

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Youth Service Council (Council) for the year ended 31 December 2024 comprising the statement of financial position at 31 December 2024 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and provisions of the National Youth Services Act, No. 69 of 1979. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector 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 Public Sector 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

As per Section 16(1) of the National Audit Act, No. 19 of 2018, the Council 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 Council.

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 scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- 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 Council'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 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 Council, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Council has complied with applicable written law, or other general or special directions issued by the governing body of the Council,
- Whether the Council has performed according to its powers, functions and duties; and
- Whether the resources of the Council had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit observations on the preparation of financial statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Non-Compliance with the reference to particular Standard	Comment of the Management	Recommendation
S.L.P.S.A.S 07 - In accordance with paragraph 49 of Property, Plant and Equipment, when revaluing fixed assets, the entire class to which that asset belongs should be revalued. However, only the land and buildings belonging to the Heiyanthuduwa Training Center were revalued at Rs.319.27 million and Rs.56.72 million respectively.	After receiving the valuation reports, the revalued amounts of this year will be included in the financial statements.	Action should be taken in accordance with the Sri Lanka Accounting Standards.

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Assets worth Rs.15.46 million had been purchased by 12 District Secretariats in the previous year under the allocations of the Line Ministry. However, those assets were not included in the financial statements.	Action will be taken to include it in the financial statements for the year 2025.	Assets should be accurately identified and accounted.
(b) The sum of Rs.31.17 million in fixed deposits, savings balances and current account balances, etc., which included transactions related to the sports club maintained under the council, had not been included in the financial statements. The Rs.2.03 million current account balance of the Youth Awards Division and the amount of	Disclosures will be made upon approval by the Board of Directors of the Council when preparing the financial statements of 2025.	Accounts should be prepared in accordance with accounting principles.

Rs.2.19 million payable to the Sri Lanka National Youth Service Cooperative Societies Association since 2008 and Rs.1.52 million received on loan from the Sports Club were not included in the financial statements.

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| (c) | Due to the fact that the electricity charges of Rs.2.48 million paid in respect of the year under review were also accounted as accrued expenses, the value of the deficit and accrued expenses account for the year had been overstated by that value. | Currently corrected by journal entries. | Financial statements should be prepared and presented accurately. |
| (d) | Liquidated damages of Rs.1.45 million recovered from a contractor and late interest of Rs.2.82 million paid to the contractor for non-payment of money within the stipulated time were not recognized as income and expenses respectively in the financial statements and these values were capitalized. As a result, the deficit for the year was understated by Rs.1.37 million. | Action will be taken to adjust the accounts for the year 2025. | Financial statements should be prepared and presented accurately. |
| (e) | The amount of Rs.6.09 million payable to retired officers in the year 2024 had been recorded twice in the gratuity account, resulting in the deficit for the year and the deposit account payable being overstated by that amount. | Action had been taken to correct. | Financial statements should be prepared and presented accurately. |
| (f) | When calculating the depreciation of furniture, fixtures and machinery, it was calculated less by Rs.3.76 million, resulting in an underestimation of the deficit for the year by that amount. | Action had been taken to correct. | Depreciation should be calculated correctly and adjusted to the provision accounts. |

1.5.3 Unreconciled Control Accounts

Item	Value as per Financial Statements (Rs.Million)	Value as per Corresponding Record (Rs.Million)	Difference (Rs.Million)	Comment of the Management	Recommendation
Creditor balance to Sri Lanka Youth Services (Pvt) Ltd.	13.02	211.44	198.42	According to the financial statements for the year ended 31.12.2024, only a balance of Rs.13,024,479.00 is payable to the Sri Lanka Youth Services Company.	Correct creditor balances should be identified and action should be taken to settle them promptly.

1.5.4 Documentary Evidences not made available for Audit

Item	Amount (Rs.Million)	Evidence not available	Comment of the Management	Recommendation
(a) Trade debtors and other receivables	122.22	Balance confirmations.	Action will be taken to submit to the audit in year 2025.	Evidence relevant to the audit should be submitted promptly and appropriately.
(b) Trade creditors and payables	12.83	Balance confirmations.		
(c) Work in progress	18.78	Relevant payment vouchers and documents		
(d) Payment for the main referee for the Water Polo program support team	0.13	Confirmation regarding payment.		
(e) Program held at Berjaya Hotel, Mount Lavinia on the emerging sport of cricket	1.52	Basis of selecting young people, the name lists of the participants, and the Information about the resource persons		
(f) The increase in the closing balance when comparing the opening balance and the closing balance of the Government Capital Contribution Account.	534.24	Information on transactions and events related to the year	These balances are nominal balances that have existed for a very long time.	Relevant information should be submitted to determine the accuracy of the growth in the

1.6 Accounts Receivable and Payable

1.6.1 Receivables

	Audit Observation	Comments of the Management	Recommendation
(a)	The debt balance of the council as at 31 December 2024 was Rs.5.62 million, which included a loan of Rs.4 million given to the Youth Club Federation in the year 2023 and a balance of Rs.1.62 million to be recovered due to double payment to a supplier institution. Necessary action had not been taken to recover this money up to the date of this report.	The institution has paid Rs.100,000 to the National Youth Services Council and legal action will be taken if the money is not paid in the future.	Urgent action should be taken to recover the loan.
(b)	According to the financial statements, the balance receivable as at 31 December 2024 was Rs.374.76 million. Of this, Rs.249.86 million, or 66%, was a balance receivable from the Presidential Secretariat for 06 programs carried out under the theme of "Rescuing Youth from Oppression" and there was uncertainty regarding the recovery of that balance.	Action will be taken taking into account the uncertainties regarding obtaining approved funds in the future.	Action should be taken to recover receivables without delay.

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

	Reference to Laws, Rules Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a)	National Budget Circular No. 01/2024 dated 10 January 2024	Foreign travel using local funds had been suspended. However, Rs.811,485 was spent on the Director General's travels to India, Malaysia and New Zealand.	It is informed that the Director General of the National Youth Services Council has participated by bearing the minimum expenses incurred for the travels.	Action should be taken in accordance with the provisions of the circular.

- (b) Guidelines and Manual for State-Owned Enterprises No. 01/2021 dated 16 November 2021

Paragraph 2.1 of the Guideline	In any case where the functions and duties of the Chairman and the Chief Executive Officer are combined by the relevant laws, the Board of Directors should take steps to separate them based on that legal background. However, the Council had not taken action to amend the existing Act to separate the functions and duties of the Chairman who acts as the Chairman of the Council and as a Chief Executive Officer.	It is expected that future action will be taken based on the recommendations of the Parliamentary Committee on Public Enterprises.	Action should be taken in accordance with the provisions of the guideline.
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| (c) Inland Revenue Department Circular No. CGIR/2021/02/02 dated 09 April 2021 | A list of names should be submitted to the Inland Revenue Department to re-examine the payment of VAT to suppliers. However, the Council had not taken such action. | Action will be taken to submit a report on tax payments to the Inland Revenue Department in the future,. | Action should be taken in accordance with the provisions of the circular. |
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2. Financial Review

2.1 Financial Result

The operating result of the Council of the year under review amounted to a deficit of Rs.531.23 million and the corresponding deficit in the preceding year amounted to Rs.68.27 million. Therefore, a further deterioration amounting to Rs.462.96 million of the financial result was observed. This deterioration was mainly due to the increase in youth development expenditure by Rs.408.55 million compared to the previous year.

2.2 Trend Analysis of major Income and Expenditure items

The main income and expenditure items of the year under review have been analysed in comparison with the previous year and the values of increases or decreases are given below along with the respective percentages.

Description	Value as at 31 December 2024 (Rs.Million)	Value as at 31 December 2023 (Rs.Millio n)	Difference {Favourable/ (Adverse)} (Rs. Million)	Percentage %
Income -----				
Government Contribution	1333.36	1325.05	(291.69)	220.00
- Recurrent				
- Development	465.81	411.79	54.02	0.13
Internal earnings	367.03	346.79	20.24	5.84
Contributions from ministries and other institutions	1902.15	1799.27	102.88	5.71
Expenses -----				
Institutional and administration	1494.91	1329.49	(165.42)	12.44
Depreciation	252.55	240.45	(12.10)	5.03
Youth development expenses	1502.94	644.39	(858.55)	133.23

The following observations are made in this regard.

The administrative expenses of the Council were Rs.1,494.91 million, however the internal income was only Rs.367.03 million. Therefore, the Council had failed to obtain required internal income to match the administrative expenses. Also, the institutional and administrative expenses had increased by Rs.441.97 million, or 41.97 percent, more than the youth development expenses.

3. Operational Review

3.1 Identified Losses

Audit Observation	Comments of the Management	Recommendation
(a) According to the information provided for audit, it was observed that the physical resources of the Maharagama Youth Center were provided to external parties without full payment or with various discounts at the discretion of the Chairman, resulting in a loss of Rs. 3.63 million that should have been received by the Council in the year 2024.	A committee approved by the Council Board of Directors will carry out the relevant work and recover the money in proportion to the cost.	Attention should be paid to the effective utilization of the council's resources and legal action should be taken against parties who act contrary to this.

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| (b) | The remaining livestock in the statement of financial position was stated as Rs.31.53 million, however the stock in the farm operating account presented was Rs.16.87 million. Accordingly, there was a deficit of Rs.14.66 million, the deficit was written off from the profit in the year 2025 without following up and taking formal action on it. | This had been done through journal entries. | The parties responsible for the stock shortage should be identified and appropriate action taken accordingly. |
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3.2 Management Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	The Water Polo -2024 program, which was implemented with the aim of identifying and encouraging the sporting talents of young people by bringing the youth from the villages to the cities and providing them with the opportunity to showcase their talents, was limited to popular schools in the Colombo area and the council had spent Rs.5.84 million.	It is reported that this program has been organized and implemented by the former Chairman/Director General.	When implementing programs, action should be taken to refer them to the Board of Directors for approval, and disciplinary action should be taken against officers who act contrary to this.
(b)	The objective was to establish farms to orient young people towards the agricultural sector in accordance with Sections 4 (e), 5(2)(g) and 5(2)(h) of the National Youth Services Council Act No. 69 of 1979. However, action had not been taken to maintain training courses in the 10 farms in the council.	At that time, courses were being conducted on 15 farms run by the Agriculture Department.	When implementing programs, action should be taken to refer them to the Board of Directors for approval, and disciplinary action should be taken against officers who act contrary to this.

3.3 Operational Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	It was observed that the Council had spent Rs. 2.98 million on capacity development programs for 120 emerging cricketers held at the	It is mentioned that an amount of Rs.1,516,000.00 has been obtained from the internal income of the sports club for the program on a	Activities that are consistent with the objectives of the council should be

	Berjaya Hotel, Mount Lavinia on 14th and 15th June 2024 and 26th and 27th July 2024, for an activity not organized by the Council and not in line with the objectives of the Council, as per the instructions of the Chairman. Also, the audit had not received information on the basis on which the players who participated in this program were selected and how their skills were evaluated.	loan basis and this amount has been obtained on the instructions of the former Chairman/Director General.	carried out and legal action should be taken against parties who act contrary to it.
(b)	200 acres had been allocated for the Nilaveli farm, even after spending Rs.2.31 million to acquire the legal ownership of that land, that ownership had not been acquired to date. Also, Rs.25.66 million had been paid for the security of this land.	A private businessman has already filed a case claiming ownership of this land.	Action should be taken to promptly acquire legal ownership of the lands.
(c)	The combined land area of 02 farms in Kalugaloya and Nilaveli in the Eastern Province is 60 acres, those farms have not been used for the purpose of maintaining them, and the raising of chickens for meat on the Kalugaloya farm has been entrusted to a private company.	Cultivations of palms, oranges, and mangoes have already begun in the 27-acre Kalugal Oya farm, and the farm is a place that is constantly attacked by wild elephants.	Action should be taken to utilize idle lands productively.

3.4 Transactions of Contentious Nature

	Audit Observation	Comments of the Management	Recommendation
(a)	The Sri Lanka National Youth Service Cooperative Societies Association, using the official name and logo of the Council as well as the line ministry name, is conducting courses, and the legal relationship between this cooperative society and the Council is not clear. Also, the officers of the Council had been appointed to the Chairman, General Manager and Board of Directors of the above cooperative society on a full-time and part-time basis.	Work is currently being carried out to provide legal validity to the courses conducted by the Sri Lanka National Youth Service Cooperative Societies Association and to establish an appropriate program and direct regulation regarding those activities.	The Council should establish the legal basis between the Ministry and the Cooperative Society and take legal action against parties who have used the Council's official name/logo in an illegal manner.

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| <p>(b) The council does not have the legal right to award degree certificates. But it had jointly awarded Associate Degree in Cosmetology (Science) Management to 78 students in partnership with a private institution. However, there was no evidence that courses were conducted for the award of these certificates, and no matter regarding the money recovered from the students was presented to the audit.</p> | <p>A committee has been appointed at the ministerial level to investigate this matter, and further work is currently being carried out by that committee.</p> | <p>Legal action should be taken against officials who engage in activities outside the authority of the council.</p> |
| <p>(c) An approval should be obtained from the Training Division of the Council for conducting courses that do not lead to National Vocational Qualifications (Non-NVQ) in the training centers under the Council, 04 centers had conducted 02 courses without doing so. According to the information obtained by the audit, although Rs. 8.74 million had been earned from the courses conducted at the Sapugaskanda Training Center, a report regarding that income and expenditure had not been submitted.</p> | <p>Such courses will be implemented in accordance with a formal methodology and with prior approval in the future,</p> | <p>Courses should be conducted with prior approval and legal action should be taken against parties who do not obtain proper approval.</p> |
| <p>(d) It was revealed that out of the Rs.168.97 million released by the Ministry of Education to launch the education program from the year 2019 to the year under review, Rs.166.17 million had been spent by the end of the year under review. Also, although 22 courses had been conducted using that amount, the performance of these courses could not be determined and evaluated as the number of students registered for those courses and the number of students who were finally evaluated had not been provided to the audit. Follow-up had not been carried out in this regard.</p> | <p>It is submitted that detailed information on the 13-year certified education program from 2019 to date under Annexure No. 04.</p> | <p>The necessary information should be submitted to the audit so that the performance of the courses can be determined and evaluated.</p> |

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| <p>(e) Degree courses in Applied Information Technology had been conducted in accordance with the Memorandum of Understanding signed between the Ministry of Sports and Youth Affairs, Applied Technology SLTC Campus (Pvt) Ltd and the National Youth Services Council in 2022. Although 915 and 903 students had been registered for those courses in 2022 and 2023, approval had not been received to award degree certificates for them.</p> | <p>Based on the current situation, SLTC has verbally informed that it plans to implement this course, and the Ministry is organizing future activities.</p> | <p>Action should be taken to enter in to Memorandums of Understanding only after proper study.</p> |
| <p>(f) When conducting courses by the Council, the information regarding the students should be legally entered into the Council's MIS system, and the courses should be conducted, evaluated and certificates should be issued only by the Head Office. Contrary to that, the Matara District Office had conducted the Leadership and Soft Skills Development and International Language Training Program and issued certificates to 315 students at a cost of Rs.3.35 million. It was observed that the system of issuing certificates without proper supervision has resulted in a decrease in the standardization and acceptance of the Youth Services Council's certificates, which in turn has resulted in the certificates being less scrutinized when trainees are referred for employment opportunities.</p> | <p>Certificates issued for the Leadership and Soft Skills Building and International Language Training Program conducted by the Matara District Office without proper approval from the Technical and Vocational Training Division have not been entered into the MIS system.</p> | <p>Internal controls regarding the conduct of courses should be strengthened and legal action should be taken against officials who act outside the rules.</p> |
| <p>(g) Without a council decision, the Uva Provincial Office had taken steps to purchase school books, school equipment and trophies for school students in the Haldummulla area at the discretion of the Chairman, spending Rs.628,050 as aid and providing them to the students.</p> | <p>With the approval of the former Chairman/Director General, procurement activities were carried out by the Uva Provincial Office through the release of funds to the Uva Provincial Office.</p> | <p>Programs should be submitted for approval by the Board of Directors before implementation, and legal action should be taken against</p> |

parties who act
contrary to this.

- (h) The Sri Lanka Youth Social Federation, established as a charitable organization under Section 03 (9) (a) of the Inland Revenue Act, No. 28 of 1979, is affiliated with the National Youth Services Council on a non-statutory basis. This Federation was established in a section of the head office and the Council had paid allowances of Rs.750 per month to 10 members of the Federation since the year 2018. The Chairman of this Conference is the Chairman of the Council.
- This allowance of Rs.750/- has been paid as per the decision of the Board of Directors No. 20/2018 dated 16.08.2018. This situation has now been resolved.
- The legal framework between the Council and the Youth Social Federation should be confirmed.

3.5 Procurement Management

Audit Observation	Comments of the Management	Recommendation
(a) In the advance payment for the contract for the implementation of the project to construct safe houses (Polytunnels) at a cost of Rs. 4.5 million in 03 Central Provincial Training Centers of the Agricultural Development Division, an amount of Rs.2 million, which is forty percent of the contract value, had been paid as an advance, contrary to 5.4.4 (i) of the Government Procurement Guidelines and Supplementary Leaflet No. 29.	When awarding the contract, a 40% advance payment had to be made because the prices of the relevant raw materials were extremely high during this period, and the selected company stated that the advance payment we had decided to provide was insufficient, and the construction had to be completed before the end of the year.	Government procurement guidelines should be followed and legal action should be taken against parties who violate those laws.
(b) Also, it was stated in clauses 02 and 03 of the undated agreement entered with the contracting agency regarding this project that payments for bills would be made based on the recommendation of a technical officer. However, payments of Rs.2.99 million had been made without the recommendation of a technical officer.	Payments for the final bill have been made based on written statements provided by the officers in charge of the centres that these polytunnels were prepared and handed over without any defects.	The provisions of the agreement should be followed and legal action should be taken against officers who act contrary to it.

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| (c) | When purchasing T-shirts for the training section, the Technical Evaluation Committee had rejected 05 suppliers citing that they did not have the grams per square meter (GSM). The recommendation had been made without checking whether the selected supplier also had the grams per square meter (GSM) value. Accordingly, the council had suffered a loss of Rs. 1.25 million due to the loss of the opportunity to obtain the lowest price. | The committee's main recommendation confirms that when procuring T-shirts, the committee focused on designing the T-shirts as instructed by the former chairman. | Procurement should be carried out in a manner that maximizes economic benefits to the government, and legal action should be taken against parties who have caused losses to the government. |
| (d) | The number of registered suppliers of the Council was reported to the audit as 707, but it was confirmed during the inspection of the Council's documents that it was not 707 but only 281. Therefore, it was also observed that procurement activities were carried out during the year under review based on a list of suppliers that was prepared in a false manner. | Since the list of suppliers is prepared in relation to each supply subject, the name of one supplier is recorded in multiple places, resulting in 707 suppliers being recorded in this audit observation. | Legal action should be taken against the parties who prepared the forged documents. |
| (e) | In conjunction with International Youth Day, Rs.5.86 million was paid to a private institution outside the procurement process on the verbal instructions of the Director General for the distribution of sports goods to the local councils and for the provision of necessary services for the Duke of Edinburgh Award Ceremony. | Procurement activities were carried out on the verbal instructions of the former Director General. | Procurement guidelines should be followed and legal action should be taken against parties who violate those guidelines. |
| (f) | Allowances should not be paid to officials participating in procurement meetings conducted under the shopping method and | Letters have been referred to the relevant officials for recovery. | Money that needs to be recovered should be recovered promptly. |

the direct contract system as per the 32nd Supplement issued by the Department of State Finance on 01 March 2017 in addition to the 2006 Procurement Guidelines 2.9.1 Guidelines. However, contrary to this, allowances of Rs.1.56 million were paid in the year 2024

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- (g) T-shirts worth Rs. 786,700 had been purchased from an institution with a business registration certificate as a supplier of building materials, but there was no record of their distribution. Two officers who had signed as members of the bid opening committee for this procurement were absent from duty on that day. Furthermore, it was observed that it was practically impossible for the opening of bid documents, receipt of technical evaluation committee reports, and receipt of procurement committee reports to be carried out on the same day. Although the list of players who participated in this program states as 85, 490 T-shirts had been distributed.
- This situation has now been corrected and when registering suppliers, have taken steps to register the supply area only for the supply areas mentioned in their business registration certificate.
- Legal action should be taken against parties who have acted contrary to the Government Procurement Guideline and any loss incurred by the government should be recovered without delay.
- (h) Due to non-purchase of 05 types of sports equipment to be distributed to Youth Service Officers attached to Divisional Secretariat Divisions, an overpayment of Rs.4.35 million was made for this purpose during the year under review.
- These items were used for competitions and training activities by young people in the field, and the committee had made recommendations to select durable items that could be used for a long time.
- Legal action should be taken against the parties who did not carry out the procurement for the maximum benefits of the government and the losses incurred should be recovered.
- (i) The construction and procurement activities of the Belwood Beauty Resort, valued at Rs.147.45 million, should have been carried out by the Cabinet Procurement Committee. However, the
- Work is currently underway to procure the necessary consultancy services to complete the remaining part of the building work. I hereby inform you that engineering estimates will be made based on the funds received and action will be
- Action should be taken to complete the factory expeditiously through a proper procurement process.

contract value was divided into 02 parts and carried out by the Departmental Procurement Committee in 2018. But this construction work has not been completed yet.

taken in the future to complete the work.

3.6 Idle assets

	Audit observation	Comments of the management	Recommendation
(a)	As at 31 January 2025, 251 items related to 11 types of sports equipment worth Rs.15.44 million that had been provided to the Youth Service Officers of the relevant Regional Power Boards were idle in the warehouse. Also, since a robotics training course had not been started at the Sapugaskanda Training Center, equipment worth Rs.17.42 million purchased for that course remained idle.	The equipment for the Robotics (Pneumatic Technician) training course acquired at the Sapugaskanda Training Center has been transferred to the Ratmalana Training Center and the training course is being conducted.	Action should be taken to utilize idle assets effectively.
(b)	The safe house and its water supply system, which had been constructed at a cost of Rs.2.30 million on the Dambulla Swiss Training Center grounds for the benefit of trainees studying the Plant Nursery Development Assistant Course and the Agricultural Field Course, remained idle.	The water supply system of the safe house built at the Dambulla Swiss Training Center had not been connected to the automatic system by the date of the audit, while the water supply required for cultivation (software) was manually operated through the plumbing system.	Action should be taken to utilize idle assets effectively.
(c)	An expenditure of Rs.6.24 million was incurred for the National Social Media Awards Ceremony during the year under review, but the ceremony was not held. Therefore, it was observed in the audit that the expenditure incurred was a wasteful expenditure.	It is revealed that the follow-up report prepared to make payments regarding the procurement of video walls for the media briefing held prior to the National Social Media Awards Ceremony was signed by officials on the orders and strong request of the then Chairman's private secretary, and that the procurement of 30 power generators and video walls had not been carried out.	Legal action should be taken against parties who organized programs that caused losses to the government, and that loss should be recovered.

3.7 Human Resouee Management

	Audit Observation	Comments of the management	Recommendation
(a)	Out of the approved total staff, 385 posts were vacant and 14 posts were excess. 25 executive and staff level posts including the posts of Director, Deputy Director and Assistant Director (Finance) and Internal Auditor remained vacant for a long time and 82 work cover posts were given for executive and staff level posts in excess of the approved limit contrary to the conditions No. 01 issued by the Department of Management Services on 11th November 2016. Also, succession plan had not been prepared for the vacant senior level posts and action had not been taken accordingly, and for the three main staff posts of the Council, namely Director (Finance), Director (Development) and Director (Training), appointments had been made on a secondary and contract basis for 12 years without making permanent appointments.	It is stated that the relevant recruitment will be carried out after approval for recruitment is given.	Approval for recruitment should be obtained promptly and recruitment should be carried out effectively.
(b)	15 unskilled clerks and 03 unskilled workers were recruited from 2021 to 2024 and attached to various sections of the head office and training centers, and Rs.15.74 million was paid as allowances	Action had been taken to recruit and pay unskilled clerks and workers on a labor purchase basis based on service requirements.	Staff should not be recruited without proper approval.

4. Other Matters

- (a) A special audit is conducted on the regularity, effectiveness and compliance with the priority objectives of 06 programs carried out by the National Youth Services Council under the theme of "Rescuing Youth from Oppression" during the period from January to August 2024 and tabled the audit report in Parliament on 02 April 2025. The audit recommendations included in that report had not been implemented up to the date of this report.
- (b) The following committee recommendations, which the Council was required to implement as per the minutes of the Committee on Public Enterprises (COPE) and its sub-committees held on 18 and 20 February 2025 and 19 March 2025 respectively, had not been implemented up to the date of this report.

- i. To prepare an updated corporate plan taking into account government policies and submit it to the Sub-Committee within 03 months.
- ii. To report to the Committee within one month on the reasons for not obtaining Treasury approval so far and the responsible officers regarding the write-off of 144 loan balances of Rs.6.87 million.
- iii. Relevant approvals should be obtained for all lands under the Council, out of the 90 lands enjoyed by the council, 79 were not owned by the council and 11 were freehold lands. To study this matter and submit recommendation