

## **Ceylon Electricity Board and its Subsidiaries - 2024**

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### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Ceylon Electricity Board (“Board”) and its Subsidiaries (“Group”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a material accounting policy information, 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 and Finance Act No. 38 of 1971. My comments and observations which I consider should be reported to the Parliament appear in this report. The financial statements of the Subsidiaries of LTL Holdings Ltd and Trincomalee Power Company Ltd were audited by the firms of Chartered Accountants in public practice appointed by the Board of Directors of the respective Subsidiaries.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying consolidated financial statements of the Group give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### **1.2 Basis for Qualified Opinion**

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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

#### **1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

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

#### **1.4 Audit Scope (Auditor's responsibilities for the Audit of the financial statements)**

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism 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 internal control of the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to
- enable a continuous evaluation of the activities of the Group and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Group has complied with applicable written law, or other general or special directions issued by the governing body of the Board and Group;
- Whether the Group has performed according to its powers, functions and duties; and
- Whether the resources of the Group had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## 1.5 Comments on Financial Statements of the Board

### 1.5.1 Non-Compliance with Sri Lanka Accounting Standards

Non - Compliance with the reference to particular Standard	Management Comment	Recommendation
(a) Contrary to the paragraph 69 of Sri Lanka Accounting Standard on Presentation of Financial Statements - LKAS 01, the debit balance amounting to Rs.476.77 million and credit balance amounting to Rs.465.96 million relate to stock adjustment account had been shown under the accounts of other debtors and trade & other payables respectively instead of showing under the balance of Inventory. Further, out of the above stock adjustment balances, a debit balance relating to stock shortage amounting to Rs.142.38 million and a credit balance relating to stock excess amounting to Rs.89.2 million had been remained in the stock adjustment account over one year without being cleared.	The difference between the verified inventory amounts and the ledger amounts has been recognized in the stock adjustment account until the discrepancies are resolved. In accordance with our accounting policies and for a more accurate presentation, any stock surplus identified during the verification process is recorded under trade and other payables, while any stock deficit is recorded under other debtors. This approach ensures that the financial statements fairly represent the true state of our inventory and related financial positions.	Should be complied with the provisions in LKAS 01 relating to the presentation of Financial Statements.
(b) The Board had applied the standard cost method for valuing overhead costs of its capital and maintenance jobs, instead of being applied the actual costs in line with the provisions of the Sri Lanka Accounting Standard on Inventories (LKAS -02) and Property, Plant and Equipment (LKAS 16 ). As a result, it was revealed that there were favourable overhead rate and material price variances aggregating to Rs.3,075.31 million and Rs.6,955.76 million respectively and also an un-favorable stores price variance aggregating to Rs.7,690.87	The Pricing Committee was instructed to review the standard prices bi – annually in order to minimize the gap between actual prices and standard prices. In addition to above, CEB is the process of restructuring after restructuring, if individual companies implement ERP system with the Weighted Average inventory valuation method these issues will be eliminated. Further there	Should be complied with the provisions in LKAS 02 relating to the recognition of cost of inventories.

- million. The financial impact on the above variances to the operating results, assets and equity in the financial statements could not be properly ascertained due to non-submission of required information to the audit.
- (c) As per the paragraph 51 of LKAS 16, the useful life of the asset shall be reviewed at least at each financial year end and if expectations differ from previous estimates, the changes shall be accounted in accordance with Sri Lanka Accounting Standard on Accounting Policies, Changes in Accounting Estimates and Errors (LKAS- 08). However, useful lives of the fully depreciated assets with a cost of Rs.213,362 million as at end of the year under review, which are still in use, had not been reviewed and accounted accordingly.
- Annual review of asset useful life at CEB is a significant undertaking that is impractical. Further CEB being an organization with an asset base of 955Bn and considering the uniqueness and complexity of the major asset components such as power plants and Transmission Lines it is not easy and practicable to annually review the useful life of the assets. However, currently as per the instructions of Power Sector Reforms Liaison Office (PSR) established at the Ministry of Energy in order to carry out the reform process of Ceylon Electricity Board, there are sub committees appointed to attend to the valuation of (a) Land & Building (b) Vehicles (c) Network Assets and (d) Other Assets separately with the assistance of Department of Government Valuation. Hence the fully depreciated assets CEB will be revalued with their change in useful lives and the required accounting entries would be passed accordingly.
- Should be complied with the provisions in LKAS 16 regarding fully depreciated assets that are already being used by the Board.
- (d) Contrary to the paragraph 41 and 42 of LKAS- 08, a sum of Rs.563.53 million paid as demurrages for coal shipments imported during 2019 to 2023 and Corporate Income Tax amounting to Rs.40.58 million settled by the Board for the year of Assessment 2015/16 on behalf of China Machinery Engineering Corporation (CMEC) in terms
- Noted
- Should be complied with the provisions in LKAS 08 when making prior year adjustments.

of the provisions in the contract agreement of Puttalam Coal Project Phase II had been identified as an expense for the year under review without being adjusted them retrospectively.

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| (e) | The Social Security Contribution Levy (SSCL) amounting to Rs.1,224 million had been charged by the Board on the supply of electricity to the Lanka Electricity Company Limited from the fourth quarter of the year 2022 to August 2023. However, Lanka Electricity Company (Pvt) Ltd (LECO) had refused to pay the said taxes based on the provisions laid down in the part 2 of the first schedule in terms of the paragraph 3(2)(c) of the Social Security Contribution Levy Act No.25 of 2022 and the Board had paid the said taxes during the year under review. Nevertheless, it had been charged to the profit for the year under review without being adjusted them retrospectively in terms of the paragraph 41 and 42 of LKAS- 08. Hence, the profit for the year under review and retained loss at the beginning of the year under review had been understated by similar amount. | With the approval of PUCSL, the Transmission Licensee, in year 2024, settled the SSCL liability in full to the Department of Inland Revenue. Hence the adjustments resulting from current period regulatory decision, SSCL cost was charged to the profit for the year under review.  | Should be complied with the provisions in LKAS 08 when making prior year adjustments.           |
| (f) | As per the default tax report of the Board as at 31 December 2024, the corporate income tax, PAYE Tax and Value added tax payable from the year of assessment 2015/2016 to the end of the year 2024 was Rs.36.62 million, Rs.621.57 million and Rs.70.64 million respectively and appeals have been lodged by the Board. However, no final determination had been received at the end of the year under review. Nevertheless, it had not been disclosed in the financial statements of the Board in terms of the Section 88 of LKAS -12.  | In this case, the taxes and penalties under consideration are subject to appeals lodged by the Board. These appeals are pending final determinations, and the amounts are not yet confirmed as payable. The CEB believes it has reasonable grounds to contest the amounts, and the outcome of the appeals may result in reversals of these liabilities. | Should be complied with the provisions in LKAS 12 when disclosing unresolved disputes in taxes. |
| (g) | No provision for differed tax liability had been made in the financial statements for taxable temporary differences of Property, Plant and Equipment in terms of the paragraphs 15 and 16 of LKAS -12 and   | The CEB has substantial carry forward taxable losses as at the end of the reporting period. These losses are expected to offset future taxable profits,   | Should be complied with the provisions in LKAS 12 relating to the recognition                   |

- section 2.4.3 of the accounting policies to the financial statements, even though the carrying amount of the assets of the Board had exceeded its tax base at the end of the year under review.
- thereby minimizing the likelihood that the identified taxable temporary differences will result in actual tax liabilities in the foreseeable future. As such, the decision not to recognize a deferred tax liability aligns with the provisions of LKAS 12. This position will continue to be reviewed annually to ensure alignment with changing tax and financial circumstances.
- of differed tax provisions in the financial statements.
- (h) The process of restructuring is currently executed in terms of the Sri Lanka Electricity Act No.36 of 2024 which has been certified on 27 June 2024 and in terms of the schedule 01 to the section 17 to the act, it is proposed to incorporate 12 companies under the Companies Act No.07 of 2007. However, no adequate disclosures had been made in this regard in the financial statements as required by the Sri Lanka Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (LKAS -37) for the year under review.
- The criterion for the recognition of provision in terms of section 14 and section 72 has been not fully met and at the time of Finalization of Financial Statements for FY 2024 the detailed restructuring plan was under development and the extent of financial impact is yet to be determined reliably, therefore no provision has been recognized. However brief disclosure has been made under the Accounting Policies note 1.1. mentioning Restructuring is currently underway.
- Should be complied with the provisions in LKAS 37 in making disclosures with regard to restructuring.
- (i) As per the information received, the court decisions for four legal cases filed at Supreme Court and High court had been declared as at 31 December 2024. As per the court decisions, it was directed to pay a compensation aggregating to Rs.1,387.95 million to the two companies (Heladhanavi Limited and Maeda Nishimatsu Joint Venture Company) and to construct an auditorium at Thalawakelle Tamil Maha Vidyalaya as per the specification promised by the Board. However, no provisions had been made in this regard in the financial statements in terms of the paragraph 14 of LKAS -37.
- Heladhanavi Limited Supreme Court Matter  
Regarding the above CEB has filed an appeal in the Supreme Court against the Judgment in Commercial High Court and CEB appeal in the Supreme Court was dismissed on 12th November 2024 and as per the said Judgment CEB has to pay sum of Rs. 215,203,184 and Rs. 2,315,924 with interest.  
Maeda Nishimatsu joint venture Company Matter.
- Action should be taken to make provisions for compensation to be paid as per court decisions.

According to the High Court Order for the Case numbers ARB 371/2021 and 480/2021 the Ceylon Electricity Board has to pay approximately LKR 1,170,429,272 for the Maeda Nishimatsu Company.

Thalawakele Tamil Maha Vidyalaya Supreme Court Matter

As per the Supreme Court Order Ceylon Electricity Board has to construct a new Auditorium for the Thalawakele Tamil Maha Vidyalaya.

Appropriate provisions will be made in 2025 Financial Statements.

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| (j) | As per the cabinet meeting held on 14 October 2024, it was decided to hand over a portion of land belonging to the Sri Lanka Broadcasting Corporation to the Board for the construction of proposed Ekala Grid Substation by charging Rs.320 million based on the valuation of the chief valuer of the government. Further, as per the Board decision taken on 18 September 2023, a sum of Rs.80 million (25% of the estimated value of the land) had been paid as an advance payment to the office of the Divisional Secretary (Ja-Ela). However, no provision had been made in the financial statements for the balance Rs.240 million to be paid for the acquisition of the land even at the end of the year in terms of the Section 14 of LKAS -37. Further, the land had not been acquired even at the end of March 2025 for the said purpose. | Action will be taken to rectify the matter.  | It should be complied with the provisions in LKAS 37 with regard to making provisions for present obligations. |
| (k) | The other debtors (sundry debtors and free service connection) remained outstanding over one to five years in distribution division 04 was Rs.82.13 million. However, contrary to the provisions in the Accounts Circular No.651 dated 21 January 2025, an  | Provision for other debtors is made as per the as per the analysis of case by case expected credit loss.<br><b>DD 01</b><br>Other debtor balance | It should be complied with the provisions in SLFRS 09 regarding making provisions for                          |

amount equivalent to Rs.31.49 million had only been provided for provision for impairment. Similarly, the other receivables remained outstanding over five years in distribution division 3 and distribution division 4 was Rs. 8.86 million and Rs.53.78 million respectively. However, an amount equivalent to Rs.20.91 million and Rs.11.79 million had only been provided for impairment. Further, the other receivables balance outstanding over one to five years in distribution division 01 and asset management division was Rs.96.06 million and Rs.41.17 million respectively. However, no provision had been made for impairment in the financial statements after recognizing the expected credit loss in terms of the Sri Lanka Financial Reporting Standard on Financial Instruments (SLFRS-09). Due to these observations, the accuracy of carrying value of financial assets in the financial statement cannot be ascertained in audit.

outstanding over one to five years in Distribution Division 01 mainly consist of Government Institution amounted to Rs.113.54Mn. Reminder letters have been sent to the respective government institutions to recover the outstanding balances. Therefore, no provision has been made for debtor balances aged between one to five years, while provisions have been made for balances outstanding for more than five years.

**DD-03**

**Sundry Debtors & Free service connection**

Out of the Rs. 228Mn, Rs. 51Mn is receivable for free service connections and another Rs. 51Mn is dues from sacred places. Full provision has been made for these two balances (Rs. 102Mn).

**Other Receivable**

Out of the remaining balance of Rs 126Mn, Rs.17Mn has been provided for and the balance is advance payments for foreign purchases which has been reconciled and cleared in May 2025 Accounts hence a provision was not required.

**DD-04**

Other Receivable balance over 5 years is 67.534 Mn and we have made provision of 11.79 Mn.

- (l) Contrary to the paragraph 25(b) and section (b)(iii) of application guidance B 98 of the Sri Lanka Financial Reporting Standard on Consolidated Financial Statement (SLFRS - 10) and paragraph 18 of the Sri Lanka Financial Reporting Standard on Business Combination (SLFRS -03), the value of 1,148,982,200 number of shares retained in

As per the accounting policy adopted by the Board, the CEB financial statements are prepared as separate financial statements in accordance with LKAS 27 – Separate Financial Statements. In line with paragraph 10 of LKAS 27, the

Action should be taken to recognized the shareholding after loss of control at fair value in the separate financial statements.

the LTL Holdings Ltd after transferring 919,517,200 number of shares to West Coast Power (Pvt) Ltd had not been recognized at its fair value at the date when the control is lost and instead of that it had been shown at the cost in the financial statements at the end of the year under review

Board has elected to measure its investments in subsidiaries and associates using the cost model. Accordingly, the retained investment in LTL Holdings Ltd was recognized at historical cost, which is in full compliance with the applicable financial reporting framework.

However, in the consolidated financial statement of the group value of the shares retained in the LTL had been recognized at fair value as per SLFRS-10

### 1.5.2 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(a) The cost of electrical energy amounting to Rs.3,786 million supplied by the Board to the West Coast Power (Pvt) Ltd during the period from 2020 to 2024 had been deducted from the monthly invoices received for the purchase of electrical energy from the Company to the Board and net invoice value had been recorded as the cost of electrical energy purchased. Since from the year 2022, the said amount had been again debited to the Purchased Power Thermal Account in order to reflect the actual purchased value and credited to the sundry creditors without the said amount identified as sales income on the supply of electricity to the company. As a result, retained earnings as at 01 January 2024 and profit for the year under review had been understated by Rs.2,849 million and Rs.937 million respectively where creditors had been overstated by Rs.3,786 million too.	CEB is in the process of applying new tariff scheme for imported energy of WCP at the same time CEB will calculate and settle the difference already deducted from each monthly invoices.	Action should be taken to rectify the accounting error and apply correct accounting treatment in future.
(b) According to the internal valuation report of the Board, the transformers removed from the corporate division of	In order to remove the related cost and accumulated depreciation of transformers	Action should be taken to remove the cost and the

- distribution division 4 in three years back amounting to Rs.495.18 million have been debited and credited to stocks and other payables accounts respectively during the year under review. However, the respective cost and accumulated depreciation of those transformers had not been de-recognized from the books of accounts and the audit could not be ascertained the impact to the financial statements due to lack of information.
- from the Fixed Asset Register, accurate identification of each transformer, based on the transformer number and SIN number, is required. Requests have been made to the relevant units to provide this information, enabling the proper identification and removal of the respective assets from the register.
- accumulated depreciation of removed transformers.
- (c) During the course of audit based on sample checking of movements of transformers in Southern Province (i) & (ii) and Western Province South (i) during the year, it was observed that 112 numbers of removed transformers carrying value amounted to Rs.91.79 million had not been adjusted in the financial statements. Further, 69 numbers of transformers carrying value amounted to Rs.217.85 million which were fixed in Southern Province (i) and (ii) had not been recorded in the fixed asset registers and the financial statements. As a result, carrying value of transformers at the end of the year under review had been understated by Rs.126.05 million in the financial statements.
- Necessary actions are being taken to clear the disposed transformers from the register; however, this process requires time due to the need for precise verification. Accordingly, this matter will be rectified in future.
- Action should be taken to adjust the fixed assets register and the financial statements for additions and disposal of transformers.
- (d) The Book balance of the thermal coal stock at coal yard as at 15 September 2023 was 12,206.68 MT after adjusting thermal coal stock shortage of 24,251 MT valued at Rs.1,778.6 million including the deaf coal negative balance of 14,964.71 MT. However, on this specific date, the thermal coal stock balance had been gathered up to 27,171.39 MT due to remaining coal at bunkers and newly unloaded quantity. Therefore, thermal coal stock valued at Rs.924.3 million had been understated by 14,964.71 MT
- The thermal coal stock as at 15th September 2023 had dropped to 12,206 MT, primarily due to the refilling of the deaf coal balance of 14,964.71 MT, which led to a calculated coal stock shortage of 24,151 MT. During the coal season 2022/2023, the coal procurement process faced significant delays and challenges due to severe financial constraints. As a result, the coal stock reached a zero level. In order to maintain uninterrupted
- Accurate methodology should be established for considering deaf coal in coal stock verification and physical stock calculation should be accurate and complete.

as at 31 December 2023. Accordingly, thermal coal stock had been understated by same amount as at 31 December 2024.

plant operations until the arrival of the next shipment, coal available at the yard was recovered by scraping the yard using bulldozers.

A meeting was held at the Lakvijaya Power Plant on 29th August 2025 to address the issues raised by the Auditor regarding the coal stock verification process by officers in Auditor General Department and power plant.

During the discussions, the concerns related to the stock verification process were thoroughly reviewed, and several decisions were made. In line with these decisions, the necessary actions will be implemented to resolve the identified issues.

- (e) As per the financial statements, the capital work in progress balance as at 31 December 2024 was Rs.218,186 million. Out of that, a sum of Rs.89,788.64 million had been remained as work in progress over 3 years. Further, in audit test based on random sampling, it revealed that 295 completed jobs valued at Rs.176.9 million in distribution division 2, 45 completed jobs valued at Rs.118.1 million in distribution division 4, construction of two buildings at a cost of Rs.119.68 million in Distribution Division 4, seven completed non capital jobs at a cost of Rs.17.71 million related to work shop & ancillary services section and capital jobs at a cost of Rs.101.4 million in transmission division which were fully completed as at 31 December 2024, had been remained as working progress without being capitalized. Moreover, a sum of Rs.40.15 million

#### **Distribution Division 01**

Up to July 2025, 20,796 no. of capital jobs were transferred to the value of Rs.5,453 Mn.

#### **Distribution Division 02**

A Board paper had been submitted to the Board regarding to the approval for writing off such balances and once approval is received action will be taken to clear such balances from the accounts.

#### **Distribution Division 04**

we will take action to capitalized the remaining completed jobs in due course.

#### **Asset Management**

Completion certificates and necessary instructions have been received from CE (AC & Ref; and CE (Power Plants) during the year 2025, hence the

Prompt actions should be taken to capitalize completed jobs that remained in work in progress balances.

had been remained over 5 years as jobs done using ministry funds relates to the distribution division 4. However, action had not been taken to clear them even at the end of the year under review.

- adjustments to Income will be done in 2025 Financial Statements. .
- (f) Six vehicles with a cost of Rs.124.30 million purchased for the Puttalam Coal Power Project (Phase ii) had not been capitalized even after the Project completed in 2014, and shown as work in progress. Further, no action had been taken to take over these six vehicles and another 11 vehicles of Puttalam Coal Power Project (Phase i) to the Board even though the cost of these vehicles had already been included in the cost of respective projects.
- With regard to the six vehicles valued at Rs. 124.30 million related to the Puttalam Coal Power Project (Phase II), it is confirmed that the value remains recorded under the Project Division accounts and has not yet been capitalised or transferred to the Generation Division.
- Regarding the 11 vehicles under Phase I of the same project, legal proceedings have been initiated to recover the said vehicles.CEB is currently awaiting further instructions from the Hon. Attorney General on the necessary legal actions to be pursued.
- CEB has consistently followed up with the contractor through multiple correspondence and is now advancing toward litigation.
- (g) According to the financial statements, the total balance of goods in transit of distribution divisions as at 31 December 2024 was Rs. 2,142.10 million. Out of that, the value of stock with suppliers amounting to Rs. 431.55 million had remained over one year and Rs.35.83 million had remained over 5 years in distribution division 01 without being cleared. In addition, a sum of Rs. 407.81million of unserviceable aluminum stock issued to Sri Lanka Energies Pvt Ltd had not been recorded as a receivable in terms of the provisions of the circular No.2021/GM/40/DCC dated 23 September 2021.
- Distribution Division 01**
- Rs.1.34 million has been identified and will be cleared in May 2025 accounts. Remaining balances will be cleared once supporting documents are traced.
- Further, Rs. 46.78 million relates to unserviceable aluminium stock issued to Sri Lanka Energies (Pvt) Ltd under Circular No. 2021/GM/40/DCC, whereby scrap aluminium is exchanged for aluminium re-draw rods. These are recorded under ledger A4710 – Stocks with Sri Lanka Energies.
- Immediate action should be taken to take over and keep the custody of these vehicles and capitalize them.
- Action needs to be taken to investigate the long outstanding stocks in transit balances and clear them.
- unserviceable aluminum stock issued to Sri Lanka Energies Pvt Ltd should be accounted in terms of the provisions of the prevailing circular.

### **Distribution Division 02**

The Goods in Transit (GIT) balance of Rs. 232.98 million represents aluminium stock handed over to Sri Lanka Energies, ACL Cables, and Siera Cables for conversion into aluminium rods/cables. A local purchase discrepancy of Rs. 0.84 million arose due to an incorrect standard price, which will be corrected in May 2025 accounts.

### **Distribution Division 03**

Out of the total "Stock with Suppliers" balance, Rs. 62 million relates to Sri Lanka Energies (Pvt) Ltd, representing scrap aluminium awaiting conversion into rods and delivery to DD3.

### **Distribution Division 04**

stocks transferred to Sri Lanka Energies are not recorded as receivables until receipt of finished goods. The GIT balance of Rs. 1.7 million in SP2 accounts will be cleared in May 2025 accounts.

- (h) An abnormal credit balance of Rs.162.94 million in age analysis of pre-payments in the distribution division 01 and an abnormal debit balance of Rs.7.88 million in trade payables of Generation Head Quarters were observed in audit. However, action had not been taken to clear them even at the end of the year under review.

### **Distribution Division 01**

However, the necessary adjustments were made to correct these variances in the financial records in April 2025 and further corrections were made amounting to Rs. 75.25 million in the May 2025 accounts as well.

Abnormal credit and debit balances in assets and liability accounts should be cleared before finalizing the financial statements.

### **Generation**

This debit balance represents an overpayment made to Distribution Division 01 related to the settlement of an amount deducted from consumer

collections for loan interest of the Term Loan obtained from Seylan Bank. The overpayment was fully cleared in January 2025.

- (i) The Board had established a Project Management Unit (PMU) for the Lakwijaya Power Plant Extension Project as per Cabinet Decision No. 19/2622/113/074 dated 24 September 2019. Subsequently, the Board of Directors had taken a decision to close the Project on 26 October 2021 based on the decision taken by the Cabinet of Ministers on 13 September 2021 even after incurring of Rs.167.31 million on the Project. Accordingly, a sum of Rs.167.62 million had shown as capital work in progress as at 31 December 2024 without being cleared.

AGM (Projects) has sent a board paper for writing off and the approval of the board is still pending.

Action should be taken to make a provision or write off the balance remained in the financial statements

- (j) Dam Works and Tunnel Works relating to generation division of the Board valued at Rs.36,103.35 million had been shown under the civil works of Property, Plant and Equipment of Mahaweli Complex. However, the accuracy of the said amount and the ownership of the respective assets to the Board could not be verified in the Audit.

Following these discussions, a mutual agreement was reached with the Mahaweli Authority, and a joint report was formally signed by both CEB and MASL on 22nd April 2025.

Action should be taken to ascertain the accuracy of value and right of Dam Works, in the financial statements of the Board.

In accordance with this conclusion, assets maintained by MASL will be removed from the CEB accounts. A Board Paper was submitted to the Board for approval.

A letter signed by GM was sent on June 16th 2025 to Director General of Department of Public Enterprises to request for concurrence for Removal of Dam Assets related to Mahaweli complex from the books of accounts of CEB since this will have an impact on the government equity investment in CEB.

A meeting was held on 28th August 2025 at treasury to discuss this matter and approval was given by treasury to make the required adjustments in the Financial Statements.

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| <p>(k) The lands purchased at a cost of Rs.171 million during 2021 and 2022 for the construction of Grid Substations in Kalawana, Negombo and Peliyagoda under the Power System Reliability Strengthening Project had not been accounted as lands even at the end of the year under review.</p>   | <p>This will be rectified in the November 2025 monthly Accounts.</p>  | <p>Action should be taken to record all of the lands in the financial statements.</p>  |
| <p>(l) No provision had been made in the financial statements for the default interest amounting to USD 2.6 million which was charged on outstanding loan balance relating to the Broadland Hydro Power Project for the year under review as per the balance confirmation of China Development Bank.</p>  | <p>This loan has been included in the debt restructuring program implemented by the Government of Sri Lanka. As the Loan negotiations are still on-going the payment terms are not yet agreed and finalized. Hence the Loan capital outstanding has only been accounted until the terms and conditions are agreed by CEB and ICBC.</p>  | <p>Action should be taken at least to make a provision for default interest charged by lenders as per the confirmation received.</p> |
| <p>(m) The profit for the year had been overstated by Rs.183.51 million due to non-provision, over provision and under provision amounted to Rs.14.32 million, Rs.7.96 million and Rs.177.15 million relate to asset management division, distribution division 1 &amp; 4 and distribution division 2 &amp; 3 respectively for the slow- moving and non-moving inventories as per the terms of the Finance Manager Circular No.644 dated 12 September 2024.</p> | <p>Asset Management Division<br/>This will be rectified in 2025 accounts.<br/>Distribution Division 01<br/>This was due to issues encountered during the stock provision calculation process. The accountants (Expenditure) of each province have been instructed to rectify the afore mentioned balances immediately.<br/>Distribution Division 02<br/>Difference amount of Rs. 175,704,664.50 has arisen due to calculation error and will be corrected in monthly accounts of June 2025.</p> | <p>Action should be taken to ensure the accuracy of provision made for slow - moving and non-moving inventories.</p>                 |

Distribution Division 03

In Sabaragamuwa Province, Provisions have not been made due to an investigation is in progress to the value of damaged stock.

Distribution Division 04

Further action will be taken to correct the provision.

### 1.5.3 Un-reconciled Control Accounts or Records

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a) A difference of Rs.661.73 million was noted between the amount payable to Ceylon Petroleum Corporation (CPC) recorded in the Board's financial statements (Rs. 176.49 million) and the corresponding receivable balance in CPC's records (Rs.838.22 million). This difference remained in unresolved as at the end of the year.	The reconciliation statement has been prepared from the DGM (TC) branch on a plant-wise basis as of 31.12.2024.	Action should be taken to clear the unresolved balances.
(b) An unidentified debtor balance of Rs.423.76 million had remained outstanding since 2012 in distribution division 1. However, out of that, a sum of Rs.185.41 million had been transferred to debtors control accounts, other liability account etc. of distribution divisions from 2015 to 2024 without investigating and adjusting to the individual debtors accounts affected.	Out of original value of Rs. 423.76 million debtor balances and amount of Rs.185.41 million had been transferred based on letter no. AFM(DD1)/Acct(A&MI)/ Revenue Debtors /2018 dated 17 August 2018 to AFM DD3 branch with ledger balance after reconciling their own billing & ledger system. This amount would have been transferred during the process of decentralization somewhere in 2002. Further, to above, it is also communicated to all Divisional AFMMs to check whether any balance belongs to their divisions to effect balance transferring.	Action should be taken to check the accounts affected accurately and clear the unidentified debtor balance.
(c) Debtors' collection control account had a debit balance of Rs.415.19 million and a credit balance of Rs.1,999.29 million as at 31 December 2024. However,	Measures have been implemented to reconcile all Collection Control Accounts, including monthly reconciliations, process	Action should be taken to prepare reconciliations for unsettled balances

reconciliation for the unsettled debit balances of Rs.273.41 million and credit balances of Rs.1,560 million was not made available for the audit. Hence, the accuracy of the collection control account balance could not be satisfactorily verified in audit. Further, an unidentified opening debit balance of Rs.12.75 million in headquarters had remained over five years and aggregating opening credit balances of Rs.103.85 million in WPS (ii), corporate office of distribution division 01 and Sabaragamuwa Province had remained over one year without being cleared. Apart from that, an unidentified opening debit balance of Rs.6.35 million in Sabaragamuwa Province and Rs. 131.64 million in Southern Province (i) had remained over three years and one year respectively without being cleared.

improvements, IT system updates, and clearing historical discrepancies. Outstanding differences are being systematically addressed.

in Debtors' collection control account and identify and clear the long outstanding unidentified balances in Collection Control account.

- (d) As per the clause No.02 of the annexure A to the schedule 09 of the power purchase agreement (PPA), entered between the Board and West Coast Power (Pvt) Ltd, the parties agreed to meet at the end of the first year of the term to analyze the combined cycle values of table A:2 "agreed parameters and values" to explore the possibility of passing any beneficial adjustments to Board based on the actual performance of the plant (Facility). However, the board of directors of the Board had granted approval to modify values of some combined cycle parameters as an intermediate solution with immediate effect for certification of monthly invoices at its meeting held on 15 February 2019 without concurrence of the company. However, the company had submitted monthly invoices based on the values of parameters specified in the PPA continuously and Board had certified them on reduced values of

Since, the parameter negotiation to be effective from the beginning of combined cycle operation of the Yugadhanavi power plant, the principal invoice values as well as interest payable to it are needed to be calculated from May 2010. Since the period for invoice calculation is long and all the payments done by CEB to WCPL are needed to be verified from May 2010 onwards, it will take a considerable time to complete the process. Once the said process was completed and agreed by both parties, the final calculations will be presented to the Board for the approval.

Action should be taken to expedite the invoice reconciliation process to identify and settle the differences without delay.

parameters since February 2019. Due to this dispute a difference of Rs. 22,871 million was observed between the amount payable to company as per the Board's records (Rs. 7,452 million) and the corresponding balance as per the company's records ( Rs.30,323 million) as at 31 December 2024. No action had been taken to reconcile the difference and settle them even at the end of the year under review.

#### 1.5.4 Comments on Consolidated Financial Statements

Audit Issue	Management Comment	Recommendation
(a) Un-reconciled related party debit balances amounting to Rs.6,472.1 million and credit balances amounting to Rs.1,377.9 million had been recorded under other debtors and other payables respectively in the consolidated financial statements without being cleared.	Necessary instructions have also been communicated to the relevant unit heads of the CEB to record any unrecorded transactions in CEB's books, where applicable. Continuous follow-up actions are being undertaken to reconcile and minimize the existing discrepancies in the related party balances.	Prompt action should be taken to clear the un-reconciled related party balances.
(b) Contrary to the paragraph 18 of the Sri Lanka Accounting Standard on Related Party Disclosures- LKAS 24, the minimum disclosure requirements such as the amount of outstanding balances, including commitments and their terms and conditions, details of any guarantees given or received etc. in relation to the associate company of LTL Holdings Ltd had not been disclosed in the consolidated financial statements for the year under review.	Necessary action will be taken to extract the required disclosures from the CEB audited financial statements and incorporated into the 2024 Group accounts.	It should be complied with the provisions in LKAS 24 regarding disclosure of minimum requirements in relation to associate company.
(c) In terms of the paragraph 10 of the Sri Lanka Accounting Standard on Investments in Associates and Joint Ventures - LKAS 28, on initial recognition the investment in an associate or a joint venture is recognized at cost, and the carrying	It has been noted that an error occurred in the calculation of the post-acquisition profit. The Necessary corrections will be made in the next consolidated financial statements.	Action should be taken to rectify the error in recognition of post operating profit of Investment in Associate.

amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition and the investor's share of investee's profit or loss is recognized in the investor's profit or loss. However, due to error occurred in the calculation of post operating profit of the investee the carrying value of investment in associate and the profit of the Group had been overstated by Rs.427.35 million.

### **Lanka Coal Company (Pvt.) Ltd**

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| <p>(d) As per the paragraph No. 5.5.15 (a) of SLFRS 9 – Financial Instruments, the Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for, trade and other receivables or contract assets that result from transactions that are within the scope of SLFRS 15. However, the Company had not made provision for the trade and other receivables of Rs.28,248.08 million as at 31 December 2024 and out of that Rs.1,497.4 million had remained over one year without being recovered.</p> | <p>Most of these balances are receivable from CEB. Meeting was held to discuss regarding these balances and as per the minutes further action will be taken by the company.</p>  | <p>It should be complied with the provisions in SLFRS 09 when making provision for impairment of debtors.</p> |
| <p>(e) Revenue recognition policy of the Company in coal is priced invoicing purposes at all costs incurred in delivering to jetty. It is considered that the transfer of goods is passed to the buyer upon delivery of coal to the jetty and involved to the buyer. However, 15,795 MT of coal amounting to Rs.656.9 million delivered to the jetty as at 31 December 2024 had not been recognized as revenue. Accordingly, profit for the year and trade receivables were understated by same amount in the year under review.</p>        | <p>In accordance with SLFRS 15 – Revenue from Contracts with Customers, paragraphs 31–38, revenue is recognized when (or as) the entity satisfies a performance obligation by transferring control of the goods to the customer. Since the transfer of control in this case occurred upon completion of discharge on 04 January 2025, the revenue was appropriately recognized in the subsequent accounting period. Therefore, the non-recognition of Rs. 656.9 million as revenue as at 31 December 2024 is consistent with</p> | <p>Action should be taken to keep the consistency on revenue recognition in each and every procurement.</p>   |

SLFRS 15 and the contractual terms agreed with CEB, ensuring accurate and faithful representation of the transaction in the financial statements.

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| (f) | As per the details obtained from the Inland Revenue Department on 09 April 2025, a sum of Rs.5,364.27 million of VAT payable including the VAT penalty amounting to Rs.1,977.5 million for five quarters had remained over three years without being settled. However, it had not been recognized or disclosed in the financial statements.  | Following a comprehensive internal review, we have now identified the root causes of the discrepancies between sales reported in VAT returns and the revenue recognized in the Financial Statements. The Company intends to amend the affected VAT returns accordingly to reflect the corrected figures and ensure alignment with the accounting records.<br>Additionally, the Inland Revenue Department (IRD) has issued a new assessment dated 20/06/2024, identifying an excess input VAT amounting to Rs. 26,306,145.00 as at the end of the first quarter of 2019. We are actively engaged in discussions with the IRD regarding this and other outstanding tax matters. The Company will settle the final VAT liability upon acceptance of the amended VAT submissions. | Action should be taken to disclose dispute taxes in the financial statements.            |
| (g) | According to the financial statements of the Company, final VAT and other receivables from Ceylon Electricity Board (CEB) as at 31 December 2024 was Rs.197.45 million. However, CEB had not recorded the said balance in their financial statements. Further, the Company had not taken any action to resolve this disagreement with CEB even as at the end of the year under review. | Both Boards have subsequently granted the required approvals, and CEB will proceed with the release of funds amounting to Rs.80.90 million to CSC after verifying the payment documents. The balance Rs.114.80 million to be adjusted through an internal accounting entry by offsetting the receivable from CEB against the payable to CSC in the books of LCC as this represents a duplicate VAT payment made by both CSC and LCC.  | Action should be taken to resolve the disagreements and recover the outstanding balance. |
| (h) | The Company had not recovered the long outstanding receivable balances of Rs.589.97 million and Rs.244.83  | Receivable from Taurian Iron and Steel Company Pvt Ltd.- Rs. 589,973,845  | Action should be taken to recover the long outstanding                                   |

million from Ceylon Shipping Corporation Ltd (CSCL) and Liberty Commodities Ltd respectively even as at the end of the year under review and no provision had been made for impairment. Further, since CSCL & Liberty Commodities Ltd had not confirmed the said due balances, the audit was unable to ascertain the accuracy and the existence of such balances.

General Manager CEB has issued a letter dated 10.05.2024 to the Chairman of Lanka Coal Company requesting to settle this long outstanding receivable balance.

This matter was discussed in the audit and management committee meeting held on 3rd September 2025 and it was directed by the committee that until a final decision is made by Ceylon shipping corporation regarding this matter the amount due to Lanka Coal Company should be recovered in installments from the payments payable to the Ceylon shipping corporation. This decision was informed by LCC General Manager to Chairman CSC by the letter dated 08th September 2025.

Subsequently GM-CEB issued a letter to Chairman LCC dated 2025.09.19 requesting the due amount referring to the Audit Committee Chairman and GM – LCC Letter.

dues and recognize an appropriate impairment provision.

**Liberty Commodities Ltd. – Rs. 236,785,640.00**

At present, the Attorney General's Department has submitted the decision statement received from the arbitral tribunal to the judge of the High Court of Commerce for approval.

- (i) Out of the total trade payable balances, two outstanding balances of Rs.473.62 million and Rs.714.97 million payable to Ceylon Shipping Corporation Ltd (CSCL) and CEB (for Liberty & Taurian) respectively had remain over two years without being settled even as at the end of the year under review.

Following the meeting held on 19th February 2025 at the Ministry of Energy,

- (i) it was recommended that a sum of Rs.80.90 million be paid by Lanka Coal Company (LCC)/Ceylon Electricity Board (CEB) to Ceylon Shipping Corporation (CSC), subject to the approval of the Boards of Directors of both LCC and CEB.

Action should be taken to resolve disagreements and settle the payable balance.

- ii. A sum of Rs. 127,580,461.49 referred to the LCC & CEB board approvals & necessary actions will be taken accordingly.
- iii. LCC hold Rs. 145,261,997 from balance payable to CSC for the coal season 2021/2022 and CSC will be settled once relevant parties agreed for the said laytime calculations.
- iv. Lanka Coal Company (Pvt) Ltd overpaid VAT of Rs.29,266,966 to Sri Lanka Customs for shipment no. 123 and it will take the appropriate formalities to set off this overpaid VAT against LCC's outstanding Customs due balances.

B. Rs.714,965,434 : Payable to CEB (Liberty & Taurian)

The amount once received will have to be paid to CEB and the difference between the accounts is explained by price escalation as per agreement.

### **Lanka Electricity Company (Private) Limited**

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
(j) The Company had not recognized the cost of solar energy purchases amounting to Rs.2,855.27 million and corresponding liability under the net accounting and net plus methods as cost of sales in the financial statements for the year under review according to the paragraph 5.5 of the Conceptual Framework for Financial Reporting .However, an adjustment of Rs.1,590.93 million relating to the Uniform National Tariff (UNT) which includes cost of solar energy had been recognized during the year under review. Therefore, the cost of	In practice, rooftop solar systems are physically connected to the network of LECO. While the Transmission Licensee (TL) under the Sri Lanka Electricity Act is the sole legal buyer of electricity, payments to rooftop solar generators are operationally processed by LECO. To reconcile this with the legal framework, the PUCSL has issued directives requiring LECO & other DLs to recover such payments from the TL.	It should be complied with the Conceptual Framework for Financial Reporting relating to the recognition of cost of sales attributable to the revenue.

sales had been understated by Rs.1,264.34 million and profit had been overstated by same amount for the year under review.

Additionally, as DLs utilize energy from these sources, the TL invoices the DLs for the corresponding energy, with both inflows and outflows being synthetically adjusted through the Uniform National Tariff (UNT) mechanism. This treatment ensures compliance with SLFRS/LKAS and presents the economic substance of the transaction faithfully in the financial statements

- (k) In terms of paragraph 51 of the Sri Lanka Accounts Standards on Property plant and Equipment (LKAS- 16) the residual value and the useful life of an assets shall be reviewed annually and, if expectations differ from previous estimate, the changes shall be accounted for in accordance with LKAS 8, However, the assets with carrying value of Rs.11,978.83 million relating to four categories as at 31 December 2024 had not been reviewed and recorded as required by the standard.
- Management will try to review the assets value and the depreciation policy for the assets classes excluding distribution assets in the year 2025. Further, this noncompliance with LKAS 8 has been disclosed in the financial statements.
- It should be complied with the provisions in LKAS 16 with regard to the reviewing of fully depreciated assets that are already being used.

## 1.5 Unauthorized Transactions

	<b>Description of unauthorized transaction</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a)	Cabinet Memorandum No. 07/1955/332/045 dated 31 October 2007 submitted by the Minister of Power and Energy on “Payment of Allowances to Employees of the Ceylon Electricity Board” was considered by the Cabinet of Ministers on 09 April 2008 along with the Report of the National Salaries and Cadres Commission dated 31 March 2008 and approval was granted to implement the recommendations of the Committee appointed for the purpose, subject to the conditions stipulated by the National	A letter has sent to the Secretary, Ministry of Energy on 2024.06.24 for obtaining the necessary approvals in this regard. It was further decided to inform the Secretary of the Ministry of power to appoint a Cabinet Sub-Committee or a suitable committee to make recommendations regarding this matter. Accordingly, a letter has sent to the Secretary	Should comply with the Cabinet decision and the recommendations of National Salaries and Cadre Commission in payment of allowances to the staff and a performance based incentive scheme

Salaries and Cadres Commission in its report. However, without the approval of Salaries and Cadres Commission and the Department of Management Services, a sum of Rs. 1,060.02 million had been paid for the year under review for various allowances not included in the list of allowances approved by the Cabinet of Ministers on 09 April 2008. Further, a sum of Rs.191.3 million had been paid as exodus allowance for the year under review for 601 officers who are entitled to the professional allowance and officers appointed to a post are also paid allowances for performing the duties in that post contrary to above Cabinet decision. In addition to that, contrary to above Cabinet decision, performance-based incentive scheme had not been introduced for officers who recruited after 01 April 2008 even at the end of the year under review.

- (b) Without approval of the General Treasury, the Board had reimbursed 2/3 of the loan interest amounting to Rs.19,384.8 million for the property loans obtained by employees under the subsidized housing loan scheme during the year 2013 to 2024.

of the Ministry on 2025.04.21.

A performance-based incentive scheme prepared by a committee chaired by the Vice Chairman, CEB was submitted to the Board. As discussed by the Board at its meeting held on 08.07.2025, the performance based incentive scheme proposal was sent to Power Sector Reform Secretariat for consideration.

A letter has been sent to the Secretary, Ministry of Power on 2025.02.20 to obtain the necessary approvals in this regard. The Director General of the Department of Public Enterprises has informed that concurrence of the General Treasury cannot be granted retrospectively for this activity, which has been carried out for many years with the approval of the Board of Directors. Further, the Board of Directors of the new companies established with the ongoing reforms in the electricity sector will decide how to deal with the employee concessions and privileges provided to the employees of the relevant companies.”

Approval of the General Treasury should be obtained for the subsidized housing loan scheme.

**1.7 Accounts Receivable and Payable**  
**1.7.1 Receivables**

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
<p>(a) <b>Trade Debtors</b></p> <p>(i) Out of the total debtor balance of Rs. 51,063.12 million as at 31 December 2024, a sum of Rs.3,099.83 million had been categorized as finalized due to non-recovery for long period of time and out of that, Rs.2,263.16 million relates to distribution divisions remained in outstanding over three years period.</p> <p>(ii) As per the audit test on sample basis, 84 electricity connection accounts supplied to quarters of parliamentary representatives had been finalized due to non-payment of outstanding electricity bills amounting to Rs.29.3 million for a long period of time. Out of that, a</p>	<p><b>Distribution Division 01</b></p> <p>Continues recovery actions are being taken to recover outstanding dues from finalized debtors and actions have been taken to send the letter of demand to particular customers and follow up as per procedure.</p> <p><b>Distribution Division 02</b></p> <p>Actions are being taken continuously to recover and clear outstandings. Out of the total Finalized Bulk Supply of Eastern Province, 85% reflected two customers (Total Rs.219,843,360.70) namely Valachhenei paper corporation and the Kantale Sugar corporation.</p> <p><b>Distribution Division 03</b></p> <p>The following actions have been taken to clear the balances.</p> <ul style="list-style-type: none"> <li>• To recover the balances in the finalised accounts from security deposit both ordinary and bulk debtors.</li> <li>• Send reminders for long outstanding balances and finalised accounts less than two years.</li> <li>• Identify the defaulted finalized consumer’s active accounts and transfer the balances to the active accounts.</li> </ul> <p><b>Distribution Division 04</b></p> <p>Action will be taken to clear. Continues recovery actions are being taken to recover outstanding dues from finalized debtors and actions are taken to send the letter of demand to particular customers and follow up as per procedure.</p> <p>Additional General Manager and DGM Colombo City have been taken continuous recovery actions to recover the outstanding balances. The Chief Engineer – Colombo South has provided an update on the current status of these outstanding balances, and recovery actions have already been taken.</p>	<p>Appropriate action should be taken to recover the dues from long outstanding debtors.</p> <p>Action should be taken to expedite the recovery process for outstanding from connections given to quarters of parliamentary representatives.</p>

sum of Rs.20.14 million had remained in outstanding over five years without being recovered.

(b) **Other Debtors**

(i) Out of other debtors' balance of Rs.20,429.02 million as at 31 December 2024, a sum of Rs.10,546.2 million had been remained in outstanding over one year. A sum of Rs.126.54 from the total balance, had been remained in outstanding from sacred places on the supply of electricity at the end of the year under review and out of that, a sum of Rs.23.86 million had remained in outstanding over five years period without being recovered.

**Distribution Division 01**

The responsibility for the payment lies with the relevant District Secretariat and despite multiple follow-ups and formal reminders issued to the District Secretariat, the outstanding matter remains unresolved.

**Distribution Division 03**

A Board paper has been submitted to write off the balance of Rs 51Mn and the Audit Committee recommendation yet to be received for the same.

**Distribution Division 04**

Out of 126.54 million 58 Mn relevant for SP 2, DD 4. A provision has already been made for the receivables from sacred places (and as at present all the receivables have been collected by SP2 except one account which is also settled monthly by a solar connection.

Prompt action should be taken to recover the balances due from other debtors.

(ii) Out of other debtors' balance, a sum of Rs.2,577.59 million had remained in outstanding from sundry debtors as at 31 December 2024. In such a sum of Rs.787.37 million and Rs.252.75 million had remained in outstanding over one year and five years respectively without being recovered.

**Distribution Division 01**

**Colombo City Region**

Consumer Bulb loan  
some consumer accounts were finalized due to non-payment of electricity bill. Due to that loan recovery has been delayed. further Action will be taken to recover to these balances.

**Temporary Electricity supplies**

Reminder letters have been sent for these institutions to recover them. Further actions are being taken to recover the outstanding balances.

**Cash amount short**

The amount of Rs. 2,661,961.00 is included in Sundry debtors as cash shortage and Rs.45,340.00 is return cheque amount that remained outstanding more than five years.

The case was filed in Magistrate Court to recover the losses.

**Distribution Division 02**

Action will be taken to prepare a board

Prompt action should be taken to recover the balances due from other debtors.

paper to write off a sum of Rs.9.7 million from books.

### **Distribution Division 03**

The sundry debtors balance mainly includes the advance payments made to foreign procurements which has been cleared by May 2025 accounts.

### **Distribution Division 04**

Action will be taken to clear the long outstanding balance.

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|---|---|--|
| <p>(iii) Out of total receivables' balance of Rs.348.29 million, a sum of Rs.344.96 million had remained in outstanding from 101 government institutions for the supply of Lifts, air conditioners and power generators by the Asset Management Division of the Board as at 31 December 2024. Out of the receivables from government institutions, a sum of Rs.80.42 million had remained in outstanding over five years without being recovered.</p> | <p>Follow-up actions have been taken to recover the outstanding balances relating to government institutions for the supply of diesel generators, Air conditioners and lifts as stated below.</p> <ul style="list-style-type: none"><li>• MOPE has issued directions to General Manager, CEB, to write off the long outstanding balance of Rs.40,320,004.25 recorded as 'Receivable from MOPE'.</li><li>• Informing the outstanding balances to the relevant customers.</li><li>• Sending reminder letters</li></ul>  | <p>Action should be taken to expedite the recovery process for outstanding from government institutions.</p> |
| <p>(iv) A sum of Rs.714.96 million due from Lanka Coal Company through Taurian Iron and Steel Company (Rs. 478.18 million) and Liberty Commodities Ltd (Rs 236.78 million) had remained in outstanding over ten years without being recovered.</p>  | <p>General Manager CEB has also issued a letter dated 10.05.2024 to the Chairman of Lanka Coal Company requesting to settle this long outstanding receivable balance in CEB books of accounts since LCC is fully committed to repaying the financial loss due to non-compliance with CEB's instructions and errors in the formulae in the agreement between LCC and Coal Suppliers. This matter was discussed in the audit and management committee meeting held on 3rd September 2025 and it was directed by the committee that until a final decision is made by Ceylon shipping corporation regarding this matter the amount due to Lanka Coal Company should be recovered in installments from the payments payable to the Ceylon shipping corporation. Subsequently GMCEB issued a letter to</p> | <p>Action should be taken to prevent this nature of transactions in future.</p>                              |

Chairman LCC dated 2025.09.19 requesting the due amount referring to the Audit Committee Chairman and GM – LCC Letter.

- (v) A sum of Rs.275.24 million had remained in outstanding as a receivable from temporary electricity connections supplied by the Board as at 31 December 2024. Out of that, a sum of Rs.223.13 million had remained in outstanding over one year for temporary electricity connections given to government institutions by Colombo City Province.
- Despite the significant value delivered by the GI Unit, a major challenge lies in the frequent need to prioritize urgent requests before receiving payment. Repeated efforts have been taken to collect payment, including meetings and reminder letters.
- Action should be taken to recover the long outstanding balances due from temporary electricity connections.
- (vi) A sum of Rs.650.2 million had remained as sundry debtors in transmission division as at 31 December 2024 and out of that a sum of Rs.220.5 million had remained in outstanding over two years period.
- A sum of Rs.4,566,342.04 is due from Land Reclamation & Development Corporation and this will be amortized over 30 years. Action will be taken for balance receivable amount.
- Action should be taken to recover the long outstanding balances due as sundry debtors for Transmission Division.
- (c) A sum aggregated to Rs.28.03 million related to stock losses identified with the responsible officers had been accounted as sundry debtors over a period of one year without being taken any action to recover them. Further, stock shortages aggregated to Rs.92.91 million relating to Distribution Divisions, Generation Division and Asset Management had remained in the books over 5 years without being taken any action to investigate and clear the balance.
- Distribution Division 02**  
One case is being handed by Criminal Investigation Department for a stock loss of Rs. 19,350,308 and a charge sheet had been issued for stock loss of Rs.598,530.
- Generation**  
Further steps will be taken to settle this balance based on the decision of the Board of Directors.
- Distribution Division 03**  
In respect of the stock adjustment balance in WPS 2, the Internal Audit team has carried out their investigation and the report is in progress. Further, committees have been appointed to review in Sabaragamuwa Province also to the stock adjustment balances and proceed to clear the shortages and surpluses based on those committee recommendations and necessary approvals.
- Asset Management**  
Long outstanding query relating to the
- Immediate action should be taken to recover the losses on stock shortages from responsible officers.

stock shortage balances recorded are regularly follow up at the Audit Committee meetings and final decision is yet to be made.

- (d) Out of the total advances and prepayments balance of Rs. 9,055.19 million, a sum of Rs.144.93 million had remained as unrecovered over five years relates to the project division.
- Distribution Division 01**  
These balances are relating to foreign purchases and will be rectified upon receipt of required documents.
- Head quarters**  
An advance of Rs.30 million had been provided to the CEB Pension Fund for the purpose of making commuted pension payments to CEB employees at their retirement, on behalf of CEB and this advance is being utilized for pension payments and is expected to be reimbursed by CEB upon settlement of such payments. Action has been taken to clear remaining balance.
- Distribution Division 03**  
Necessary steps will be taken to recover and settle the advances and prepayment.
- Distribution Division 04**  
Actions are currently being taken to clear the outstanding balance.
- (e) Out of total retention balance of Rs.6,611.4 million, a sum of Rs.161.98 million had remained over five years without being taken action to clear in all divisions except headquarters.
- Distribution Division 01**  
Informed to Provincial (Revenue) Accountants to take the action to clear these outstanding balances with necessary approval.
- Distribution Division 02**  
Action will be taken to clear the Retention payable amount which is of long period outstanding in the year 2025.
- Generation**  
Generation Headquarters  
Based on the committee decision and the project manager's decision, actions will be taken to clear the retention balance.
- Other Complexes  
Action will be taken to clear the over-five-year retention in 2025.
- Distribution Division 03**  
Action will be taken to credit them to the
- Action should be taken to clear the advances and prepayments without further delay.
- Action should be taken to review and clear long-outstanding retention balances without further delay.

revenue after making proper reminder to the respective suppliers/ contractors.

**Distribution Division 04**

Rs.6.8 million will be cleared once all payments related to the respective tenders are completed. Where no further information is available and recovery is deemed unfeasible, appropriate actions have been taken to write off such balances.

**Projects**

Retention amounts for projects are generally released upon completion of the project, unless there is a specific reason to withhold them.

**1.8 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.**

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Section 7(1) and 43(1) of Sri Lanka Electricity Act, No. 20 of 2009 as amended.	Without obtaining the authorization from the regulator, 24.93 Gwh of energy valued at Rs.1,720 million had been purchased during the year under review from two retired Independent Power Producers (IPPs) while having expired generation license.	Since there was an urgent requirement in purchasing supplementary electrical power by 15th August 2023 within 8 days after that Board of CEB granted its approval to issue a Letter of Award to ACE Power Generation Matara (Pvt) Ltd to purchase electricity for 94,500,000 kWh of Minimum Guaranteed Energy Amount for a period of 6-month, on immediate basis according to terms and conditions of the Request For Proposal as per the Tender ‘Supply of 100MW of Supplementary electrical power on short term basis 2023. Power plant of ACE Power Generation Matara (Pvt) Ltd of 23.75MW was approved and commissioned before the plant of Ace Power Embilipitiya (Pvt) Ltd of 93MW Therefore, the total capacity of 116.75MW had to be procured by exceeding 100MW.	Should comply with the Provisions of Sri Lanka Electricity Act.

- (b) Section 39 of National Audit Act No.19 of 2018
- The concerns and remedial action proposed had not been submitted to the Auditor-General within three months from the submission of the Detailed Management Audit Report for the year 2023 issued on 31 January 2025 to the Board, giving reasons for the ability or inability, if any, to take action on any of the matters pointed out in such report.
- Remedial actions proposed had been submitted to Auditor General on 03rd November 2025
- Should comply with the Provisions National Audit Act.
- (c) Operational Manual for State Owned Enterprises of Department of Public Enterprises dated 16 November 2021.
- (i) Section 3.1 and 3.2 (i)
- Scheme of Recruitment of a particular State - Owned Enterprises (SOE) should be submitted for the approval of the Director General, Department of Management Services (DGMS) with a copy to Director General, Department of Public Enterprises (DGPE) or Director General of National Budget (DGNB) as applicable. However, no such approval for the scheme of Recruitment had been obtained.
- As per the instructions given at the Ministry Audit and Management Committee Meeting held on 24.06.2025 GM has forwarded prevailing SORP approved by the Board in 2002 with subsequent amendments to the Ministry of Energy by GM's letter dated 04.07.2025. Later, the Ministry has instructed this SORP be submitted in accordance with the MSD format, and this work is in progress.
- Ensure strict compliance with the provisions in operational manual for State Owned Enterprises of Department of Public Enterprises.

- (ii) Section 3.4      Every SOE should ensure that its Human Resource requirements are properly identified and planned for. Such a plan must identify the vacancies, the new posts to be created and the skills required for the post. It is also required that each SOE has a succession plan. However, the Board had not adhered thereon.
- As per the instructions given at the Ministry Audit and Management Committee Meeting held on 24.06.2025 GM has forwarded prevailing SORP approved by the Board in 2002 with subsequent amendments to the Ministry of Energy by GM's letter dated 04.07.2025. Later, the Ministry instructed this SORP be submitted in accordance with the MSD format, and this work is in progress
- Ensure strict compliance with the provisions in operational manual for State Owned Enterprises of Department of Public Enterprises.
- (iii) Section 3.4 (ix)      If an acting appointment is made under exceptional circumstances, it should be limited to a period not exceeding one (1) year. Nevertheless, it was observed that the Legal Officer who had been appointed for the post of Chief Legal Officer on acting basis, which is a responsible position in the Executive Grade of the Board, had been served in that post on acting basis over 11 years.
- The Board decided to upgrade the level of Chief Legal Officer (CLO) to Class I and recruit a suitable Chief Legal Officer (CLO) on the basis of external recruitment. In order to fulfil this task, it was required to amend the existing SORP, which was temporarily suspended due to an interim injunction of Court of Appeal. In the meantime, in-line with the government policy, the Board decided to stop all external recruitments until November 2023. Because of these two reasons, the management was unable to float an advertisement to recruit a suitable CLO externally. However, this will be made attention to the Board.
- Ensure strict compliance with the provisions in operational manual for State Owned Enterprises of Department of Public Enterprises.
- (iv) Section 3.5      The Board had paid total amount of Rs.323.41 million during the period of year 2020 to year 2024 as salaries, allowances and incentives of seventeen employees released to the Line Ministry which comprising with Rs.34.75 million
- However, action was taken to write to Ministry to reimburse the same to CEB and to take Cabinet approval for the same.
- Ensure strict compliance with the provisions in operational manual for State Owned Enterprises of Department of Public Enterprises.

relevant to the year under review.

- (v) Section 7.7 A subsidiary reviewing policy had not been established by the Board of Directors even at the end of March 2025, although the Board of Directors has a fiduciary duty to establish a structure that facilitate oversight of the performance of subsidiaries coming under its purview and discuss the performance of the subsidiaries at least quarterly. At its meeting held on May 30, 2023, the Board, considering the ongoing and proposed reform activities of CEB, decided that formulating a Subsidiary Policy may not be necessary at this juncture. Board decision is No. 23.07.194.H dated 30<sup>th</sup> May 2023 is attached herewith. Ensure strict compliance with the provisions in operational manual for State Owned Enterprises of Department of Public Enterprises.
- (d) Section 4.3 of the Guideline on Corporate Governance for State Owned Enterprises of Department of Public Enterprises dated 16 November 2021 Only one meeting had been held even as at the end of the year under review, although need to meet up at least quarterly. It's considered more prudent, economical and effective to implement the above initiative after completing the ongoing reforms process. Additionally, shifts in the political landscape and changes in Committee Members led to the suspension of Risk Committee meetings in late 2024. Ensure strict compliance with Guidelines of Department of Public Enterprises.
- (e) Section 3.2(v) and PED Circular No 95 dated 14 June 1994 The Board had paid leave encashment amounting to Rs.5,780 million during the year 2013 to 2019. At the audit committee meeting held on 25 September 2020 at the Ministry of Power, it was decided to obtain the approval of the Department of Public Enterprises for the payment of leave encashment and at the The Board under powers vested to it under Sections No. 12(j), (k), (m), and (n) of the Ceylon Electricity Board Act No. 17 of 1969, incentive against un-availed sick leave has been paid to CEB employees from 1984 to 2020 without interruption. Accordingly, this incentive has been paid for the year 2021 and 2024 as per the approvals given by the Board of Directors of CEB. Ensure strict compliance with circulars of Department of Public Enterprises

audit committee meeting held on 02 February 2021, it was decided to stop the payment of leave encashment immediately as it is informal payment. However, contrary to that an amount of Rs.1,201 million, Rs.1,542 million and Rs.1,641 million had been paid as leave encashment for the years of 2020, 2021 and 2024 respectively.

- |  |   |  |  |
|--|---|--|--|
| (f) Public Enterprises Circular No. 130 dated 08 March 1998.   | Vehicle loans should be granted at the interest rate ranging from 10 per cent to 14 per cent. However, contrary to that, the Board had granted vehicle loans to its employees at the interest rate of 4.2 per cent. | As instructed at the Ministry Audit and Management Committee meeting held on 11.09.2024, a letter has been sent to the Secretary, Ministry of Power on 13.11.2024 to obtain the necessary approvals in this regard. The Director General of the Department of Public Enterprises has informed that, the concurrence of the General Treasury cannot be granted retrospectively for this activity, which has been carried out for many years with the approval of the Board of Directors and the Board of Directors of the new companies established with the ongoing reforms in the electricity sector will decide how to deal with the employee concessions and privileges provided to the employees of the relevant companies.” | Ensure strict compliance with circulars of Department of Public Enterprises                                  |
| (g) Section 12 of Ministry of Finance Economic Stabilization and National Policies circular No. 01/2024 dated 28 | Lakvijaya Complex of the Board had spent Rs.39.4 million without any approval of the Hon. Minister of Finance as CSR expenses during the year.  | The action has already been taken to get the approval from the Secretary of the Treasury through the Secretary of Ministry of Energy.  | Ensure strict compliance with circulars of Ministry of Finance Economic Stabilization and National Policies. |

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- (h) Section 1.2 of Chapter II of Establishment Code of the Government of Democratic Socialist Republic of Sri Lanka
- The Board had recruited 04 officers for 03 posts that had not been approved by the Department of Management Service.
- The Board has approved the recruitment of 02 Environmental Assistants, subject to the approval of the Department of Management Services to combined the cadres of Environment Officer/Environment Assistant within the already approved cadre by the Department of Management Services.
- Ensure that the recruitments have been made for approved cadre.

## 1.9 Non-compliance with Tax Regulations

Audit Issue	Management Comment	Recommendation
As per Section 34(1) of the Value Added Tax Act, No. 14 of 2002, Board had not submitted three appeals against the Value Added Tax assessments on the due dates.	Above three appeals were submitted and accepted by the Inland Revenue Department.	Should comply with the provisions in the value added tax act, No.14 of 2002.

## 2. Financial Results

The operating result of the Ceylon Electricity Board for the year under review amounted to a pre – tax profit of Rs. 144,394 million and the corresponding profit in the preceding year amounted to Rs.57,633 million (re-stated). Therefore, a massive increase in profit by Rs.86,761 million was observed. Increase in gross profit by 14 percent due to decrease in cost of sales by 14 percent even though reduction in revenue was 10 per cent, recognition of profit on transfer of shares in LTL Holdings to West Power (Pvt) Ltd amounting to Rs.26,038.09 million, decrease in finance cost by Rs.41,360.3 million was the major reason attributed for this increase in financial results.

Further, the operating result of the group for the year under review amounted to a pre – tax profit of Rs.189,627 million and the corresponding profit in the preceding year amounted to Rs.75,234 million (re-stated). Therefore, a massive increase in profit by Rs.114,392 million was observed.

### 2.1 Trend Analysis of major Income and Expenditure items

Analysis of major income and expenditure items of the Board for the year under review compared with the preceding year with the percentage of increase or decrease is shown below.

<b>Description</b>	<b>Variance Amount Increase/(Decrease) (Rs.Billion)</b>	<b>Variance %</b>	<b>Reason for the Variance</b>
Revenue	(59.62)	9.8	Decrease in energy rates and monthly fixed charges through electricity tariff revisions imposed during the year 2024
Cost Of Sales	(73.08)	14	Decrease in cost of fuel, Coal (decrease in coal price and exchange rate), decrease in cost of power purchasing.
Other Operating income & Gains	32.89	104	Recognition of profit on transfer of shares in LTL Holdings to West Power (Pvt) Ltd amounting to Rs.26,038.09 million
Finance Cost	41.36	66	Decrease in interest rate, decreased in bank loans and overdrafts taken to finance work in capital.

## **2.2 Analytical Financial Review**

### **2.2.1 Working Capital Management**

The Working Capital of the Group as at 31 December 2024 was reflected as a positive figure of Rs.90,022 million whereas the previous year (restated) negative balance was Rs.17,133 million. Hence, working capital of the year under review had improved by 625 per cent as compared to the previous year.

### **2.2.2 Debt to Equity**

Equity balance of the Group as at 31 December 2024 had been increased by Rs.112,058 million or by 18 per cent as compared with the previous year. Further, 44 per cent or Rs. 316,465 million of the total capital employed by the Group as at 31 December 2024 had been financed through borrowings. Further, the Debt to Equity Ratio of the Group had decreased to 44 per cent in the year under review from 64 per cent in the previous year.

### **2.2.3 Profitability**

The average cost of sales per unit (cost of electricity per Kwh) of the year under review was Rs.28.59 as compared with Rs.35.85 (restated) in the year 2023 and sold at an average price of Rs.36.01 per unit (previous year average selling price was Rs.42.86 per unit). Accordingly, the average gross profit per unit of the year under review was Rs.7.42 and it was 6 per cent increase in average profit as compared with the previous year average gross profit of Rs 7.01 per unit. The following table shows the tariff category and the gross profit per unit of electricity sold in the year under review as compared with the previous year.

Category	Gross Profit per unit (kWh)	
	2024	2023 (restated)
	Rs.	Rs.
Domestic	5.55	7.81
Religious	1.85	7.35
General Purpose	18.38	14.85
Hotel	2.33	6.43
Industrial	2.20	2.80
Government	18.80	15.91
Bulk Sup. to LECO	6.04	1.81
Street Lighting	(28.49)	(35.82)
Agriculture	13.98	13.75
Average Gross Profit Per Unit	7.42	7.01

Accordingly, all the tariff categories of the Board except street lightening generate positive contribution during the year under review and the highest contributor to the total contribution was government sector.

### 3. Operating Review

#### 3.1 Performance

##### (i) Power Generation and Direct Cost (Other than Distribution and Transmission)

Although the main objective of the Board is to supply of power at low cost to the country, the Board was unable to achieve this objective due to high cost incurred for generation of Thermal and less contribution from Wind and Other Non-conventional Renewable Energy Sources and recent tariff revisions imposed to recover the continuous losses of the Board etc.

Further, Significant delays were observed in implementation of the activities included in the Long-Term Generation Plan and the Transmission Plan of the Board. As a result, the Board had made emergency power purchases which were affected to the least cost objective of the Board and 46.5 per cent of the total power generation had been generated from thermal power sources during the year under review.

The position of power generation in 2024 as compared with the previous year is given below.

Source	2024	2023	Increase/(Decrease)	
	GWh	GWh	GWh	%
<b>Ceylon Electricity Board</b>				
Hydro	5,426	4,573	853	18.7
Thermal	1,568	1,972	(404)	(20.5)
Coal	5,482	4,646	836	18.0
Wind	383	391	(8)	(2.0)

Small Islands	2.8	2.7	0.1	3.7
<b>Sub Total</b>	<b>12,861</b>	<b>11,585</b>	<b>1,276</b>	<b>11.0</b>
<b>Independent Power Producers</b>				
Hydro	1,473	1,378	95	6.9
Thermal	768	1,160	(392)	(33.8)
Wind	409	427	(18)	(4.2)
Other Non-Conventional Renewable Energy	167	167	-	-
Grid Connected Solar	257	227	30	13.2
Rooftop Solar	867	632	235	37.2
<b>Sub Total</b>	<b>3,940</b>	<b>3,991</b>	<b>(51)</b>	<b>(1.3)</b>
<b>Grand Total</b>	<b>16,802</b>	<b>15,576</b>	<b>1,226</b>	<b>7.9</b>

Accordingly power generation from all the sources except thermal and Wind had been increased during the year under review. Further, power generation from Solar, Hydro and coal had increased by 30.85 percent and 15.93 percent and 18 percent respectively during the year under review as compared with the preceding year.

## (ii) Direct Cost

A cost wise analysis of direct cost of the year 2024 as compared with previous year is given below.

<b>Description</b>	<b>2024 Rs. million</b>	<b>2023 Rs. million</b>	<b>Increase/Decrease Percentage (%)</b>
Fuel	81,899	120,961	(32.29)
Coal	108,295	158,208	(31.55)
Power Purchase	112,206	128,004	(12.34)
Operation and Maintenance	95,545	65,131	46.69
Depreciation	36,351	34,662	3.59
<b>Direct cost</b>	<b>434,296</b>	<b>506,966</b>	<b>(14.40)</b>

According to the above information, it was revealed that due to decrease in fuel and coal prices during the year under review, the cost of fuel and coal had been decreased by 32.29 percent and 31.55 percent respectively as compared with the preceding year. Further, the operation and maintenance expenses had increased significantly by 46.69 percent during the year under review as compared with the preceding year.

## 3.2 Uneconomic Transactions

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a) The contract for the piling work of proposed headquarters building for the Board had been awarded on 12 March	The construction work was seriously affected due to the Covid-19 pandemic and prevailing economic	Action should be taken to complete the construction

2012 and the construction contract of the building had been awarded on 02 August 2021 for a contract sum of Rs.4,774.6 million and expected to be completed on 15 August 2023. However, as per the Board decision taken on 14 March 2023, it had been decided to terminate the contract based on the instruction given by Minister of Power at the meeting held on 07 December 2022 at the Ministry. Accordingly, the contract had been terminated on 15 August 2023 whilst the physical progress of the project was remained as 13.2 percent. After, substantial completion of the contract, engineer had informed to the contractor regarding to the identified defects in the 1st floor slab, ramp and sump areas should be completed on or before 08th February 2025. Even though, the contractor is exclusively responsible to complete the defects, he had failed to complete the said defects items even as at 31 August 2025. Since 15 August 2023 a sum of Rs.11.5 million incurred for the recurrent expenses (salary, fuel, vehicle repairs and etc.) for the project. As only the activities of the first floor from the construction works started in 2021 have been completed to date, it remains unable to be utilized for its intended purpose. Consequently, the amount of Rs. 1,503 million spent on this construction work as of 30 June 2025 has been an idle at the end of the year under review.

crisis of the country. Considering difficulties, the Board of CEB on 14th February 2023 had granted approval to terminate the construction of structural works after completion of first- floor level with necessary protection works and to follow contractual procedure to terminate the contract. The date of substantial completion of the reduced scope was issued as at 15th August 2023. At such date the overall physical progress was 13.9% Meanwhile CEB has taken action on 04th December 2024 to forfeit the unrecovered advanced payment of Rs. 330.0 million from the Contractor to fully recover the advance payment of Rs. 467.0 million. As a result of the reduced scope, the Contractor had submitted claims for total amount of Rs. 1.9 billion, which are currently under the evaluation at the Dispute Adjudication Board. There was no major construction activities other than rectification of defects and installing protection works on the structure. However the project management unit has been functioning to monitor the rectification works, execute the process of recommencement and facilitate the dispute Adjudication procedure. The Board further granted approval to conclude the contract by issuing Taking Over Certificate (TOC) subject to approval of the Cabinet of Ministers, initiate re-tendering process for the construction of balance works through the NCB procedure. The Board approval was granted to utilize CEB funds for the re-commencement of balance works of the building (Rs. 11.5 billion) and to continue the existing consultancy services contract (Rs. 74 million) and It was informed that the Cabinet

activities in such a way to utilize the building economically.

memorandum submitted by the Hon. Minister on 2025-07-08 was withdrawn as he intends to submit a fresh Memorandum on this matter. The re-tendering decision is pending accordingly. The project consultant informed the Contractor that the Employer's Taking Over of the project with effect from 2025-09-15. Handing Over is in progress.

- (b) The contract of consultancy service for development of an integrated Enterprise Resource Planning (ERP) for the Board had been awarded to KPMG company on 17 May 2017 for the contract sum of Rs.164.93 million and 80 workshops had been conducted for 1800 employees. However, the implementation of ERP system was not fully executed due to funding difficulties, although a sum of Rs.155.38 million incurred on above consultancy service project which had remained uneconomical as the intended benefits to the Board had not been realized.
- The second bidding process was going on in 2022, Sri Lanka and CEB faced with the economic crisis and due to this many prospective bidders did not show interest for the tender. Furthermore, in 2022, the country declared bankruptcy and ADB informed that they would not be able to provide funding for the ERP Project via the loan, owing to the prevailing economic situation in the country. Accordingly, Board approval was granted to temporary stop the work of the Project which was owing to reasons which were beyond the control of CEB. the investment already made in the Stage 01 of the ERP Project which is LKR 122,769,567.01 is a prudent investment.
- Action should be taken to ensure the availability of funds before commencement of a project.
  - Action should be taken to complete the project and get use of it for the day today activities of the Board.
- (c) The Seethawaka Ganga Hydropower Project, identified in the Board's Master Generation Plan in 1988, was set to be commissioned by 2022 which was initially managed by Sri Lanka Energies (Pvt) Ltd and transferred to the Board after incurring Rs. 1.3 million as preliminary expenses. By 30 September 2021, the Board had spent Rs. 301.19 million on preliminary activities and ultimately decided to wind up the project and transfer it back to Sri Lanka Energies (Pvt) Ltd to develop two mini hydro plants of 7 MW. This decision rendered the Board's expenditures
- AGM(Projects) has sent a board paper for writing off and the approval of the board is still pending.
- Ensure that funds of the Board are used for feasible activities.

uneconomical, and no efforts were made to recover these costs or account for them appropriately.

### 3.3 Identified losses

Audit Issue	Management Comment	Recommendation
(a) A sum of Rs.787.87 million had been incurred during the year under review as delay interest on power purchases for Non- Conventional Renewable Energy (NCRE) sources.	The delay interest payable for the invoices not paid on or before due date for the Moragahakanda Reservoir MHP phase I, II, III and other few NCRE Developers.	Action should be taken to make the payments on time for power purchasing in order to prevent from incurring default interest.
(b) The Board had paid Rs.358.55 million and Rs.109.93 million as delay Charges to the contractors of National Transmission Distribution Network Development & Efficiency Improvement Project and Habarana Veyangoda Transmission Line Project respectively during the year under review for delayed contract payments.	This delay was caused due to COVID – 19 pandemic and post financial crisis, which hindered the progress of the project work. Hence, the accruing delayed payments are unavoidable as per the terms and conditions of the contracts.	Necessary action should be taken to make contractor payments on time in order to prevent from delay charges.

### 3.4 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
(a) According to the Section 24(1) (c) of Sri Lanka Electricity Act, No. 20 of 2009 as amended, the Board should ensure that there is sufficient capacity from generation plants to meet reasonable forecasted demand. Accordingly, while the least cost long term generation expansion plan of 2022 – 2041 planned for 544 MW of renewable energy capacity additions in the year 2022, only 211 MW of new renewable energy power plants with aggregating was actually commissioned. Further, according to the approved least cost long term generation expansion Plan of 2023 – 2042, power plants with aggregating capacity of 607 MW and 1094 MW were planned to be commissioned in	The economic downturn led to a notable contraction in electricity demand, during the period 2021 to 2024. As a result, the LTGEP 2023–2042, which was prepared before economic crisis, reflects the capacity requirement foreseen before the contraction in electricity demand occurred after economic crisis. Recognizing this shift, the latest approved LTGEP 2025-2044 has incorporated the impacts of the economic crisis, including the reduced electricity demand. The actual solar power generation exceeds the expected solar power generation in the LTGEP 2023-2042 during the year 2024 and	The Long Term Generation Expansion Plan should be implemented as planned.

2023 and 2024 respectively with aggregated of new additional capacity of 1,701 MW. However, the actual commissioned capacity was 1,052 MW as at 31 December 2024. As a result of that 24.93 Gwh of energy valued at Rs. 1.72 billion had to be purchased additionally during the year under review and average cost per unit of the additional power purchased was Rs.68.97 while overall average cost per unit was Rs.19.71.

2025. Moragolla power plant is expected to commission during 2025 and the open cycle operation of the Sobadhanavi power plant was planned for 2023. However, it was eventually commissioned in 2024. The combined cycle operation, which was expected in 2024, is currently undergoing commissioning and testing. Furthermore, the requirement of 350 MW second combined cycle power plant and 130 MW gas turbine power plant at Kelanitissa has been deferred in LTGEP 2025-2044 due to the reduction in demand as mentioned above.

(b) According to the information provided, it was observed that the total system losses per year were very close to or in excess of the monthly average net electricity generation (2024 -1,406 - GWh and 2023- 1,379- GWh). An order had been given to present a plan to reduce transmission and distribution losses over the next five years under the conditions imposed at the time of granting approval by the Public Utilities Commission (PUCSL) to revise the electricity tariff made effective from 20 October 2023 and 05 March 2024, and the Board had stated that the plans for the said purpose have been included in the Long-Term Transmission Development Plan and Medium Voltage Distribution Development Plans of the Board. According to the said Long Term Transmission Development Plan 2018-2027, number of 188 proposals had been identified for the years 2018 to 2025. Out of them, number of 37 and 36 proposals had been completed on time and with a delay respectively. Number of another 09 proposals had

Due to the pandemic and the economic recession in the country, expected load growth was not achieved and presently the consumer demand is lagging approximately 4 years behind as compared to the level expected in LTTDP 2018-2027. Therefore, requirement of the proposed transmission developments were revisited and the completion years were updated accordingly. When carrying out a transmission project, delays occur due to issues in site acquisition, tendering, allowing interruptions, deficit of fundings natural disasters, pandemic issues and court cases etc.

Action should be taken to expedite the progress of the transmission projects in order to complete them within due dates in the Long – Term Transmission Development Plan.

been initiated with a delay and number of 69 proposals had not been initiated even up to 30 June 2025.

- (c) Sri Lanka Electricity Act, No. 36 of 2024(as amended) had been certified on 27 June 2024 and the provisions of section 1, 2, 3, 4, 9, subsection (1) of section 10, paragraph(b) of subsection (2) of section 10, subsection (3) of section 10, subsection (5) of section 10, section 14, section 15, section 17, section 18, section 38 and section 39 shall come into operation on the date on which the bill becomes an Act of Parliament. However, the Board had not acted according to the provisions laid down in the sections 04, 18 and 39 even as at 30 November 2025.
- As per this Section 4 - this is the responsibility of the Minister and the Council.
- As per this Section 18- this is the responsibility of the Power Sector Reform Secretariat (PSRS)
- Ceylon Electricity Board has submitted almost all the details as requested by the PSRS. Further those data were uploaded and shared with the PSRS in a Data Room as agreed by PSRS.
- Action should be taken to adhere with the provisions laid down in the Sri Lanka Electricity Act, No. 36 of 2024(as amended).
- (d) As per the clause No. 2 of Annex A to the scheduled 9 of Power Purchase Agreement (PPA) between the Board and the West Coast Power (Pvt) Ltd, both parties should come with an agreement on the combined cycle values based on the actual performance of the facility at the end of first year of the Term. However, both parties had not come with such agreement up to 12 August 2024, even the combined cycle operation date of the Power Plant was 10 May 2010. (Both parties had agreed to reduce the values for some parameters on 12 August 2024). Hence the opportunity to get any beneficial adjustments to the CEB from the end of first year of the Term (10 May 2011) had deprived to the CEB since both parties had not come with an agreement to reduce the values for some parameters based on the actual performance of the facility up to 12 August 2024. As a result the CEB incurred higher energy charges, startup charges and delayed interest up to January 2019. Further, it was observed
- From September 2024 onwards both parties had used newly agreed parameters in preparing invoices for the operation of Yugadhanavi power plant with the approval of Board of CEB and WCPL.
- Since, the parameter negotiation to be effective from the beginning of combined cycle operation of the Yugadhanavi power plant, the principal invoice values as well as interest payable to it are needed to be calculated from May 2010. Since the calculations will be done for entire combined cycle operational period, the expected benefit to CEB from parameter change will be calculated within it. The said calculation process is being carried out. Once the said process was completed and agreed by both parties, the final calculations will be presented to the Board for the approval.
- Once the final calculations were done by both parties, the payable balance at CEB and receivable
- Action should be taken to ensure that the provisions in the Power Purchasing agreements are followed in order to avoid disputes in future.
  - Prompt action should be taken to recover the overpaid amount with the delayed interest.

that at the Board meeting held on 15 February 2019, the Board had also instructed General Manager of the Board to calculate the actual amount over paid (Estimated amount was Rs. 8.6 billion) to the Company as at to date since the Combined Cycle Operation Date of 10 May 2010 based on the reduced values for some parameters as an intermediate solution by the Board Decision on 15 February 2019 and take immediate action to recover same along with the delayed interest charges. However, the CEB had failed to take appropriate action to calculate the actual over payment and recover the same along with delayed interest as at 31 December 2024.

balance of WCPL will become equal.

- (e) As per the Electricity (Amendment) Act, No. 16 of 2022, the requirement to submit a tender on the publication of a notice shall not be applicable in respect of any new generation plant or to the expansion of any existing generation plant that is being developed or to be developed on a permit issued by the Sri Lanka Sustainable Energy Authority (SLSEA) for the generation of electricity through renewable energy sources. Accordingly, out of the projects with aggregating capacity of 2,115.4 MW received from SLSEA during the period from 28 June 2022 to 02 December 2024, letters of intent for the projects with aggregating capacity of 762.6 MW had only been issued and Power purchase agreements for the projects with aggregating capacity of 467.5 MW had only been signed as at 31 December 2024. However, power plants with aggregating capacity of 23.6 MW had only been commissioned as at 31 December 2024.
- Some of them were at the initial stage, and grid concurrence was requested from CEB to determine whether those projects could be connected to the CEB network. The reasons for the lack of implementation of NCRE projects during 2022–2024 are outlined below.
- (f) Low progress in MHP development:.
  - (g) Lack of grid capacity.
  - (h) Land issues
- Immediate action should be taken to resolve the problems associated with commissioning any new generation plant or to the expansion of any existing generation plant that is being developed or to be developed on a permit issued by the Sri Lanka Sustainable Energy Authority (SLSEA) for the generation of electricity through renewable energy sources.

- (f) The board of survey reports for the fixed assets with a carrying value of Rs.96,929.08 million in headquarters, asset management division & distribution division 2 had not been furnished to audit. Action Will be taken to inform the relevant divisions to submit the BOS reports. Action should be taken to submit board of survey reports along with the financial statements to the audit.
- (g) An accumulated consumable stock value of Rs.3,890 million in four distribution divisions, generation division and asset management division had been presented in the financial statements as slow moving, non-moving, obsolete and damaged stocks as at 31 December 2024 without being taken appropriate action to dispose or to transfer to areas where they are needed. **Distribution Division 01** Board papers are preparing or for some instances board approval had been obtained. Action should be taken to promptly assess and dispose of or transfer obsolete, slow-moving, non-moving, and damaged stock without delay. **Distribution Division 02** Board papers submitted by each province for slow-moving, non-moving, obsolete, and damaged stocks. Disposal process is being carried out per CEB procedures. A few areas (Batticaloa and P&HM) are pending board approval.
- Distribution Division 03**
- All provinces have **commenced disposal processes.**
- Distribution Division 04**
- WPS1:** Board papers for 2023 balances prepared and actions taken; board papers to be submitted for 2024 balances.
- **SP2:** Board of Survey reports sent for AGM approval; disposal board papers to be submitted thereafter.
- Generation**
- LVPP:** Board of Survey report forwarded to AGM (Generation) for approval.
- Mahaweli Complex:** Process initiated with Internal Audit observer .
- Samanala Complex:** Reports submitted to CIA for certification; disposal to proceed upon certification.

**Transmission & LC Divisions:**

Action initiated for disposal of obsolete and damaged stocks.

(h) As per the General Policy Guidelines amended by the Cabinet of Ministers on 30 October 2023 (Cabinet paper No. 23/2066/621/092), the bi annual tariff revision period had been adjusted to a quarterly basis to better reflect the costs associated with electricity generation, transmission and distribution. However, it was observed that only two tariff revisions had been implemented during the year 2024. Following further observations was made in this regard.

(i) A proposal had been made by the Board for a reduction of electricity tariff only by 3.34 percent and 4.63 percent as the electricity tariff revisions in the months of March and July 2024. However, after rectifying the estimation errors included in the proposal, the approval had been granted by PUCSL for a significant reduction of electricity tariff by 21.93 percent and 22.49 percent respectively in the months of March and July 2024. In spite of such a significant reduction, a remarkable operating profit of Rs. 162,620 million (before financial costs) and a remarkable net profit of Rs. 144,394 million had been earned for the year 2024 according to the financial statements submitted for the audit. Similarly, it had been proposed by the Board to maintain the existing electricity tariffs and to increase the electricity tariffs by 18.3 percent

The exceptional increase in hydro generation substantially reduced the dependence on thermal generation, thereby lowering the actual generation cost well below the forecasted cost levels used in tariff formulation. Consequently, the actual financial results of the year 2024 reflected a higher operating and net profit than projected in the tariff proposal, the higher-than-expected financial performance in 2024 was a direct consequence of unforeseeable hydrological conditions rather than an indication of any bias or lack of fairness in the tariff proposal preparation process.

Action should be taken to ensure that the tariff proposals are prepared based on fair assumptions and estimates.

for the first half of 2025 and from June to December 2025 respectively as electricity tariff revisions. However, after rectifying the estimation errors included in the proposal, the approval had been granted by the PUCSL to reduce the electricity tariffs by 20.08 percent for the first half of 2025 and to increase the electricity tariffs by 15 percent from June to December 2025. Although the PUCSL had considered reducing electricity tariffs by 20.08 percent for the first 6 months of 2025 subject to settling a loss of up to Rs. 51,098 million for the first 6 months of 2025 from the revenue earned by the Board from January to June 2024, only a loss of Rs. 13,162 million had been incurred for the first 6 months of 2025 according to the interim financial statements prepared by the Board and thus indicating an implied profit for the said period. Accordingly, it was evidenced that the Board had not prepared the tariff proposals for years 2024 and 2025 in accurate manner.

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| <p>(ii) It was observed; amongst the conditions imposed by PUCSL at the time of granting approval for the revision of electricity tariffs in the years 2022, 2023, 2024 and 2025, that the conditions such as entering into power purchase agreements between the CEB generating plants and the transmission licensee, entering into a power sales agreement between the distribution licensee and the transmission licensee, entering into a fuel supply agreement with the Ceylon Petroleum Corporation,</p> | <p>CEB acknowledges the observations made regarding the implementation of conditions imposed by the PUCSL in its tariff approval decisions for the years 2022 to 2025. It is submitted that CEB has made substantial progress toward fulfilling the conditions imposed in successive tariff approvals and continues to coordinate with PUCSL and other relevant authorities to ensure full compliance within the regulatory and institutional framework.</p> | <p>Ensure that all the conditions imposed by PUCSL at the time of granting approval for tariff had been properly implemented.</p> |
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proposing an alternative prepaid tariff for all retail consumers, collecting the consumption cost of street lightings from the relevant local government authorities or the Road Development Authority, carrying out a comprehensive independent audit, ensuring the succession plans on employee turnover and establishing a cost accounting unit had not been implemented even as of 31 August 2025.

### 3.6 Idle or underutilized Property, Plant and Equipment

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
It was observed that 16 lands purchased at a cost of Rs.162.01 million for project activities, for the construction of regional engineer offices, consumer service centers and Grid Substations from year 2000 had not been utilized for the expected purposes even as at end of the year 2024.	Comments were not given.	Action should be taken to utilize the idling lands for expected objectives.

### 3.7 Delays in Projects or Capital Work

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
The following observations were made with regard to the Green Power Development and Energy Efficiency Improvement Investment Program Tranche II project executed by the Board during the year under review.		
(i) The contract for construction of Padukka - Horana 132kV, 25 km transmission line under Package 2 Lot B2 had been awarded at a cost of USD 3,835,437 on 28 February 2019 and scheduled to be completed on 31 March 2024 after four Extension of Times by 710 days. However, the contract had been de-scoped on 04 January 2024 by removing balance civil	The progress of the project was seriously affected by the Easter bomb attack, COVID-19 pandemic, and the negative economic situation of the country during this period. Accordingly, the project was de-scoped with a CEB Board approval by removing the balance of civil works and installation works from the contract. Under the new scope, the	Action should be taken to expedite the completion of the construction works in order to achieve the expected objectives of the projects.

works and installation works by 70% and revised the contract price as USD 2,798,112 and balance works to be completed by CEB. However, it was observed that plant and mandatory spare parts supplied from abroad at a cost of Rs. 954.98 million out of the loan proceeds had not been handed over to the Board and the Board had not commenced the balance works even on the date of audit on 02 June 2025. Therefore, the expected objective of the Project could not be achieved even as at 30 November 2025.

project was completed by January 19, 2024. The balance works of the project will be carried out by CEB.

It was observed that balance progress payment of Rs. 225.99 million of Package 8 Lot B (Augmentation of Ambalangoda 132/33 KV Grid Substation and Pannala 132/33 KV Grid Substation and supply of 2 spare transformers of 132/33 KV 31.5 MVA) had been made to the contractor for six invoices submitted by the contractor against the performance bond bearing No. 003BGTEE2402141 dated on 05 September 2024 and No. 003BGTEE2401447 & 003BGTEE250009 dated on 27 June 2024 and 10 January 2025 respectively, contrary to the condition of the contract.

The ADB loan was officially closed on June 30, 2024. Before the loan closure, the Engineer to the project, AGM (Projects), approved to certify and release payments on valid bank guarantees submitted by the contractor with the intension of fully utilizing ADB loan and avoid unnecessary financial burden on CEB.

Action should be taken to comply with the conditions of the contract.

### 3.8 Procurement Management

Audit Issue	Management Comment	Recommendation
(a) In terms of the directive issued by the Cabinet of Ministers dated 01 March 2021, authority limits relating to procurement guideline reference 2.14.1 (only for open competitive bidding procedure, direct contracting procedure or repeat order procedure) stipulated under the supplement 35 to Procurement Manual 2006 had been enhanced exclusively to	Secretary of Ministry of Power by his letter dated 16.02.2024 has sent a request to Department of Public Finance in order to extend the applicability time period of enhanced authority limits. However, Department of Public Finance has declined the request mentioning, without the cabinet	Should comply with the provisions laid down in the procurement manual and guideline.

the Board by the Ministry of Finance its letter dated 24 September 2021 to carry out the projects to be implemented within the period of year 2021-2023 by the Board. Accordingly, the Board had revised authorities limits with effect from 08 October 2021. Even though enhanced procurement authority limits were expired by December 2023, they had been continued up to 29 Augusts 2024 as per the decision taken by the Board of directors at its meeting held on 03 April 2024 instead of complying with the procurement authority limits stipulated under the supplement 35 up to 24 June 2024 and the supplement 40 since 25 June 2024. As per the audit test base on random sampling it was observed that, procurements with aggregate estimated cost of Rs.1,976.7 million had been initiated by the distribution division 03, Information Technology section and Transmission Construction Project during the period from 01 January 2024 to 29 August 2024 contrary to the provisions stipulated under the supplements 35 and 40.

approval it cannot be extended. Therefore, Secretary of Ministry of Power instructed CEB to adhere to the authority limits stipulated under the supplement no 35 to procurement Manual -2006 with effect from January 2024. As per the decision taken at the board meeting on April 03rd 2024 CEB Board approved the continuation of the current enhanced procurement authority limits adhered by CEB and instructed to seek cabinet approval to continue the same. Later, in response to this directive to develop entity specific procurement manual and direction to follow supplementary -40 by the National Procurement Committee ,Chairman CEB has sent a letter on July 03rd 2024 to Secretary Ministry of Power and Energy to request temporary approval from relevant authority to continue the board approved current enhanced procurement authority limits adhered by CEB until the entity specific procurement manual is approved by the commission. However, the NPC reiterated the instruction for CEB to develop its entity-specific procurement manual. According to the board decision taken on the board meeting dated August 20th 2024 and board minute reference no 24.11.340 a new circular was issued to amend the procurement limits.

(b) Procurement on sale of Fly Ash produced as a By-product of Combustion of Coal of Unit 01, 02 and 03 of Lakvijaya Power Plant (LVPP). The following observations are made in this regard.

(i) It was observed that the previous bid had been called for the sale of fly ash

Agreed

Procurement entity should ensure that

for a period of 05 years and the said contract had expired at the end of February 2023. By considering the possible price variations of raw materials over a period of 05 years, CATB had proposed to limit the contract at this instance only for a period of 03 years. Later based on the recommendation of the TEC and the approval of CATB, the approval of the Cabinet of Ministers had been sought to sell the Fly Ash for a period of 03 years from June 2023 to May 2026 to the selected bidders by the Minister of Power and Energy via the Cabinet Paper No. 23/1179/621/051 dated 20 June 2023. The said Cabinet paper and the report of Procurement Appeal Board date 09 May 2023 had been considered by the Cabinet Sub Committee on Public Expenditure Management at its meeting held on 12 July 2023 along the observation of the Minister of Finance, Economic Stabilization and National Policies and the letter dated 22 June 2023 by the Secretary, Ministry of Power and Energy addressed to the Secretary to the Cabinet and had recommended to the Cabinet of Ministers to grant approval to sell Fly Ash only for a period of one year to the selected bidders instead of a period of 03 years. Accordingly, the Cabinet of Ministers had granted approval for the same at its meeting held on 17 July 2023 and the rationale for said recommendation (reducing the three years to one year) had not been explained in the Cabinet decision.

the decisions to change the conditions to contract are rational.

- (iii) The selected main buyer of the previous awarded tender had been agreed to purchase maximum fly ash quantity of 299,700 MT per annum under quality No.01 at unit rate of Rs. 13,200 per MT for a period of three
- Agreed. After completion of the previous tender (LV/S/Fly Ash/003) & work carried out with the cabinet decision of the new tender.
- Action should be taken to ensure that agreements are entered into with favorable terms for procuring entity.

years. However, the Board had awarded the contract to the buyer to purchase fly ash only for a period of one year based on the cabinet decision dated 17 July 2023 and it was extended to further two months. Therefore, Lakvijaya power plant had lost the opportunity to sell fly ash quality No. 01 at highest price of Rs. 13,200 over the further one years and 10 months. Instead of, the agreements had been entered into to sell aggregating fly ash quantity of 286,324.8 MT per annum under fly ash quality No.01 with the unit rate ranging from Rs. 8,050 to Rs. 2,950 per MT for a period of three years. Out of the quantity of 286,324.8 MT, majority quantity of 208,927.2 MT per annum will be sold at the unit rate of Rs. 2,950, which in turn contributes to a loss to the Board.

- (c) Procurement procedures should be followed for Non-Conventional Renewable Energy (NCRE) projects after 06 August 2013 as per the Sri Lanka Electricity Act, No. 20 of 2009 as amended. However, only seven procurements for NCRE projects with aggregating capacity of 390 MW had been initiated up to 31 December 2021 and out of the said capacity, power plants with aggregating capacity of 116 MW had only been commissioned up to 31 December 2024.
- Commonly, the progress of all above projects was hampered due Covid -19 travel restrictions and the financial crisis in the country from year 2022 onwards. Therefore, Project Companies faced difficulties in implementing the projects for the tariff rates quoted at the bidding stage of these tenders and requested for a solution. The matter was taken up by the Cabinet of Ministers and considering the Cabinet decisions and terms & conditions of PPAs, CEB has taken action to cancel and extend projects.
- Action should be taken to expedite the progress of uncompleted NCRE projects which had been initiated up to 31 December 2021.