

Sabaragamuwa Provincial Council – 2025

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sabaragamuwa Provincial Council for the year ended 31 December 2025 comprising the statement of financial positions at 31 December 2025 and the statement of financial performance 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23 (1) of the Provincial Council Act No.42 of 1987 and provisions of the National Audit Act No. 19 of 2018. The summary report in terms of Section 23 (2) of the Provincial Council Act and Subsection 11 (1) of the National Audit Act No. 19 of 2018 was issued on 31 May 2026 and the Detailed Management Audit Report was issued on 30 June 2026 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Sub-section 10 (1) of the National Audit Act, No.19 of 2018 and the copy thereof will be submitted to the Governor to table in the Provincial Council in terms of Section 23 (2) of the Provincial Council Act No.42 of 1987.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Sabaragamuwa Provincial Council as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standard.

1.2 Basis for Qualified Opinion

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to overstatement of the expenses payable in two objects, the expenditure and liabilities for the year under review had been overstated by Rs. 28,473,816.	This error was noted to be corrected when preparing the financial statements for the year 2026.	Actions should be taken to prepare the Financial statements accurately.
(b) The Ministry of Roads had collected Rs. 11,453,576 in non-refundable deposits for damage to provincial council roads and for allowing vehicles with capacities exceeding the prescribed limits to travel on roads, without	Discussions will be held with the Provincial Treasury to credit the fee to a revenue head and make payments from a relevant object in the future.	Deposits should be credited to the correct revenue heads and reflected in the financial statements accurately as per the financial rules.

crediting them to an appropriate revenue head, but had credited them to the deposit account. Further, Rs. 3,682,107 paid as consultancy allowances in the year under review had been debited to the deposit account without debiting it to a standardized object. Accordingly, the income and expenditure of the Provincial Council in the year under review had been understated by Rs. 11,453,576 and Rs. 3,682,107 respectively.

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| (c) | The expenditure for the year had been overstated by the amount of Rs. 2,638,792 of contract retention money released during the year under review as an expense without debiting it to the deposit account by the Office of the Deputy Chief Secretary (Engineering Services). | Actions will be taken to transfer these retention money to a deposit account in the future . | Actions should be taken to reconcile the transactions accurately in the financial statements. |
| (d) | Although it was estimated that Cyclone Ditrwah caused damage to the Sabaragamuwa Provincial Council road system of Rs. 3,684,900,000, this had not been disclosed in the notes to the financial statements. | Actions will be taken to present this information in the preparation of future financial statements. | Financial statements should be prepared with accurate disclosure of matters affecting the financial statements. |
| (e) | Due to the under-accounting and over-accounting of non-current assets in 09 ministries/departments under the Sabaragamuwa Provincial Council, the net value of non-current assets in the Provincial Council Fund Account was understated by Rs. 55,199,949 at the end of the year under review. | Actions will be taken to account in 2026. | Actions should be taken to value and account non-current assets. |

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| (f) | The valuation and accounting of non-current assets of 07 ministries/departments of the Provincial Council had not been completed even by the end of the year under review. Those assets had not been included in the financial statements of the Provincial Council Fund and appropriate disclosures had not been made. | Actions will be taken to assess and account this in 2026. | Actions should be taken to assess and account non-current assets and to disclose them in the accounts until the relevant work is completed. |
| (g) | The expenses and accrued expenses related to the Provincial Council Fund for the year under review had been also understated due to the fact that the liability balances totaling Rs. 21,355,004 were not recognized as commitments and liabilities in the respective financial statements. | Actions will be taken to identify all liabilities accurately and include in the financial statements. | Actions should be taken to identify all liabilities accurately and adjust to the financial statements. |

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 opinion.

1.3 Responsibilities of Management 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 Standard 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.

The management of each institution including the Provincial Treasury is responsible for overseeing the Provincial Council's financial reporting process.

As per Sub-section 16 (1) of the National Audit Act No. 19 of 2018, the Sabaragamuwa Provincial 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 Provincial Council.

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 misstatements, whether due to fraud or error, and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence 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 exercised 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 provincial council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Comments on the Financial Statement

1.5.1 Head 800 - Governor's Office

1.5.1.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A Land Rover Discovery jeep belonging to the Governor's Secretariat was involved in an accident on 07 September 2020 and Rs. 5,983,937 had been paid from the Provincial Council Fund on 30 December 2023 for repairs. Although an amount of Rs. 1 million was paid by the insurance company on 29 June 2023, the remaining value of Rs. 4,983,937 had not been received. This had been referred to the Attorney General's Department to take legal actions in respect of defaulting this payment and as a result, although the Secretary to the Ministry of Public Administration, Provincial Councils and Local Government had notified Sri Lanka Insurance Company in October 2025 to pay the outstanding amount to the Chief Secretary of Sabaragamuwa Province, the necessary actions had not been taken to obtain the remaining amount even by July 2026.	The Chief Secretary, through the Secretary to the Ministry of Public Administration, has informed the Insurance Regulatory Commission of Sri Lanka, through a letter dated 22 January 2026, to act as an intermediary between the Sri Lanka Insurance Corporation and the Sabaragamuwa Provincial Council and make the necessary arrangements to recover the relevant insurance compensation.	The Insurance Regulatory Commission's response to the letter dated 22 January 2026 should be followed up. If this does not result in a solution, further legal action should be taken without delay.

1.5.2 Head 802 - Provincial Public Service Commission Office

1.5.2.1 Staff Administration

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to Section 13.3 of Chapter II, Part I of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, a probationary appointment should be made only as a temporary remedy until a permanent appointment is made, and if the post requires the services of a full-time officer, the permanent appointment should be made without delay. Even though if the services of a full-time officer are not required, the duties should be distributed among other officers of the department as per Sub-section 13:2, officers had been appointed to act for more than 20 years for the post of Assistant Secretary of the Provincial Public Service Commission, which has been vacant since 2005.	It is essential that there are two Assistant Secretary positions, one for Establishments and one for Examinations, for the daily operations of this office and for the operations of the Examinations Unit.	If the services of a full-time officer are required, actions should be taken to ensure that the permanent appointment is made without delay.

1.5.3 Head 804 – Office of the Provincial Chief Secretary

1.5.3.1 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Due to the fact that the payment of US Dollars 40 per day as casual allowance for 9 days, exceeding the US Dollars 25 per day payable for 08 officials of the Ministry of Education who participated in the 25th International Convention on	As stated in paragraph 03 (b) of 01/2015/01, approval has been sought under "Payment of incidental allowances when travelling abroad on behalf of the government on official	The approval of the Department of Foreign Resources should be obtained when going abroad on an official mission. There should be an official diplomatic invitation. Since

Students' Quality Circles held in Lucknow, India from 03 to 07 December 2024 as per Section 03 (a) of Circular No. 01/2015/01 dated 10 May 2015 as amended by the letter No. MF/06/23/50/2023 dated 20 March 2023 of the Secretary, Ministry of Monetary, Economic Stabilization and National Policies, an overpayment of US Dollars 1080 (Rs.322,498) had been made. Also, although the said conference was held from 3 December to 7 December 2024, due to the departure and return flights being booked on 1 and 10 December respectively, 02 additional foreign leave days were granted and an additional casual allowance of US\$ 400, i.e. Rs. 119,445, had been paid.

mission or for any duty or function related to the scope of the institution which cannot be performed in the island".

International Convention on Students' Quality Circles is not an official mission, any overpaid allowances should be recovered.

1.5.3.2 Failure to Achieve the Expected Output

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Out of the allocation of Rs. 501 million allocated for 120 special development projects and the Flexible Fund under the Provincial Specific Development Grants for the Chief Secretary's expenditure head, only 87 projects worth Rs. 186.85 million had been implemented. Accordingly, 63 percent of the total allocation had remained even by the end of 2025. Even though the Chief Secretary had given instructions at the time of allocating the provisions to complete all relevant work items by 31 December 2025 and not to divide the projects, actions had	Answers have not been provided.	A formal development plan should be prepared for the Sabaragamuwa Province and feasibility studies should be completed for each development project included in it and actions should be taken to utilize the funds with maximum efficiency through allocation of funds.

not been taken accordingly and the fact that a prior assessment of the feasibility of implementing the projects had not been carried out before allocating allocations for development proposals had also led to the remaining allocations.

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| (b) | <p>The Chief Secretary had entered into an agreement with a private company on 01 September 2022 for a project to generate renewable electricity on the roofs of school and hospital buildings belonging to the Sabaragamuwa Provincial Council. The project was expected to generate a total revenue of Rs. 19,147 million over 20 years through the generation of 40 megawatts of electricity per year, from which the Sabaragamuwa Provincial Council had expected to earn an income of Rs. 2910 million. However, even though 3 years had passed, the electricity generation capacity was only 10 megawatts by the end of the year under review. Although solar power generation systems were to be installed on the roofs of 1124 school and hospital buildings in the province within one year from the date of the contract, the objectives of the project could not be achieved as the panels were installed in only 135 schools and 05 hospitals.</p> | <p>The delay in system construction, which has resulted in the inability to reach the targeted revenue levels, continues to be exacerbated by external factors such as changes in government tax policies and changes in the investment policies of the Ceylon Electricity Board.</p> | <p>Actions should be taken to achieve the objectives of the project by implementing the agreements.</p> |
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1.5.4 Head 807 - Deputy Chief Secretary (Planning)

1.5.4.1 Failure to Achieve Expected Out Put Level

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the Sabaragamuwa Provincial Annual Development Plan (Revised) 2025, 103 activities with a total estimated value of Rs. 246.6 million, which were planned to be carried out under 10 components, had been cancelled without being implemented. This was due to the fact that the plans were prepared without paying attention to the approvals and the ability to obtain approvals from various government departments and institutions, which should be given special attention during the preparation of project reports and feasibility study stages, and the project implementation timeline had not been planned.	The lists of delisted industries have been submitted in relation to each component.	Actions should be taken to prepare development plans in a systematic manner and to implement those plans efficiently and effectively in the future.

1.5.5 Head 809 - Provincial Department of Revenue

1.5.5.1 Revenue Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The revenue arrears in the previous year was Rs. 111,618,421, and the revenue arrears had increased by 15.7 percent, with the deficit reaching Rs. 129,125,567 by the end of the year under review.	There is a tax arrears of Rs. 129,125,566 as at 31 December 2025.	Actions should be taken to recover the arrears of revenue promptly.
(b) Although in terms of Section 2 of the Sabaragamuwa Provincial Council Stamp Duty Diversion Statute No. 02 of 1993 as amended by Statute No. 04 of 2008, the stamp duty revenue paid to the Provincial Council Fund should be diverted to the Local Government	Delays have occurred due to facts that the same deed and the relevant stamp duty are recorded multiple times in the schedules, the details of deeds executed for immovable properties located in other provinces are recorded and the stamp duty is paid to other	Actions should be taken to promptly pay the stamp duty due to local government institutions in accordance with the relevant statute.

Institutions upon the request of the respective Heads of Local Government Institutions and on the schedules certified by the Provincial Revenue Commissioner, Rs. 9,516,909 for 230 schedules requested in the year 2024 for Ratnapura and Kegalle Districts, Rs. 40,780,379 for 401 schedules requested for the year 2025 and Rs. 50,297,288 for 631 schedules had not been remitted even by 30 April 2026 due to delay in correcting errors in the schedules.

provinces even though the property is located in the Sabaragamuwa Province, the schedules have been sent to the relevant land registry offices for re-examination and correction due to mathematical errors and other factors in the schedules, and the heavy revenue collection duties have been currently assigned to the officers of the department.

1.5.6 Head 810- Provincial Ministry of Law and Order, Finance and Planning, Local Government, Health, Indigenous Medicine, Women's Affairs, Cooperatives, Trade and Food, Transport, Estate Welfare, Environment, News, Housing and Construction and Religious Affairs

1.5.6.1 Defects in Contract Administration

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though approval had been granted for the project to construct the Ratnapura New Town Urban Park under the Local Government Areas Tourism Infrastructure Development Program - 2024 on 11 July 2024, an estimate had not been prepared and approved to determine the material, labour and machinery requirements for the project. However, a sum of Rs. 944,050 had been spent from the Ratnapura Municipal Council Fund contrary to Sub-section 12.3 of the National Budget Circular No. 01/2024 dated 10 January 2024 for the inauguration ceremony held on 27 March 2024 for the project on the instructions of the Provincial Chief Secretary.	A letter has been sent to the Municipal Commissioner inquiring about the inauguration ceremony and a letter has been sent to the Deputy Chief Secretary (Engineering Services) inquiring about the 3M plan.	Actions should be taken as per the circular instructions referred to. Materials, Labour and Machinery (3M) estimates should be prepared and approved for cost control of projects implemented on a direct labour basis.

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| (b) | <p>Even though the construction work of the urban park had begun in July 2024, the work had not been completed by even by 10 May 2026 and the construction site had become a land of weeds overgrown. The equipment of the children's park and gymnasium, which had been purchased for Rs. 6,440,440 on 31 December 2024 and the stock of rubber tiles worth Rs. 4,083,815 were also stored idle.</p> | <p>The relevant purchases were made because the allocation of about Rs. 60 million received for the purchase of equipment had to be spent in the year 2024 and it was difficult to secure provisions for future purchases. Since construction work is still being carried out, the equipment has not been installed due to the possibility of damage and will be installed after the construction is completed.</p> | <p>Prompt actions should be taken to complete the construction of the urban park in accordance with the prescribed standards.</p> |
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1.5.6.2 Audit Paragraphs not Resolved

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Despite the fact that a sum of Rs. 94.8 million had been spent on the Ratnapura New Town Bus Stand construction project identified under the “2021 - 2030 Ratnapura City Development Plan” as at 31 December 2025, it had been decided to complete the essential works on the site, terminate the agreement by mutual consent and use the land and construction for other economically and socially productive purposes, stating that the project was not in line with government policies related to the transport sector. However, it was still idle as at 25 August 2026 and Rs. 2,234,296 had been overpaid for the work completed as per the bills and measurements taken during the physical inspection. Also, Rs. 548,991 spent on the termite control	A letter has been sent to the Urban Development Authority regarding the construction deficiencies.	Actions should be taken to identify and implement a suitable work or project for the effective utilization of the land and the cost incurred for the project without delay. And also, efforts should be made to recover over-payments.

- treatment had also been a waste of money due to the failure of the treatment.
- (b) Even though 14 compactor machines had been purchased in 2015 at a cost of Rs. 58,308,411 and distributed to 14 local government institutions in the Sabaragamuwa Province without a proper needs study, 13 of these machines remained unused due to their width and weight, which were unsuitable for driving on narrow roads with steep hills.
- The Secretary to the Governor has been informed that allegations of bribery or corruption have been referred to the Director General of the Commission to Investigate Allegations of Bribery or Corruption and that it has been decided to conduct an investigation into the matter.
- The Chief Secretary has appointed a committee consisting of three officers to investigate the impossibility of running and obtain a detailed report.
- The investigations of the committee appointed by the Chief Secretary should be expedited and a formal procedure should be followed to utilize the assets or provide them to a relevant institution.
- (c) Although input prices, which increased rapidly in 2021 and 2022, showed a downward trend from 2023, due to neglecting this, Rs. 1,730,655, which should have been recovered for price variations in 7 projects, had not been recovered.
- The relevant contracting agencies have been informed to refund the over-payments incurred due to price variations for contract construction projects in the years 2023 and 2024. The relevant price variations have been recovered from all bills submitted after adjusting the price variations.
- Over-payments should be recovered from contractors or responsible officials.

1.5.6.3 Identified Losses

Audit Observation

Action had not been taken in accordance with Rule 54.1 of the Sabaragamuwa Provincial Financial Regulations to recover the losses totaling Rs. 10,310,280 from the responsible parties or to write them off with formal approval in relation to 25 accidents

Comments of the Chief Accounting Officer

In addition to the accidents, investigations related to the accidents mentioned in the damage and loss register have been completed. The Chief Secretariat is further taking actions to recover the loss value of the jeep, which is Rs. 8,961,340, from the

Recommendation

Actions should be taken without delay in accordance with the relevant rules and measures should be taken to recover the amount from the responsible parties or write it off with formal approval.

involving vehicles belonging insurance company.
to the Chief Ministry in the
period from 2000 to 2024.

1.5.6.4 Sabaragamuwa Provincial Development Construction & Machinery Authority

1.5.6.4.1 Accounts receivable

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the debtor period analysis as at 31 December 2025, the debtor balance exceeding three years was Rs. 25,453,949, which included Rs. 10,551,499 related to three debtors.	Legal actions have been initiated against one of the institutions.	Expeditious actions should be taken to recover outstanding loan balances.

1.5.6.5 Sabaragamuwa Provincial Road Passenger Transport Authority

1.5.6.5.1 Non-compliance with Laws, Rules, and Regulations

	Reference to Non-laws, rules and regulations	Non-compliances	Comments of the Chief Accounting Officer	Recommendation
(a)	Paragraphs 09 and 19 of the Road Passenger Transport Services Statute No. 01 of 1994 of the Sabaragamuwa Provincial Council	The passenger service permits of 67 buses whose permits had expired had not been renewed and the relevant outstanding permit fee and surcharge amounting to Rs. 811,900 had not been collected.	It is accepted.	Actions should be taken to renew passenger service bus permits and collect charges and surcharges in accordance with the statute.
(b)	Paragraphs 30(1) and 30(2) of the Road Passenger	The rules regarding the imposition of	The rules of the Authority will be published in the Gazette in the future since	Relevant rules should be formulated and published in the

Transport Services Statute No. 01 of 1994 of the Sabaragamuwa Provincial Council	road inspector fines and surcharges for delays in payment of such fines imposed in terms of paragraph 33 of the Statute had not been published in the Gazette.	the Sabaragamuwa Provincial Council has not yet been established. We will also take actions to have the fine revision decided by the National Transport Commission approved by the Board of Directors of the Authority in the future.
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1.5.6.5.2 Transactions not Confirmed by Adequate Authority

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) 07 officers had been recruited to 03 posts that were not approved by the Department of Management Services, and appointments of 06 out of these officers had not been approved by the Board of Directors.	A preliminary investigation into this matter is currently being conducted by a committee appointed by the Chief Ministry.	The investigation should be expedited, and disciplinary action should be taken against the officers responsible for the recruitments made without obtaining the approval of Board of Directors.
(b) As per a sample of 53 route permits examined, 44 new route permits had been issued without following the tender procedure based on letters issued by various parties. Further, fees for new permits were charged at rates ranging from a minimum of Rs. 50,000 to Rs. 200,000, without a decision from the Board of Directors.	The Board of Directors has decided under Board Paper No. 47 to conduct an inquiry through a committee and implement the recommendations contained in the relevant report.	Inquiries should be expedited, and action should be taken against the responsible parties.

1.5.6.5.3 Operational Inefficiencies

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Revenue in arrears of bus permits for the year under review amounted to Rs. 3,167,600 and out of this a sum of Rs. 696,850 relating to 27 buses had been outstanding for periods from 13 to 57 months.	Due to uneconomical reasons, these permits have been withdrawn from the bus industry.	Action should be taken to recover the revenue in arrears.
(b)	An amount of Rs. 3,447,400 was outstanding from 53 buses for inter-provincial access, out of which access fees of Rs. 2,830,900 for 26 buses had been outstanding for a period from 13 to 57 months.	Action will be taken to recover the outstanding amounts in the future.	Action should be taken to recover the revenue in arrears promptly.
(c)	According to the schedule of outstanding shop rental income, action had not been taken to recover a sum of Rs. 3,911,356 related to 65 shops.	Action will be taken to recover the outstanding shop rentals in the future.	Action should be taken to recover the outstanding shop rentals promptly.
(d)	Due to the existence of 138 buses that obtained permits but were not in operation, the objective of providing an adequate transport service to passengers had not been achieved. However, the Authority had not taken action to cancel those permits and issue new ones.	Action is currently being taken to cancel the permits in accordance with the Board of Directors' decision dated 21 March 2023 by obtaining an accurate name list through all Officers- in- Charge of Stations.	Action should be taken to cancel the route permits of buses that are not in operation and to issue new permits.

1.5.6.5.4 Human Resource Management

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
	Even though the cadre approved by the Department of Management Services was 118, the number of employees in service as at 31 December 2025 was 149, resulting in an excess of 31 employees.	Even though several attempts were made to obtain approval for surplus employees from the Department of Management Services, those efforts were in vain. The Chief Ministry	Action should be taken to balance and obtain the approval for the approved cadre.

was subsequently requested in writing on 09 March 2026 to take necessary action to approve the surplus staff. However, the Authority has been informed in writing to resubmit them after correcting the deficiencies found in the files.

1.5.6.6 Pinnawala Iparanigama Theme Park

1.5.6.6.1 Revenue Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though revenue of Rs. 558,750 from programs had been obtained in the year 2024, it dropped to Rs. 39,000 during the year under review, representing a 93 percent decrease compared to the previous year.	Plans have been made to increase revenue in the future.	Attention should be paid to increase revenue.

1.5.6.6.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though the bank account of the institution remained a balance of Rs. 4,852,947 at the end of the year under review, action had not been taken to effectively invest the remaining balance after retaining a sufficient amount for operational activities.	Action will be taken to open fixed deposits.	Attention should be paid to invest additional amounts.

1.5.6.7 Housing Development Fund

1.5.6.7.1 Non-compliance with Laws, Rules and Regulations

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though the Fund had been in active operation for 14 years from 23	Since the power to formulate regulations is vested in the	Regulations regarding the investment of the

December 1993, until the Provincial Council was dissolved on 26 September 2017, regulations regarding the methods of investing amounts of the Fund had not been formulated in accordance with Section 07 of Statute No. 05 of 1993 regarding the establishment of Housing Development Fund in Sabaragamuwa Province.

Minister, action will be taken following the re-establishment of the Provincial Council to formulate regulations for the investment of the amounts of the Fund in consultation with the Minister and to obtain the approval of the Cabinet.

amounts of the Fund should be formulated, and action should be taken accordingly.

1.5.7 Head - 811- Provincial Department of Health

1.5.7.1 Non-compliance with Laws, Rules and Regulations

Reference to Non-compliance Laws, Rules and Regulations	Comments of the Chief Accounting Officer	Recommendation
Paragraph 02 of Assets Management Circular No. 02/2017 dated 21 December 2017	Action had not been taken to transfer the ownership of 21 vehicles, under the Sabaragamuwa Provincial Department of Health Services, to the Department.	Further action is being taken in this regard.
		Action should be taken to take over the ownership of the vehicles.

1.5.7.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though the Balangoda and Karawanella Base Hospitals were classified as Grade A Base Hospitals, and the Eheliyagoda, Kolonna, Kalawana, Kahawatta, and Warakapola Base Hospitals as Grade B Base Hospitals, the facilities required to be available in a Grade A and Grade B Base Hospital, as specified in General Circular No. 01-18-2020(1) dated 27 December 2021 issued by the Secretary to the Ministry of Health, had not been fulfilled even by the end of the year under review.	At the time of condition of hospitals is upgraded, cadre positions are not updated immediately. Although preliminary discussions to revise the cadre positions were held in 2025, approval has not yet been granted. Further, this is not a matter that can be solved by the Provincial Council alone.	Necessary action should be taken to fulfil the required facilities in accordance General Circular No. 01-18-2020(1) dated 27 December 2021 issued by the Secretary to the Ministry of Health.

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| (b) | As at 23 December 2025, the Clinic Pharmacy, OPD Pharmacy, and Indoor Pharmacy at the Kahawatta Hospital had zero stock of 71 medicines required frequently for patient treatment for periods ranging from 01 month to 04 years. Consequently, patients arriving for treatment were compelled to purchase these medicines from external pharmacies. | Once the required stocks for each District are received by the Central Medical Stores, the Regional Medical Supplies Units will distribute them to the respective Hospitals, and this is an issue that should be solved at the national level. | Action should be taken to estimate promptly the medicines required for patient care service. |
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1.5.7.3 Delays in Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though an agreement had been signed on 03 November 2020 to renovate the three-story building at Balangoda Base Hospital within one year at a contract value of Rs.36,122,398, it had been cancelled on 25 November 2022, after completing only Rs. 3,994,211 worth of work. Subsequently, an agreement had been signed with the Development Construction and Machinery Authority on 23 October 2023, for a contract value of Rs. 23,637,905. However, after completing worth of work Rs. 17,078,214, the work had been halted again.	Work of the the ground floor is scheduled to be completed this year, and plans are underway to finish the construction of the remaining floors using provisions from the Asian Development Bank loan.	Prompt action should be taken to obtain the necessary allocations, complete the remaining work, and achieve the expected objectives.
(b) An agreement had been entered into on 05 June 2021 for the construction of a five-story building with accommodation rooms at the Balangoda Base Hospital for a work value at Rs. 54,728,057, with a scheduled completion date before 05 April 2022. Although extensions of time had been approved on several occasions until 15 December 2024, the work had not been completed by the end of the year under review. As at 06 August 2025, a sum of Rs. 46,455,434 had been spent, and only the ground floor and the first floor were completed, while only the framework and the roof had been constructed for the remaining floors.	Action will be taken to include the remaining construction work of this building in the development program scheduled to be implemented from 2026 to 2030.	Action should be taken to complete the remaining work on the building as planned and to achieve the intended objectives

1.5.7.4 Abandoned Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though the Provincial Ministry of Health had spent Rs. 13.7 million by 2022 on the construction of a two-story building for the Hewainna Health Centre, construction of this building had been halted midway because the land boundaries had not been settled by the end of the year under review.	It is possible to complete the construction activities using the allocations of this year and make it operational level.	Immediate action should be taken to solve the land boundary issue, complete the construction, and achieve the intended objectives.

1.5.7.5 Idle / Underutilized Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) In the year 2021, the Sabaragamuwa Provincial Chief Ministry spent Rs. 6.4 million to construct Radiology Units for the Rakwana and Godakawela Divisional Hospitals. However, as the Radiographers had not been assigned to these units, all those physical resources remained idle by the end of the year under review.	The equipment provided to the Godakawela Hospital is due to be disposed. Since a staff review had already been conducted, the possibility of temporarily transferring this equipment to another Hospital until new cadre positions are received will be looked into and reported.	Action should be taken to utilize these assets either by transferring the relevant equipment without remaining idle to other Hospitals or by requesting the necessary staff.
(b) The Intensive Care Unit (ICU) of the Kahawatta Base Hospital was established in the year 2021 with the labor support of the Army. However, due to a lack of sufficient staff and the unavailability of required equipment (Patient Monitors and Infusion Pumps), its operations had not been commenced by the end of the year under review. Consequently, 08 ICU beds and 04 ventilators received in the year 2021 remained idle even by 31 December 2025.	This unit can be brought into operational level once new cadre is approved and new recruitments are made.	Immediate action should be taken to utilize the Intensive Care Unit having taken measures to approve the new cadre and make recruitments.

1.5.7.6 Staff Administration

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
As at 31 December 2025, there were 701 vacancies of 69 posts in the Sabaragamuwa Provincial Department of Health Services, and approval for 03 posts included in the actual staff of the Kahawatta Base Hospital had not been obtained.	Calling applications for vacancies is carried out by the Line Ministry and officers are attached to this Province depending on the number of recruits and details regarding vacancies are provided whenever information is requested for recruitments conducted by the Sabaragamuwa Provincial Council through internal promotions.	Action should be taken to fill the vacancies in essential posts and to obtain the approval for the posts which are not currently approved.

1.5.7.7 Fulfillment of Environmental and Social Responsibilities

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to frequent blockages in the sewage system of the Balangoda Base Hospital, infected water and sewage were discharging into the river and the environment, causing environmental damage. Although Balangoda, Mawanella, and Karawanella Hospitals had requested the installation of wastewater treatment plants, and allocations of Rs. 15 million and Rs. 30 million were made under the Provincial Special Development Grant in 2024 and 2025 respectively, these projects had not commenced even by the end of the year under review	Officers from the National Water Supply and Drainage Board requested a fee amounting to 11.5 percent of the total estimate to provide the necessary expert consultancy services. As this percentage exceeded the Provincial Council's financial capacity, construction work was not initiated. Subsequently, discussions were held with the Minister of Environment, during	Immediate action should be taken to properly maintain the sewerage systems and install wastewater treatment plants.

which an agreement was reached to obtain a Cabinet decision. As this matter remains unsolved, actions are currently being taken to obtain the necessary technical knowledge from specialists registered with the Ministry of Health.

- (b) Due to the lack of a proper disposal mechanism for small glass vials discarded from the wards and units of the Kahawatta Base Hospital, and the absence of adequate pits to deposit the residual ash generated by the incinerator, these waste materials had been piled up near the mortuary and in front of the incinerator. Further, due to insufficient storage space at the Kahawatta Base Hospital for surgical waste brought from other Hospitals and primary care units, the gas cylinder storage area had been utilized for this purpose. Additionally, no specific employee had been assigned for waste incineration.
- It has been planned to collaborate with the Kahawatta Pradeshiya Sabha, as there is a plan to acquire a permanent plot of land owned by the Sabha in the future.
- A formal procedure should be established for the disposal of surgical waste and other waste.

1.5.8 Head - 812- Provincial Department of Ayurveda

1.5.8.1 Pinnewala Ayurveda Panchakarma Unit

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
1.5.8.1.1 Assets Management		
Even though provisions amounting to Rs. 8,387,525 were granted through the letter dated 26 September 2025 issued by the Secretary of the Chief Ministry, Sabaragamuwa Province to repair and painting of the roof of the old Panchakarma unit building, its work had not been commenced even by May 2026, and the building remained idle.	Due to a dispute with the Pradeshiya Sabha regarding the ownership of the land where the Panchakarma Unit is located, the development work could not be carried out in the year 2025.	Action should be taken to settle the ownership of the land, expedite the development activities, and maximize the utilization of these assets.

1.5.8.1.2 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though the premises where the Pinnawala Panchakarma Unit and the Pinnawala Ayurvedic Central Dispensary are located had been obtained from the Rambukkana Pradeshiya Sabha on a lease basis, a sum of Rs. 3,414,000 had to be paid as outstanding ground lease rentals due to the failure to make Payments of lease rentals as prescribed.	Due to issues arising regarding the lease rentals to be paid, the Governor will take further action having discussed with the Commissioner of Local Government and the Chairman of the Rambukkana Pradeshiya Sabha.	Action should be taken to settle the outstanding ground lease rentals.

1.5.9 Head -813 – Provincial Department of Co-operative Development

1.5.9.1 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Out of the 944 Co-operative Societies registered in the province as at the last day of the year under review, 280 were inactive and 112 were in the process of liquidation. Accordingly, since 42 percent of the registered Societies were either inactive or under liquidation, the role of the Department regarding the development and regulation of Co-operative Societies, provision of advisory services, inspection of societies, and maintaining of accounts had not been adequately fulfilled.	Even though these Societies have been inactive for a long time, no requests from members have been received to reorganize them. Additionally, the shortage of staff (51 officers) to supervise such a large number of Societies has also contributed to some extent in this regard.	Actions should be taken to provide adequate support and supervision required to maintain the registered Societies active.
(b) The repayment of loans totaling Rs. 5,150,000, which had been granted by the Co-operative Development Fund to 03 Co-operative Societies on 05 occasions during the period from 2002 to 2020 had been defaulted by the respective Societies. Accordingly, an	Action will be taken in accordance with the Statute to recover the outstanding balance if the Bambarabotuwa Pitigala SANASA Society fails to settle the loan, and recoveries from the Rambukkana Mawanella Milk	Immediate action should be taken to recover the outstanding loan balances.

amount of Rs. 3,616,793, including interest, should have been received as at the last day of the year under review.

Producers' Co-operative Society Ltd. will be made through its liquidation process. Although the Bulathkohupitiya Multi-Purpose Co-operative Society (MPCS) Ltd. has been informed in writing, any payment has not been made even by May 2025.

1.5.10 Head 814 - Department of Local Government

1.5.10.1 Non-Compliances with Laws, Rules, and Regulations

	Reference to Laws and Rules	Non-Compliance	Comments of the Chief Accounting Officer	Recommendation
(a)	Section 80(1) of the Anti-Corruption Act, No. 09 of 2023	Out of 833 members elected for the 29 Local Government authorities in the Sabaragamuwa Province for the year 2025, 432 members had failed to submit their declarations of assets and liabilities even as at 15 May 2026.	As at 15 May 2026, 401 out of the 833 members added have submitted their declarations of assets and liabilities to this office.	The proceedings should be taken in accordance with the Act to obtain the declarations of assets and liabilities.
(b)	Paragraph 13.2 of Chapter XLVII, Volume II of the Establishment Code of the Democratic Socialist Republic of Sri Lanka.	Preliminary inquiry officers appointed by the Commissioner of Local Government for 33 preliminary inquiries in the years 2024 and 2025 had neither concluded the investigations nor submitted reports even as at May 2026, and time extensions had not been granted appropriately.	The delays in investigations occurred due to the limited number of community development officers and inquiry officers in the Offices of Assistant Commissioner of Local Government, and as they are required to handle all duties including petition inquiries, office supervision, judging performance, and the preliminary inquiries.	Preliminary inquiries should be concluded within the stipulated timeframes, and relevant actions should be taken accordingly.

(c)	Financial Regulation 104(4) of the Democratic Socialist Republic of Sri Lanka	The officers appointed by the Commissioner of Local Government for 21 damage/loss inquiries in the years 2024 and 2025 had not concluded the inquiries or submitted reports even as at May 2026.	These activities were delayed due to the shortage of inquiry officers and community development officers.	The inquiries conducted under Financial Regulation 104 should be completed within the specified timeframes, and appropriate actions should be taken accordingly.
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1.5.10.2 Action Plan

Audit Observation

According to the Annual Action Plan 2025 of the Department of Local Government, it had been planned to provide guidance and supervision to identify idle assets in local authorities, transfer them to institutions in need, and prepare a five-year waste management plan for each local authority. However, during the year under review, no vehicles and machinery remaining idle for periods ranging from 1 to 13 years in 10 local authorities had been transferred as such, and all 29 local authorities within the Sabaragamuwa Province had failed to prepare a five-year plan for solid waste management.

Comments of the Chief Accounting Officer

The preliminary draft of the provincial five-year plan relating to all 29 local authorities within the Sabaragamuwa Province for the year 2025 has now been prepared, and decisions are to be taken after further studying the aspects required to be further corrected.

Recommendation

Necessary guidance and supervision should be adequately provided to local authorities regarding idle assets and waste management, and the steps should be taken to ensure the preparation of five-year plan.

1.5.11 Head 820 - Ministry of Provincial Road Development, Rural Infrastructure, Tourism, Sports, and Youth Affairs

1.5.11.1 Performance

Audit Observation

Due to the failure to obtain relevant approvals from the institutions owning the premises/land where projects

Comments of the Chief Accounting Officer

Field inspections were carried out jointly with the political authority and government institutions, and although those

Recommendation

Formal approval should be obtained from the institutions owning the project

are implemented prior to including them in the annual tourism development plan, 8 projects for which provisions of Rs. 54,500,000 had been allocated could not be implemented during the year under review.

proposals were included in the annual tourism development plan based on verbal agreements, they could not be implemented as approval was not granted when obtaining written agreements.

premises/land prior to including projects in the development plan.

1.5.11.2 Management Weaknesses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although piled soil spreading; which is an item of work covered under an already paid item of work, had been incorrectly included as an additional work item for 21 playground development projects implemented under the supervision of the Kolonna Pradeshiya Sabha using the provisions of the Provincial Ministry of Roads in the years 2016 and 2017, and a sum of Rs. 5,928,010 had been overpaid for 38,872 cubic meters, no steps had been taken up to the year under review to recover these overpayments or conclude disciplinary proceedings regarding the responsible officials.	Disciplinary inquiries related to this are being conducted by the Chief Secretary's Office, and the Chief Secretary's Office has informed that these inquiries have not yet been concluded.	Disciplinary inquiry procedures should be expedited, and the overpayments should be recovered.
(b) Disciplinary inquiries had not been concluded and wrongful payments had not been recovered regarding the erroneous payment of Rs. 17.87 million by the Provincial Ministry of Roads in the year 2017 for projects executed by the Embilipitiya Pradeshiya Sabha, as well as regarding the idle expenditure of Rs. 4.16 million incurred on 3 projects.	Disciplinary inquiry proceedings related to this are conducted by the Chief Secretary's Office, and those inquiry procedures have not yet been concluded.	Disciplinary inquiry procedures must be concluded, and the wrongful payments should be recovered.

1.5.12 Head 830 - Ministry of Social Welfare, Probation and Child Care, Rural Development, and Rural Industries

1.5.12.1 Provincial Social Services Fund

1.5.12.1.1 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although it is permitted by the Regulation 24 of the Statute on the Establishment of the Social Services Fund to provide any form of assistance or subsidy stipulated by this Statute for the benefit of individuals from extremely poor families who have not received aid or subsidies from any other assistance scheme, the surveys to identify suitable individuals for receiving assistance had been conducted in only 06 Divisional Secretary's Divisions. Further, during the year under review, medical assistance had been provided to only 09 beneficiaries across 03 Divisional Secretary's Divisions and housing assistance had been provided to only one beneficiary in the Divisional Secretary's Division, no other aid or subsidies had been disbursed.	Despite conducting continuous awareness programs at the Divisional Secretariat level, the submission of applications by low-income individuals in need is at a weak level.	Identification of beneficiaries and follow-up should be carried out through the Provincial Social Services Officers in every Divisional Secretary's Division.

1.5.13 Head 840 - Provincial Ministry of Education, Information Technology and Cultural Affairs

1.5.13.1 Performance

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Provincial Ministry of Education had allocated provisions of Rs. 1,689,773,406 in the year 2025 for the development of physical resources in provincial schools. However, the Ministry did not possess a systematic study-based plan or a database	Information Technology is already being utilized to some extent to implement the development plan, and the enhancement of the "Sipthathu" information system to input information regarding physical facilities of schools at the school level has now been	A database should be promptly established, and the provisions should be allocated to ensure the fair distribution of physical resources to schools.

concerning the physical resources that should be provided to each school and their priority for the year under review and the coming few years. Since provisions were allocated based on requests received from individual schools, disparities existed in the distribution of physical resources among the schools in the province.

1.5.13.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the cab used by the staff of the former Minister of Education of Sabaragamuwa Province met with an accident on 12 June 2017, the full report; which should have been submitted within 3 months from the date of the accident in accordance with Provincial Financial Rule 54.6, had not been submitted even by 31 December 2025. Further, although the cab was brought back to the Ministry of Education after 5 years and 8 months; that is, on 16 November 2023, the repairs had not been carried out properly, resulting in a loss of Rs. 3.89 million to the Provincial Fund. However, by the end of the year under review, no action had been taken to identify the responsible parties and recover the loss.	A committee has been appointed on 19 September 2025 to conduct investigations in accordance with Financial Regulation 104.	An investigation into the incurred loss should be conducted, responsible parties identified, and the steps should be taken to recover the loss caused to the government.
(b) Ten preliminary inquiries for which the Provincial Ministry of Education had granted timeframes ranging from 14 to	Preliminary inquiry activities are currently underway.	Preliminary inquiries should be completed within a specific timeframe, and

60 days to complete investigation work had not been concluded by the end of the year under review, with the delay ranging from 01 month to 02 years and 8 months. Moreover, although 359 out of 465 complaints received during the years 2024 and 2025 were referred to zonal offices with instructions to conduct inquiries and submit reports, no follow-up actions regarding the measures taken had been performed.

necessary follow-up actions should be expedited.

1.5.13.3 Deficiencies in Contract Administration

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
During repair works carried out at a cost of Rs. 5,476,646 in 19 schools belonging to the Ratnapura and Niwithigala zones during the year under review, an amount of Rs. 939,471 had been overpaid.	Zonal Director of Education is taking steps to withhold retentions until the shortcomings are fulfilled and to conduct inquiries regarding the payments.	The billing certification process should be made more systematic, and overpayments should be recovered.

1.5.13.4 Early Childhood Development Authority, Sabaragamuwa

1.5.13.4.1 Performance

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the primary role of the Authority is to register, regulate, and supervise all early childhood development centres within the Sabaragamuwa Province, registrations of 489 pre-schools out of the 1,549 pre-schools existed as at 31 December 2025 according to the pre-school registry, had not been updated for the year under review due to failure to fulfil the required criteria.	Special attention will be given in the future to inform all pre-schools once again and update their registrations in the year 2026.	A systematic program should be implemented to ensure that all pre-schools fulfil all mandatory criteria for registration and are duly registered.

1.5.13.4.2 Operational Inefficiencies**Audit Observation****Comments of the Chief Recommendation
Accounting Officer**

A loan balance of Rs. 543,650, which was over 3 years old, had not been recovered even as at the end of the year under review.

The payments are currently being made in instalments.

The proceedings should be made to recover the loan balances immediately.

1.5.14 Head 841- Provincial Department of Education**1.5.14.1 Management Inefficiencies****Audit Observation****Comments of the Chief Recommendation
Accounting Officer**

Pension funds amounting to Rs. 2,260,453 received from the Department of Pensions by 02 Zonal Education Offices during the years 2024 and 2025, and scholarship funds amounting to Rs. 1,077,000 rejected by the bank due to incorrect bank account numbers pertaining to 3 zonal offices from the year 2023, had been retained in the general deposit account.

Since the scholarship database is inactive, the steps will be taken to disburse those funds to the relevant students and clear the deposits once the system is restored.

The scholarship database should be taken into operational status immediately in order to disburse the scholarship funds and clear the deposits.

1.5.14.2 Operational Inefficiencies**Audit Observation****Comments of the Chief Recommendation
Accounting Officer**

- (a) Even if the periods ranging from 04 months to 25 years had passed since the occurrence of 48 damages/losses reported in 48 schools in the Niwithigala, Ratnapura, Embilipitiya, and Balangoda zones, the steps had not been taken in accordance with Provincial Financial Rule 54.1 to recover or write off the losses.

The inquiries regarding the 48 damages and losses have been initiated and are currently ongoing.

The inquiries regarding damages and losses conducted as per the financial rules should be executed with no delay to identify responsible parties and settle the losses.

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| (b) | <p>Although it had been decided under Provincial Financial Rule 54.1.6 that a sum of Rs. 940,403 should be recovered from the salaries of 15 officers identified as responsible for 7 damages and losses that occurred in the schools of the Embilipitiya zone between the years 2019 and 2025, a sum of Rs. 588,199 had not been recovered even as at June 2026.</p> | <p>The steps will be taken to recover the amount in future.</p> | <p>The steps should be taken to make recoveries in accordance with the recommendations.</p> |
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1.5.14.3 Vehicle Utilization

Audit Observation

Although a 3-member inquiry committee had been appointed on 02 June 2025, to submit a report with recommendations on whether repairing 2 vehicles sent by the Provincial Department of Education to the Development Projects and Machinery Authority on 21 May 2024, at the rates quoted by the said institution was economically viable, any inspection report had not been submitted as at 8 May 2026. Further, 4 vehicles handed over to the said Authority for repairs during the period 2018–2022 had not been repaired even by August 2026. Consequently, keeping the respective vehicles parked continuously in one location had a risk of occurring additional defects.

Comments of the Chief Accounting Officer Recommendation

Future actions will be taken upon receiving the decision of the committee appointed to determine the economic viability of repairing the cabs. Out of the 4 vehicles relating to the 2018–2022 period, 3 vehicles are being repaired, and repairing the other vehicle is not economically viable.

The vehicle repairs and maintenance should be carried out with no delay, and if repairs cannot be done, the steps should be taken to dispose those vehicles.

1.5.14.4 Deficiencies and Surpluses of Educational Staff

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	At the end of the year under review, the approved teaching staff in the Sabaragamuwa Province was 24,401, and the actual staff was 20,407, resulting in a teacher shortage of 3,994. Accordingly, there was a shortage of teaching staff in all zones of the province.	The Cabinet Approval has been received to recruit 1,997 teachers in the year 2026.	The steps should be taken to fill the vacancies and maintain a balanced teacher allocation.
(b)	The approved staff for the posts of Principal, Deputy Principal, and Assistant Principal in Sabaragamuwa Province was 1,453, and the actual staff was 783. Consequently, there was a shortage of 670.	Accepted	The steps should be taken to fill the vacancies and maintain a balanced allocation of teachers.
(c)	As at 31 December 2025, a shortage of 27 senior-level posts existed in the Provincial Department of Education, and a surplus of 1,805 secondary-level posts existed due to a surplus of Development Officers.	The surpluses and shortages have been referred to the Ministry of Education on a quarterly basis and as required.	The steps should be taken to fill the vacancies and to balance the surpluses.

1.5.15 Head 850 - Provincial Ministry of Lands, Provincial Irrigation, Agriculture, Animal Production and Health, and Fisheries

1.5.15.1 Shortcomings in Contract Administration

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
An amount of Rs. 353,220 had been overpaid as the road rate of the first half of 2024 had been erroneously used instead of the Provincial Road Rate (HSR) applicable to the second half of 2024 for a work item in the Murutaketiya Wewa fisheries road development project.	Since the technical officer could not identify the difference in the new rates during the preparation of estimates for the said work, the rate for the first half of 2024 had been included for work item No. 4: "Preparing stock piling premix".	The overpayments should be recovered from the contractor or the approving officer.

1.5.15.2 Delayed Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Since the projects had been planned without feasibility studies by the Ministry of Lands, Provincial Irrigation, Agriculture, Animal Production and Health, and Fisheries, 05 projects at the Wagolla District Agricultural Training Centre for which provisions of Rs. 13,860,000 had been allocated through the Annual Development Plan 2025, had not been implemented during the year under review. Provisions of Rs. 30 million had also been allocated through the Development Plan 2026 for constructing the dining hall at the Wagolla District Agricultural Training Centre of Rs. 08 million.	Since this building is situated near the Ma Oya reserve, the consensus was requested from the Irrigation Engineering Office for this construction. However, no reply was received. Therefore, the work could not be implemented. The instructions have been given to ensure that only the essential proposals capable of being implemented are included after carrying out proper feasibility studies before including projects in future development plans.	When the projects are included in the future development plans, only projects that can be executed after proper feasibility studies should be included.

1.5.16 Head 851 - Provincial Department of Land Commissioner

1.5.16.1 Revenue Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
An overdue balance of land lease payments amounting to Rs. 112,515,138 existed at the end of the year under review. Within this, the value of land lease arrears exceeding 02 years had been Rs. 82,768,987, and it was a 73 percent of the total land lease arrears.	The instructions have been given to the officers regarding the recovery of arrears, and defaulters have been informed.	The recovery of overdue revenues should be done efficiently by deploying the relevant officers.

1.5.16.2 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A private communication company had constructed telecommunication transmission towers on two land plots of 20 perches and 15.1 perches situated in the Tapasarakanda Grama Niladhari Division and Kukulagama North Grama Niladhari Division respectively in the Kalawana Divisional Secretariat Division, and commenced wave transmission activities from 04 June 2008, and 22 March 2015 respectively. However, even by the end of the year under review, the actions had not been taken to obtain the approval of the Land Commissioner General, lease those lands on a long-term basis, and recover the lease amounts.	The reminders have been sent to grant the approval for lease immediately.	Lease approvals should be obtained promptly to lease out the relevant land plots on a long-term basis and to recover the revenue.

1.5.16.3 Transactions in Contentious Nature

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Approval had been granted by Sabaragamuwa Provincial Cabinet Decision No. 2009/67 dated 12 August 2009 to pay an incentive allowance to the officers responsible for recovering tax revenues due on long-term leases, productivity leases, annual permits, and water-diversion permits issued under the State Lands Ordinance. Based on the said approval, when a 22-perch plot of state land located at Demuwawatta in the Rathnapura Divisional Secretary's Division	Approval has been granted to fully recover the undeveloped value for the land plot and issue a free grant. It is taken under the scope of a lease.	Since this land transfer does not fall under any category of tax specified in the Cabinet decision, the incentive allowance paid based on irregular approval should be recovered.

was handed over to the National Gem and Jewellery Authority by a Grant in the year 2024 in accordance with Cabinet approval dated 11 July 2018, by recovering the undeveloped value of the land amounting to Rs. 132.6 million, an 11 percent share of that amount; that is, Rs. 14.59 million, had been paid as incentive allowances to 43 Provincial Council officers and 09 officers of the Rathnapura Divisional Secretariat. Since the said land transfer was merely an exchange of land ownership between two government institutions not falling under any category of tax specified in the Cabinet decision, paying this incentive allowance was an irregular payment contrary to the Cabinet Decision.

- (b) Land Order 173 of the Land Development Ordinance amended by Act No. 16 of 1969 and the Land Development (Amendment) Act No. 27 of 1981 had made provisions to pay a commission not exceeding 10 percent of the collected amount to the officers appointed to collect annual instalments due on a permit under the Land Development Ordinance. However, exceeding the limit specified in the Act, Provincial Cabinet approval had been granted to pay an 11 percent incentive allowance, distributed as 08 percent to the officers of the Divisional Secretariat, 02 percent to the officers of the Provincial Land Commissioner's Department, and 01 percent to officers engaged in revenue
- The cabinet approval has been received since 2007 to pay incentive allowances to the officers who collect tax revenues to be paid to the Provincial Council.
- Allowances should not be paid exceeding the provisions of the Land Development Ordinance. When submitting proposals to the Provincial Cabinet, senior management should always ensure that such proposals are formulated without exceeding the existing laws, rules, and regulations, and monies paid through irregular approvals should be recovered.

collection duties (Provincial Council and Divisional Secretariat).

1.5.17 Head 852 - Provincial Department of Agriculture

1.5.17.1 Performance

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although a sum of Rs. 4,170,827 had been paid during the years 2023, 2024, and 2025 for the Embilipitiya Agricultural Park, which was initiated with a 2023–2025 triennial plan to establish a Youth Agricultural Park, the objectives of establishing the agricultural park had not been achieved.	Cultivation of crops was delayed as the land ownership of the agricultural park was not cleared. The proceedings are done subsequent to the preparation of a production plan and a training plan for the year 2026.	The steps should be taken more systematically to clear the land ownership and achieve the anticipated objectives.

1.5.17.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although it had been planned through the annual procurement plan of the Provincial Department of Agriculture to purchase vegetable and fruit plants valued at Rs. 33,123,975, the value of the vegetable and fruit plants purchased during the year had been Rs. 9,094,551. Further, while 18,757 plants valued at Rs. 5,191,200 produced in 03 farms belonging to the Department remained unused as at 31 December 2025, 33,766 plants valued at Rs. 2,059,745 had been purchased from external parties. Consequently, the attention had not been focused on obtaining the required plant varieties through the Department's own farms ensuring the coordination among the institutions functioning under the Department.	The plant purchases worth around Rs. 15 million could not be made due to lack of project approval. The quantities that could be supplied by inquiring into the plant requirements of the Department through the farms have been purchased.	Every possible steps should be taken to identify the plant requirements of the Department at the beginning of the year, and the proceedings should be made to produce them within the farms. Further, only projects allocated and approved through the annual budget and action plan should be included in the procurement plan, and plants should be obtained from Department-owned farms whenever possible.