

1990 Suwa Seriya Foundation - 2025

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the 1990 Suwa Seriya Foundation for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and statement of comprehensive income, statement of changes in cumulative fund and cash flow statement for the year then ended, and notes to the financial statements, including 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 Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with the accounting practices recommended for not-for-profit organizations.

1.2 Basis for Opinion

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 this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 the accounting practices recommended by the Institute of Chartered Accountants of Sri Lanka for non-profit organizations and for such internal control as management determines 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 Foundation'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 intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 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 Foundation's 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 Foundation'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 Foundation 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.

Audit scope 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 Foundation, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Foundation has complied with applicable written law, or other general or special directions issued by the governing body of the Foundation;

- Whether the Foundation has performed according to its powers, functions and duties; and
- Whether the resources of the Foundation had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Non-compliance with Laws, Rules, Regulations and Management Decisions

	Reference to Laws, Rules and Regulations, etc.	Non-compliance	Comments of the Management	Recommendation
(a)	Sections 18(5) and 25(1) of the 1990 Suwa Seriya Foundation Act, No. 18 of 2018.	In terms of Section 18(5) of the Act, the Board of Management should make rules regarding the payment of money from the Fund, and rules may also be made in respect of the matters specified in Section 25(1). Even though every rule made by the Foundation in this regard should be approved by the Minister and published in the Gazette, the Foundation had not acted accordingly.	Financial Rules have already been prepared and submitted to the Department of Public Enterprises for approval, legal advice will be obtained regarding the rules that may be made in terms of Section 25(1) of the Act, and further action will be taken in accordance with such legal advice.	Rules regarding the payment of money from the Fund should be made, approved by the Minister, and published in the Gazette.
(b)	Section 38(2) of the National Audit Act, No. 19 of 2018.	Even though a written review of the effectiveness of the internal control system established for financial control should be carried out and a copy thereof should be submitted to the Auditor General in terms of paragraph (c) of Section 38(1) of the Act, the Board had not acted accordingly.	The internally made management decisions had not been submitted to the Auditor General, and it is expected that such written decisions made in the future will be submitted.	A written review of the effectiveness of the internal control system should be carried out and a copy thereof should be submitted to the Auditor General.
(c)	Financial Regulation 880 of the Financial Regulations of the	Even though officers who are administratively	Action will be taken to obtain the relevant security deposits in the	Officers required to furnish security should furnish

Democratic Socialist Republic of Sri Lanka.	responsible for future. receiving or being in charge of public money and stores, or for issuing stores, and officers who sign vouchers relating to the Government Account and certify cheques should furnish security for a faithful discharge of the duties in accordance with the Public Officers' Security Ordinance (Cap.612), the Foundation had not acted accordingly in respect of the officers required to furnish security.	security in accordance with the Security Ordinance.
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(d) Introduced by Circular No. 01/2021 issued by the Department of Public Enterprises on 16 November 2021

(i) Paragraph 2.3 of the Guidelines	Even though a strategic plan, including an annual budget and an action plan for achieving the objectives, should be prepared and submitted to the Department of Public Enterprises through the Secretary to the relevant line Ministry, action had not been taken accordingly. Although an action plan which had not been approved as stated above had been prepared and submitted for audit, the said plan had not been prepared in accordance with the Guidelines.	It is expected that the strategic plan for both the years 2025 and 2026 will be prepared and submitted.	The relevant plans should be prepared, the necessary approvals should be obtained, and operations should be carried out accordingly.
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(ii) Paragraph 3.3 of the Operations Manual.	Even though a strategic human resources plan, including the staff requirements and the organizational structure of each division, should be prepared, action had not been taken accordingly.	It is expected that further action will be taken after obtaining the advice of the Legal Advice and Management Services Department.	A Strategic Human Resources Plan should be prepared in accordance with the Operations Manual.
(iii) Paragraph 3.6 of the Operations Manual	An effective performance appraisal system should be introduced based on the Strategic Plan and Action Plans, and Key Performance Indicators should be implemented between the employees and management. Even though the productivity of each employee should be evaluated by the immediate supervising officer, an effective performance appraisal had not been carried out by the Foundation for its officers. Further, although the salary structure applicable to the staff of the Suwaseriya Foundation had been approved with effect from 01 August 2019, an annual salary increment structure had not been specified.	It is expected that the process currently being followed will be used to evaluate employee performance, with the use of written documentation, and that an annual salary increment structure will be formulated.	An effective performance appraisal system should be introduced based on the plans.
(e) Guideline No. SA/MAA/GRG/01 dated 08 July 2022 issued by the Director General of the Department of State Accounts	Although donations received by the Foundation should first be remitted to the Department of Treasury Operations for transfer to the official account of	It is expected that future action will be taken accordingly, as the provisions relating to the accounting for these donations have been incorporated into	Donations received by the Foundation should be remitted to the Department of Treasury Operations.

the Deputy Secretary to the Treasury, and thereafter, upon obtaining the required provisions from the Department of National Budget, the relevant imprest should be requested from the Department of Treasury Operations, the donation amounted to Rs. 2,153,480 received during the year 2025 had not been remitted to the Department of Treasury Operations in accordance with the aforesaid guideline.

the Financial Regulations that have been prepared and submitted for approval, and that further action will also be taken as pointed out by the Audit.

- (f) The Memorandum of Understanding entered into between the Ministry of Health and GVK EMRI Lanka (Private) Ltd on 24 April 2018 and Section 26(c) of the 1990 Suwaseriya Foundation Act, No. 18 of 2018
- The balance receivable as per the financial statements as at 31 December 2025 amounted to Rs. 466,774,480 of which Rs. 335,091,526 represented recurrent expenditure to be reimbursed by the Government. Of this balance, an amount of Rs. 330,091,526 which had remained outstanding since 2018, had also not been reimbursed by the Treasury during the year under review. Although the Director General of the National Budget Department, by letter No. BD/HRD/111/24/2025 dated 30 December 2025, had informed that, as this amount
- Further action will be taken based on the instructions and matters set out in the letter No. BD/HRD/111/24/2025 dated 30 December 2025 issued by the Director General of the National Budget Department.
- Action should be taken to bring the matter to the attention of the Cabinet of Ministers and settle the outstanding amount receivable.

represented expenditure incurred during 2018 and 2019 for maintaining the 1990 Suwaseriya Ambulance Service, it would be appropriate to bring the matter to the attention of the Cabinet of Ministers and settle the amount, action had not been taken accordingly.

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| (g) Paragraph 4.1.1(a) of the Procurement Guidelines | Even though an entity should prepare a Master Procurement Plan and the expected procurement activities for a period of at least three years should be listed in the Master Procurement Plan, the Foundation had prepared the Procurement Plan only for the year under review, and the procurement of capital assets had also not been included therein. | That the Procurement Plan and the schedules had been prepared under very difficult circumstances, and a Procurement Plan will be prepared and submitted as pointed out by the Audit. | A Master Procurement Plan including the expected procurement activities for a period of three years should be prepared. |
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2. Financial Review

2.1 Financial Result

The operating result of the year under review was a deficit of Rs. 350,021,993 whereas the corresponding figure in the preceding year was a surplus of Rs. 53,278,736. Accordingly, a deterioration of Rs. 403,300,729 in the financial result was observed. The main reason for this deterioration was the increase in operating expenditure by Rs. 610,785,375 despite an increase in revenue by Rs. 207,490,754.

3. Operating Review

3.1 Operational Inefficiencies

Audit Observation	Comments of the Management	Recommendation
The Suwaseriya Foundation had entered into an agreement in	It was stated that the project had not been discontinued midway and that the	Action should be taken to identify a donor or

February 2021 with Sri Lanka Nanotechnology (Private) Limited and an entity registered in Hong Kong to develop a wearable sensor for detecting falls, with features for detecting glucose and lactate levels. The project consisted of three stages, namely, developing the fall detection sensor software, developing a device for detecting glucose and lactate levels in the body, and developing a wearable device incorporating both the device for detecting glucose and lactate levels in the body and the fall detection sensor. Even though the Foundation had incurred Rs. 6,601,850 to develop the sensor software and more than three years had elapsed, the project had been discontinued midway due to the failure to find a donor to complete the remaining activities.

activities of the entire project could be completed as soon as a donor who meets the relevant requirements is identified.

alternative funding arrangements to enable the activities of the project to be completed within the planned time period.

3.2 Idle or Underutilized Property, Plant and Equipment

Audit Observation	Comments of the Management	Recommendation
(a) Even though 385 tablet computers valued at Rs.21,685,500 and 250 printers valued at Rs.7,400,000 had been provided by the United Nations Development Programme in 2023 for the Connected Ambulance Project, which had been initiated to introduce a Connected Ambulance service using Artificial Intelligence technology to the Foundation's emergency ambulance service, the Management had not taken action to implement the Project even as at 16 March 2026. Consequently, the above-mentioned equipment, amounting to a total value of Rs.29,085,500 remained idle.	That considering the importance of securing the required hardware and avoiding the loss of donor support, it was decided to accept the donation, which ensured that the Project could proceed without financial constraints and enabled the preparatory activities to be carried out while continuing the software refinement.	Action should be taken to utilize the donations provided by donors effectively.
(b) Even though 300 patient monitoring equipment had been procured on 31	That before utilizing these equipment for the intended	The patient monitoring equipment should be

December 2025 at a cost of Rs.212,046,000 through quotations called by National Competitive Bidding for use in ambulances, they had not been utilized for the intended purpose up to date.

purpose, the relevant systems need to be installed for their operation, and a specialized secure mounting bracket also needs to be installed in the ambulances to hold the equipment, and that the necessary arrangements for this are at the final stage.

utilized for the intended purpose promptly.

3.3 Human Resource Management

Audit Observation	Comments of the Management	Recommendation
The approved cadre was 1,992 as at 31 December 2025, while the actual cadre as at that date was 1,291 resulting in a cadre shortage of 701. Further, out of the 42 approved posts, 11 posts remained vacant, and the staff requirement for those 11 posts was 15. Of these, 5 posts were for Quality Analysts, which had remained vacant since 2022. Further, the post of Assistant Supply Chain Manager had remained vacant since 2018. In addition, three posts at the senior management level, namely, Chief Executive Officer, Chief Financial Officer, and Head of Human Resources and Administration, remained vacant during the year under review, creating a risk of adversely affecting future performance.	That an advertisement had been published on the website for the post of Chief Executive Officer and that further action in this regard was being taken, and that it was expected to publish advertisements on the website for the posts of Chief Financial Officer, Head of Human Resources and Administration, and other heads of departments such as Training and Protocol.	Action should be taken to fill the vacancies in senior management positions and other posts.

4. Accountability and Good Governance

4.1 Submission of Financial Statements

Audit Observation	Comments of the Management	Recommendation
Even though, in terms of paragraph 6.6 of the Operational Manual for Public Enterprises issued by the Department of Public Enterprises on 16 November 2021 every entity is required to prepare the financial statements and submit them to the Auditor General together with the draft annual report within 60 days of the end of the financial year, the financial statements for the year under review were submitted on 21 April 2026 while the draft annual report had not been submitted for audit even as at 15 June 2026.	That action would be taken to submit the draft annual report.	The financial statements and draft annual reports should be submitted to the Auditor General within the stipulated time.

4.2 Internal Audit

Audit Observation	Comments of the Management	Recommendation
In terms of Section 40(i) of the National Audit Act No. 19 of 2018 an Internal Auditor had not been appointed, and an Internal Audit Unit had also not been established from the inception of the Foundation up to the end of the year under review.	That action will be taken to establish the Internal Audit Division immediately upon approval of the posts by the Department of Management Services.	An Internal Auditor should be appointed in terms of the National Audit Act.