 1,068,000 to the Urban Development Authority. | Further action will be taken in this regard in accordance with Cabinet Decision No. CP/24/2210/814/011 and dated 30 December 2024. | Lease agreements should be signed properly and a formal system for collecting lease should be established. |
| (e) | Although an administrative building had been constructed at a cost of Rs.87.96 million in the Raigam Industrial Estate and an official residence at a cost of Rs. 3.585 million in the Buttala Industrial Estate, the expenditure incurred on the construction of the said building had become an idle expenses as they remained without being used and properly maintained. | The space in the administrative building, measuring approximately 29,000 square feet in the Raigama Industrial and Technological High-tech Zone, has been requested by several investors who have been selected to start new industrial projects in the industrial estate, and the valuation has been obtained and submitted for further action. | Buildings should be properly maintained and used. |
| | | Although the members of the Industrial Estate Investors Association have been asked to collect a government assessment fee for the employee residential industry in the Buttala Industrial Estate with the approval of the Secretary of the Ministry of Industry and Entrepreneurship Development, no successful response has been received so far. | |
| (f) | An industrialist was given 01 acre and 05 perches of land to start a cardboard and hospital equipment manufacturing industry, in the Buththala Industrial Estate but the investor was conducting a coconut shell-related business contrary to the business plan submitted by the relevant investor, and the relevant approvals were not available for that purpose, and the amount of land allocated for that purpose had been underutilized. | As per the initial request made by investor to start this factory for cardboard and hospital equipment manufacturing, the cabinet approval has been granted and a letter in land allocation has been issued relation to the on 18 February 2018. However, though a request made by the investor later on due to problems on importing raw materials. a written request was made on 20 November 2020, to convert this factory to a coconut | A follow-up system should be developed on the industries carried out in the industrial estates, and if other industries that are contrary to the approved industries, a system for regulating them should be developed and necessary actions |

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| | <p>shell based manufacturing factory and the relevant project report and application form have been submitted in this regard But, since it has not been confirmed whether this request has been approved by the Regional Industrial Services Committee, it is scheduled to be presented to the next committee meeting, made the relevant amendment, obtained the recommendation and forwarded to the Ministry for approval. Furthermore, steps have been taken to inform the industrialist that if the underutilized land is not used, that land plot will be canceled and given to another investor.</p> | <p>should be taken to carry them out under proper approval.</p> | |
| (g) | <p>Although Rs.4,298,224 was paid to the Sri Lanka Standards Institution in 2016 as a project, to provide financial assistance to obtain Sri Lanka Standards Certificates for the production of local red clay tiles, the actual expenditure was Rs. 3,032,462. Accordingly, the audit was informed that the amount of Rs. 1,265,762 that had been paid in excess would be used for the selection of suitable factories and the process of obtaining standards certificates, but the expected function had not been achieved with this amount up to the year under review.</p> | <p>The Sri Lanka Standards Institution has been informed to send the remaining amount to the Ministry.</p> | <p>The excess amount should be used to obtain standards certificates or, if not, should be refunded.</p> |
| (h) | <p>According to the land allocation letter issued to industrialists when allocating land, a long-term lease agreement of 35 years should be signed after the land is allocated, but lease agreements have not been signed for 347 industrialists in 30</p> | <p>The Ministry has been conducting mobile services at the industrial estate level since 2021 and is currently implementing to expedite the preparation of lease agreements for investors who have been allocated land from</p> | <p>Lease agreements should be signed as soon as land allocation is completed.</p> |

industrial estates.

industrial estates but whose lease agreements have not yet been prepared.

- (I) Rs. 3,266,558 was spent in the year 2022 for land surveying, grading and preparing land subdivision plans for 4 industrial estates namely Giradurukotte, Dimbulagala, Dickwella and Trincomalee Phase III under the project to establish small and medium scale industrial zones at the regional and district levels, but the expenditure incurred for that purpose had become idle expenses due to the suspension of the activities of those projects in the year under review.
- These 04 new industrial estates are projects initiated under the special national program to establish one industrial estate per divisional secretariat division announced in the 2022 national budget proposal. Although Rs. 5000 million was allocated for this in the 2022 budget, the allocated funds were not practically received due to the political instability that arose in the country at the beginning of the year and the economic crisis in the country, and the release of funds for development activities had been subjected to a strict review. Accordingly, as per the decision taken by the ministry using the limited allocations released to complete only the industrial parks, where most of the development activities have already been completed, the development activities of these 04 industrial estates have been temporarily stopped. It is expected that development activities of these 04 industrial parks will be carried out in the future according to the provision amount allocated to this sector in the budget and according to priority.
- The needs of industrial estates should be reviewed before spending money on them.

5. Good Governance

5.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The internal audit division had expected to issue 13 audit inquiries for the year 2024 according to the internal audit plan, but the number of issued audit inquiries was limited to 02.	Only 02 audit inquiries were submitted on behalf of the Ministry for the year 2024, 11 special audit inquiries outside the internal audit plan were conducted on the statutory institutions under the Ministry as per the request made by the Department of Management Audit, the Commission to Investigate Bribery and Corruption, the Committee on Public Enterprises and the Department of Public Enterprises. Due to the deployment of officers for those special investigation duties, it was not possible to submit internal audit inquiries for the Ministry as expected. Also, due to the release of officers for the Presidential and General Elections in late 2024, it was not possible to issue the expected number of audit inquiries within the Ministry as per the audit plan.	If the internal audit cannot be carried out as planned, the necessary inspections to minimize internal control weaknesses in the current institutes under their division should be planned and implemented in a systematic manner.

6. Human Resource Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
At the end of the year under review, there were a total of 233 vacancies, out of which 21 were at senior level, 02 at tertiary level, 184 at secondary level and 26 at primary level.	Due to the limitation of new recruitments in the public service, the number of staff attached to the actual staff in January 2025 has been approved. The Ministry of Public Administration has been informed about the current vacancies.	Actions should be taken to fill the vacancies in essential positions quickly.