

Head 187 - Ministry of Investment Promotion

1. Financial Statements

1.1. Qualified Opinion

Head 187 - The audit of the financial statements of the Ministry of Investment Promotion 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 Investment Promotion was issued to the Chief Accounting Officer on 12 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 30 June 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 Investment Promotion for year ended 31 December 2024 give a true and fair view in all the material aspects of the financial position, financial performance and cash flows in accordance with the basis of preparation of financial statements set out in Note 01 of this 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 Responsibility 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 for the preparation of financial statements

The attention is drawn to the Note 1 related 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 Treasury and Parliament and Ministry of Investment Promotion in accordance with Government Financial Regulations 150 and 151 and State Account Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Accordingly, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Ministry of Investment Promotion, General Treasury and the Parliament. My opinion in this regard is not modified.

1.4. Responsibilities of the Chief Accounting Officer for the Financial Statements

In Compliance with Financial Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025, the Chief Accounting Officer is responsible for the preparation of financial statements that give a true and fair view 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 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 of Investment Promotion 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 Responsibility 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 judgments and maintain professional scepticism throughout the audit. I also:

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

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

1.6. Comments on the Financial Statements

1.6.1. Accounting Deficiencies

(a) Capital Expenditure

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though the acquisition cost of Capital assets in Statement of Financial Performance (ACA-F) was Rs.223,152,569, it was stated as Rs.220,331,542 in Statement of Non-Financial Assets (ACA-6) and therefore, acquisition of assets (Purchases) had been understated by Rs.2,821,027.	The difference which was shown by Audit had occurred due to providing the allocations for District Secretariats in Mulathiv, Jaffna and Kilinochchi respectively on behalf of establishing investment zones in Mankulam, Kankasanthurei and Paranthan under lands and land developments 187-2-4-9-2105. Since these assets were not relevant to the Ministry of Investment Promotion, relevant District Secretariat Offices or Pradeshiya Saba Offices should include these assets.	The Assets relevant to the cost of acquisition of capital expenditure should include in the Statement of Non-Financial Assets.

(b) Advance Account Balances

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though the Ministry had vacated from the World Trade Centre as at 31 December in the year under review, rent advances of World Trade Centre building amounting to Rs. 21,293,616 had not been settled and therefore, it had been stated under the works and Advances (ACA-5(a)) in Financial Statements.	The Ministry of Investment Promotion had vacated from the building of World Trade Centre on 20 February 2025 and the approval of the Cabinet relating to the hiring that building had ended in 31 December 2024. Therein, the approval of Cabinet would be needed again to make the payment for remaining 1 month and 20 days. Remaining amount should be reclaimed after deducting the expenses to be paid further for the institute. Cabinet Memorandum had been preparing by the Ministry of Finance and Rent and work advances account can be settled immediately after receiving the Cabinet approval.	Advances should be settled according to the approval of Cabinet.

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 recommendations made by me on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1. Expense management

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	No amount had been utilized out of the net allocation totaling to Rs.14,850,000 which made for 3 Recurrent expenditure objects and 3 Capital expenditure objects from the estimation year under review.	Even though the provisions were made for construction of a building to the Ministry of Investment Promotion and establishing an investment friendly environment, capital allocations had not been used due to not presenting requests for allocations, arranging to reduce procurements of new furniture and office equipment according to the capital expenditure management in National budget circular 01/2024.	Estimations should be prepared completely in accurate as possible according to the Financial Regulation 50.
(b)	Only an amount of Rs.6,669,225 which is 13 percent had utilized out of the net allocation totaling to Rs.50,350,000 provided for 09 Recurrent expenditure objects and 04 Capital expenditure objects.	Even though the allocations were made, allocations had remained same due to making expenses on requirement and non-executing the functions of the Ministry since the month of September 2024.	- do -

3.2. Certifications to be made by the Chief Accounting Officer

Although the certifications on the following particulars were to be made by the Chief Accounting Officer as per the provisions of the Section 38 of the National Audit Act No.19 of 2018, the proceedings had not been made accordingly.

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	The Chief Accounting Officer should 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. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General, but no statements had been furnished to the Audit that the reviews had been carried out.	Not commented.	Arrangement should be made in accordance with the Section 38 of National Audit Act, No. 19 of 2018.
(b)	Even though the Chief Accounting Officer should ensure to answer all the Audit Queries within a certain time period as per the Auditor General's requirement, answers for audit queries had not been provided as per the Section 4.6 in the Report.	Not commented	- do -

3.3. Non-compliance with laws, rules and regulations

Observation		Comments of the Accounting Officer	Recommendation
Reference to laws, rules and regulations	Non-compliance		
Financial Regulation 756 and Section 11 of Public Finance Circular No. 01/2020 dated 28 August 2020	Board of Survey had not been carried out during the year under review.	The tasks in Board of Survey could not be completed as the ministry had to be closed down before 31 December 2024.	Actions should be made to carry out Board of Survey according to Financial Regulation.

4. Operational Review

4.1. Performance

4.1.1. Failure to perform duties

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The allocation amounting to Rs.10,000,000 had been made to implement SWIFT method to accelerate the process of approving investments in Board of Investment of Sri Lanka and it was planned to end completely as at 31 December 2024. However, it was observed that its completion even as at 30 September 2024 was only 50 percent.	The functions in this activity had been conducted by Board of Investment of Sri Lanka and Secretary to the Ministry had instructed in several instances to expedite this programme through the Ministry. However, the activity had not completed as at 31 December 2024 and the allocations made had not been spent.	Actions should be made to accomplish planned functions efficiently.

4.2. Failure to achieve the desired output level

Following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though it was planned to register 320 students for 10 number of Certificate courses and Diploma courses and 4 workshops in Online and Internet Technology under the Information Technology Park at Jaffna in the year under review, registered students for 2 courses and 1 workshop was 92 which was 29 percent. It was further observed that number of registered students amounting to 336 in 2019 had reduced to 92 in 2024 which was 72 percent. Even though number of expected students was 350 for 10 courses under Information Technology Park in Mannar, students registered for 2 courses were 64. Further, although it was planned to register 50 students under 2 courses for the year 2024 with the Government Allocations, no students had been registered.	Not answered.	A complete monitoring on the functioning of Information Technology Parks should be conducted and immediate actions for necessary arrangements should be taken.

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| (b) | Even though the expected course fee revenue was Rs.1,129,000 and Rs.2,625,000 from Jaffna and Mannar parks respectively in the year under review, only an amount of Rs.107,220 received from Jaffna park and an amount of Rs. 818,560 received from Mannar park had been added to Government Income due to decrease the number of registered students. The cost incurred for this park maintenance and conducting courses in Jaffna and Mannar Information Technology Parks were Rs.7,977,856 and Rs. 7,318,591 respectively in the year under review. Accordingly, an amount of Rs.14,370,667 had been spent in excess than the revenue collected from 156 students in 2 parks. | Not answered. | - do - |
| (c) | Even though the purposes of establishing these Information Technology Parks were to extend Basic computer knowledge among the community, to develop Information Technology Knowledge by providing Internet facilities at low cost, to provide computers training free for the children in poor families, such students had not been selected in the year under review. | Not answered. | - do - |

4.3. Abandoning projects without completing

Following observations are made.

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Techno Park Development Private Limited had been incorporated on 29 September 2021 as company of which its entire shares owned by Government and although it had been transferred to Ministry of Investment Promotion through the Extraordinary gazette	Not Answered.	The Financial Statements should be prepared and presented.

no. 2289/43 and dated 14 July 2022, this was not in operation from the year 2022 up to now. Since that day, its financial statements relating to each financial year had not been presented to Auditor General even as at Audit date.

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| (b) | Although four Techno Parks had been planned to construct in the area of Galle, Kurunegala, Kandy and Nuwara Eliya as per the letter informing the decisions of Cabinet of Ministers No.21/1641/301/020 dated 07 September 2021, construction works had been commenced only in Galle and Kurunegala Techno Parks by Techno Park Development Private Limited as at 25 March 2025. However, Government had decided to stop these constructions due to economic outbreak in April 2022 and Ministry had failed to commence reconstruction or take an action on this regards. | Not Answered | Actions should be made as per the Agreement. |
| (c) | Techno Park Development Private Limited had taken a loan amount totaling to Rs.1,500,000,000 of which Rs.750,000,000 each from People's Bank and National Savings Bank for the payment of advance in order to constructions of Techno Parks at Galle and Kurunegala and as per the loan agreement stated that the Treasury would guarantee the capital loan amount and the interest payable. 2 years of grace period had been given to repay the loan amount and although that period was expired, the loan installments had become due as at 31 December 2024. As per the balance confirmation received from People's Bank as at 30 April 2025, an amount of Rs.477,995,343 as interest on loan capital and an amount of Rs.3,590,838 as late payment which all totaling to Rs.1,231,586,181 as payable to Bank. Balance confirmation had not been presented to Audit relating to semi - annual interest payable on which the loan amount taken from National Savings Bank as per its agreement. | Not answered. | Actions should be done as per the agreement. |

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| (d) | On behalf of the above 2 construction activities, total amount of Rs.44,207,870 had been payable to consultant of the project as at 31 December 2024 with the work done amounting to Rs.21,592,870 as at 31 May 2022 and an amount of Rs.22,615,000 for additional claim for the period of suspension the contracts (that is from June 2022 to April 2023). Accordingly, the Ministry had failed to recognize the amount payable to consultant accurately and regulate the payment by planning contracts properly and without arising late charges. | Not Answered. | Actions should be done as per the agreement. |
| (e) | It was observed that payment for the third party was about to be Rs.5,747,440,968 in total except the interest and late fee relating to the loan amount taken for the constructions of Kurunegala Techno Park. | Not Answered. | Actions should be done as per the agreement. |

4.4. Delays in completing projects

The following observations are made.

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Even though the investment amounting to US\$ 1,337 Million proposed by the project company for the project of Colombo Port City Development should be invested within 8 years according to the Extraordinary Gazette No 1879/14 dated 11 September 2014, Project Management Unit had fail to verify whether the investment of the said amount had been made within the relevant time period.	The implementation of the project had been carried out as per the Tri-party Agreement signed between Ministry of Metropolitan Development (Megapolis) and Urban Development Authority on behalf of the Sri Lankan Government and Project Company. Engineering Consultancy Bureau has performed as jointly appointed employers' quality representative for the quality status of this project.	Actions should be made as per the Tri Party agreement.
(b)	As per the information received with relevance to the progress of construction activities in Phase 1 granted by the Port City Project Management Unit, although the roads, bridges and landscaping works of the project should be completed by 100	The files relating to Colombo Port City which were currently in the possession of the Ministry of Investment Promotion have been handed	Actions should be made in accordance with the Time Frame of the Project.

percent as at 31 March 2024, only 74 percent progress in Road Network, 73 percent progress in Passenger bridge 77 percent progress in landscaping had been completed.

over to the Ministry of Finance and accordingly, it was unable to comment on the numerical amounts with relevance to the progress of the project without inspecting the files. It is more appropriate to get the updated information from the Ministry of Investment Promotion on this behalf.

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| <p>(c) According to the Tri Party Agreement signed on 12 August 2016, although providing the infrastructure facilities up to the boundary of Port City is a responsibility of Sri Lankan Government, any agreements with the agency institutions which provided said infrastructure facilities such as Ceylon Electricity Board, National Water Supply and Drainage Board and Colombo Municipal Council had not been entered into even as at 31 December 2024.</p> | <p>Not Answered.</p> | <p>Arrangement should be made according to the tripartite agreement.</p> |
| <p>(d) As per the Tri Party agreement, out of the marketable lands, 116 Hectares for Project company and 62 Hectares for Sri Lanka Government had been allocated. However, it was observed at the Audit inspection at Colombo Port City Development project on 22 April 2025 that the project company had already been commencing constructions (temporary/permanent) in its own lands making a revenue earning status whereas no construction had been carried out within Sri Lankan Government own lands by making a level where generating revenue can be generated.</p> | <p>Not answered.</p> | <p>Urgent steps should be taken to make developed lands available to investors and make them income generating.</p> |
| <p>(e) Colombo Municipal Council had informed that until the permanent solution for the waste water management in Colombo Port City Development Project has been provided, there is a necessity for a temporary solution and accordingly, an expense of Rs.861,238,973 had been incurred as at 31 December 2024 for 3 construction contracts relating to that. Completion of the works of the temporary solution has been still pending and however, an amount of Rs.27,600,486 had been incurred as at 31 December 2024 for the permanent solution which has to be completed in</p> | <p>As per the Tri Party agreement relating to the Colombo Port City, providing facilities for the waste water management of Colombo Port City Project is a responsibility of Sri Lankan Government. Accordingly, only the modification in southern water line system which used for drainage of waste water in Colombo Port City currently in</p> | <p>Management of Project expenses should be done in a way of achieving expected benefits with a proper planning.</p> |

the end of the year 2022 at an estimated total cost of Rs.2,900,000,000 and currently, its works had been suspended. Accordingly, the expense amounting to Rs.27,600,486 incurred by the Ministry for the permanent solution in Waste water management had become idle due to executing construction projects without proper planning and payment management in achieving the expected benefits.

active had been carried out through this project. Those modifications were to be nearly completed at the end quarter in 2024.

Even though the construction of Northern water line system had commenced to implement as a facility allocated to transport waste water come out from the Colombo Port City after its completion, thereafter, it had been stopped temporarily as per the decisions of Government. However, cash payment for the constructions done by private institutions that performed as contractors in the project up to the temporary suspension was to be done. Accordingly, payment had been done as per a decision made at National Operations Room after presenting these matters to it. It is noted that inquiring from Ministry of Finance is suitable to obtain detailed facts with relevance to these payments.

4.5. Annual Performance Report

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the Section 16(2) of National Audit Act, No.19 of 2018, although the relevant performance report for the year 2024 should be presented to Audit along with the Annual Financial Statements of the Ministry, that report had not been presented even as at 30 August 2025.	Not Answered.	Arrangements should be made in accordance with the regulations in Section 16(2) of National Audit Act, No.19 of 2018