

Western Provincial Council - 2025

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Western Provincial Council for the year ended 31 December 2025 comprising the statement of financial position as 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 Councils 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 22 June 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 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 effect of matters described in the basis for qualified opinion section of my report the financial statements give a true and fair view of the financial position of the Western Provincial Council as at 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Non-financial assets of 09 institutions including Ministries and Departments amounting to Rs. 625 million as at 31 December of the year under review had not been accounted and the value of non-financial assets and the Property, Plant and Equipment Reserve Fund in the financial statements of Provincial Council had been understated by the same amount.	Action will be taken to account in the future.	Non-financial assets and the reserve fund should be accurately identified and accounted.

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| <p>(b) Although non-financial assets valued at Rs. 5,364 million held by 08 statutory institutions of the Provincial Council and fixed deposit balances amounting to Rs. 142 million were held by 05 institutions at the end of the year under review, those balances had not been disclosed in the financial statements of the Provincial Council Fund.</p> | <p>Action will be taken to rectify in the future.</p> | <p>The values of non-financial assets and fixed deposits held by statutory institutions should be accurately identified and disclosed in the future.</p> |
| <p>(c) There were aggregating 247 unresolved legal cases relating to Ministries and Departments of the Western Provincial Council comprising 23 Supreme Court cases, 70 Court of Appeal cases, 05 Civil Appeal Court cases, 112 High Court cases, 32 District Court cases, 04 Magistrate's Court cases, and 01 Labour Tribunal case as at 31 December 2025 and these unresolved cases had not been disclosed in the financial statements of the year under review.</p> | <p>Action will be taken to disclose in the future.</p> | <p>Details of unresolved cases should be disclosed in the financial statements in the future.</p> |
| <p>(d) Fixed deposits amounting to Rs. 108 million and interest income of Rs. 14 million which was representing the balance of Emergency Fund of the Governor's Office as at 31 December 2025 had not been disclosed in the financial statements of the Provincial Council.</p> | <p>Action will be taken to rectify in the future.</p> | <p>The fixed deposits and related interest amounts included in the Emergency Fund should be disclosed in the financial statements in future.</p> |
| <p>(e) Although the expenditure incurred on the acquisition of capital assets amounted to Rs. 4,211 million according to the financial statements of the Provincial Council Fund Account, only Rs. 482 million had been accounted as purchases of non-financial assets, resulting in a difference of Rs. 3,729 million.</p> | <p>A reconciliation statement relating to the accounting of assets will be prepared and submitted to the audit in the future.</p> | <p>Capital asset acquisitions should be properly identified and the assets should be accurately accounted.</p> |

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). My responsibility for these financial statements is further described in the Auditor's Responsibility section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 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 Generally Accepted Accounting Principles 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.

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

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

1.4 Responsibility of the Auditor for the audit of 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, exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

- Evaluate the overall presentation, structure and content of the financial statements, including 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 Financial Statements

1.5.1 Head 100 – Governor

1.5.1.1 Uneconomic Transactions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A Special Investigation Committee comprising 09 officers had been appointed with the objective of conducting prompt investigations into complaints referred to the Governor and an amount of Rs. 824,800 had been paid to these officers as allowances for the period from the year 2021 to 2025. However, the reports relating to the investigations conducted by the Committee had not been utilized for further action.	The investigations conducted by the Special Investigation Unit do not fall under the category of preliminary investigations.	The recommendations contained in the special investigation reports should be utilized for further action.

1.5.2 Head 101- Provincial Council of Western Province

1.5.2.1 Transactions in Contentious Nature

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
During the period in which the activities of the Provincial Council were not in operation, a sum of Rs. 2 million had been paid as overtime and combined allowances to 02 drivers attached to the personal staff of the Chairman of the Provincial	Salaries and allowances had been paid to the Chairman and his staff as Section 7(2) of the Provincial Councils Act provides that the office of Chairman shall not become vacant until the first	Action should be taken in accordance with the Act and only the relevant expenses should be incurred after identifying the necessity.

Council. After the expiration of the term of office of the Provincial Council, the holder of the post of Chairman of the Provincial Council had not report to the Provincial Council Secretariat on a daily basis as there were no permanent duties to be performed. However, Rs. 2 million had been paid as fuel allowances for two vehicles valued at Rs. 67 million, while a further Rs. 4 million had been incurred for the maintenance of those vehicles during the year under review. In addition, salaries and allowances amounting to Rs. 3.6 million had been paid to 06 members of the Chairman's personal staff attached to the Council Secretariat during the year under review without verifying their attendance and departure through the fingerprint attendance system.

meeting of the Council held after its dissolution and the fingerprint attendance machines were not being used under the approval of the Governor in accordance with the Provincial Council Cabinet Memorandum dated 14 October 2009.

1.5.3 Head 102 - Provincial Public Service Commission

1.5.3.1 Noncompliance to Laws ,Rules and regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
Public Administration Circular No. 22/99 dated 8 October 1999	The position of the Chairman of the Public Service Commission had not been shown in the circular as a position entitled to an official vehicle and an official vehicle had been provided to the Chairman for attending the Commission two days per week,	The payments had been made with the approval of the Governor.	Payments of allowances should not be made for posts that are not specified in the circular and any payments made contrary to the provisions of the circular should be recovered.

together with a total of Rs. 4.6 million had been paid as monthly fuel allowance equivalent to 230 liters during the period from the year 2020 to 2025.

1.5.4 Head 103 -Co-operative Employees' Commission

1.5.4.1 Noncompliance to Laws, Rules and Regulations

	Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(a)	Public Administration Circular No. 22/99 dated 8 October 1999	Although the Chairman of the Provincial Cooperative Employees' Commission was not included into a post entitled to an official vehicle, a fuel allowance equivalent to 145 liters of fuel per month had been paid to the Chairman of the Commission. Accordingly, an amount of Rs. 3 million had been paid for the period from the year 2020 to 2025 as fuel allowances, contrary to the provisions of the circular.	The allowance had been paid with the approval of the Governor since 2014 and although instructions had been sought from the Ministry, no instructions had been received to date. Hence the approved allowance is being paid on monthly basis.	Allowances should not be paid for posts that are not specified in the circular, and any payments made contrary to the provisions of the circular should be recovered.

- (b) Section 28 of the Co-operative Rules No. 05 of 1973, the Co-operative Employees Commission Statute No. 01 of 1994, and the Co-operative Employees Commission Act No. 12 of 1972.
- Although, in accordance with the provisions of the regulations made under the Act, an employee cannot be appointed to a registered co-operative society without the approval of the Co-operative Employees' Commission, 1,455 employees had been appointed by 67 out of the 1,203 active co-operative societies in the Western Province as at the year under review, without obtaining the approval of the Commission. The Co-operative Employees' Commission had been unable to take the necessary action in respect of these irregular appointments.
- Decisions are taken by the Board of Directors and the matter had been referred to the Legal Officer to take legal action to recover the amounts paid to the employees since the Department has the authority to take action against them.
- Necessary actions should be taken in respect of irregular appointments and payments in accordance with the provisions of the relevant statutes and Acts.

1.5.5 Head 104 - Ministry of Local Government, Economic Promotion, Power and Energy, Environment Affairs, Water Supply and Drainage and Tourism

1.5.5.1 Abandoned Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
54 projects with an estimate of Rs. 121.87 million for which provisions had been received and planned for implementation in accordance with the Action Plan of the Ministry of Local Government of the year under review had been cancelled.	In accordance with the letter of the Chief Secretary dated 01 December 2025, instructions had been issued to cancel projects which was approved but was not in the implementation stage.	Action should be taken to implement the planned projects.

1.5.5.2 Economic Development Bureau

1.5.5.2.1 Visual Irregularities

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The supply of garbage bags and hardware items required by the Economic Development Bureau had been carried out by a single private institution from the year 2019 to 2024 and a total of Rs. 169 million had been paid to that institution during the period. The purchases had been made under the shopping method and a pre-qualification assessment had not been conducted when selecting the institution at the commencement of the project in 2019. As purchases had been made exclusively from a single institution, the Bureau had incurred a loss of Rs. 74 million during the period from the year 2019 to 2024.	A report containing the explanations is being prepared.	Procurement activities should be carried out in accordance with the Procurement Guidelines in the future and appropriate action should be taken in respect of the loss incurred.

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| <p>(b) An investigation into the fraud involving stocks of printing paper that had occurred at the Wespro Printing Press operated under the Economic Development Bureau during 2022 and 2023 revealed a value of Rs. 42 million. Although internal control systems had been established at the Printing Press, due to the matters that weaknesses arising from the lack of attention by the head of the printing press, the senior management of the institution had allowed these procedures to be easily circumvented and inadequate supervision, the audit was unable to obtain sufficient evidence and there was a possibility that the actual value of the fraud could have been higher than the amount disclosed.</p> | <p>The former head of the printing press does not make the payments and two other officers have submitted appeals.</p> | <p>Legal action should be taken promptly against the individuals involved in the fraud, the internal controls of the institution should be strengthened, and sufficient evidence should be provided to the audit.</p> |
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1.5.5.3. Western Province Tourist Board

1.5.5.3.1 Management inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although Etthukala Water Park project was completed at a cost of Rs. 186 million and handed over to the Tourist Board over 10 years ago, action had not been taken to utilize it for attracting tourists. A substantial expenditure had to be incurred to restore it to operational condition due to factors such as its disuse for around five years, damage to the assets of the water park and a lack of maintenance.	The investment opportunities are intended to be pursued through alternative measures as the site of the project is located in an area with tourism potential and the Negombo Municipal Council has informed that they are unable to make rental payments due to the COVID-19 pandemic, the Easter Sunday attacks, and the losses incurred during period of civil unrest.	Steps should be taken to generate revenue by taking actions to attract tourists.

Furthermore, the constructions had been carried out without the ownership of the land on which the park is situated being vested in the Board. Additionally, the rental due from the water project since the year 2020 was Rs. 289,373.

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| (b) | Due to the unrest occurred in the country on 09 May 2022, the properties of the Eettukala Water Park belonging to the Tourist Board had been damaged by a certain group and the damage had been estimated at Rs. 3.5 million. Although nearly 04 years had elapsed since the damage occurred, the Board had not taken any necessary action in this regard. | The matter has been brought to the attention of the District Secretary through the Negombo Divisional Secretary and further actions are being carried out . | Action should be taken to recover the losses and restore the properties to their proper condition. |
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1.5.5.4 Waste Management Authority

1.5.5.4.1 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Liquid Fertilizer Production project initiated by the Ministry of Agriculture of the Western Province at a cost of Rs. 63 million had been transferred to the Western Province Waste Management Authority with effect from 01 September 2022. A feasibility study had not been conducted prior to commence the project	The liquid fertilizer project had been provided for the Organic Fertilizer Promotion Programme implemented under the Department of Agriculture and after the formal handover of the machinery and equipment, liquid fertilizer was to be produced as a Public-Private Partnership project.	Action should be taken to produce liquid fertilizer by effectively utilizing the equipment.

and the relevant approvals for the construction activities had not been obtained. Although the Authority had incurred Rs. 136 million for the construction of a fish liquid fertilizer yard and the purchase of related equipment the operations of the project had not been carried out up to May 2026 from 18 September 2024 on which the yard was opened and the machinery and equipment installed at the at the manufacturing plant had remained idle for more than one year.

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| <p>(b) The Japan Jabara compost project implemented by the Ministry of Agriculture at a cost of Rs. 72 million during the period from the year 2020 to 2022 had been handed over to the Western Province Waste Management Authority from 01 September 2022 and 54 asset items valued at an aggregate of Rs. 30 million had not been utilized for any productive economic activity over a period exceeding two years.</p> | <p>It has been vested in the Authority with effect from 01 September 2022.</p> | <p>Action should be taken to utilize the equipment effectively in order to achieve the objectives of the project.</p> |
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1.5.6 Head 105 - Ministry of Health, Indigenous Medicine, Social Welfare, Probation and Child Care Services, Women's Affairs and Council Affairs

1.5.6.1 Idle and underutilized Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Despite the Engineering Bureau having purchased two drones namely Agras T16 and Matrice 300 RTK at a cost of Rs. 5 million on 18 December 2020 and having utilized them on only 03 and 16 occasions respectively during January to end of October 2025, two additional drones namely Agras T20 and Matrice 350 RTK had been purchased on 31 October 2023 at a cost of Rs. 14 million and the said two drones had been used on only 05 occasions.	A Cabinet memorandum dated 19 May 2026, has also been submitted proposing that these aircraft would be appropriate to hand over to the Sri Lanka Air Force.	Actions should be taken to hand over the 04 drones to a party that will use them effectively or to utilize them.

1.5.6.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A 'Matic 350RTK' drone belonging to the Ministry of Health crashed on 08 January 2025 while flying over the Jinhupitiya area to monitor Dengue mosquito breeding sites and although an investigation conducted by Air Force Headquarters had assessed the loss as Rs. 5.6 million, further action regarding the matter had not been taken even as at the end of the year under review.	Three letters have been sent to the Air Force Commander requesting to nominate an officer with technical expertise in drone technology to serve on a board of inquiry regarding the damage caused by the drone accident and once such an officer is nominated, the board will be appointed and the necessary further actions will be taken.	Losses should be identified and further actions should be taken immediately.

1.5.7 Head 106 – Ministry of Agriculture, Land, Irrigation, Animal Production and Health

1.5.7.1 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Ministry of Agriculture had been unable to acquire the Narahenpita land valued at Rs. 56 million on which the official residence of the Secretary to the Ministry is situated even during the year under review.	The necessary actions have been taken and the further activities are to be carried out by the external institution.	The relevant property should be vested to the Ministry.

1.5.7.2 Agricultural Services Authority

1.5.7.2.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) In terms of Rules 54.5, 54.6, 55.2 and 55.4 of the Code of Provincial Financial Rules of the Western Province of the Socialist Republic of Sri Lanka, a preliminary report should be submitted immediately upon the occurrence of a loss or damage or where it is not possible, a complete report should be submitted within three months from the date on which the loss or damage occurred. However, this requirement had not been complied with in respect of 13 cases of losses and damages aggregating Rs. 2 million that occurred during the period from the year 2018 to 2025.	It is intended to appoint a committee and to carry out future activities.	Action should be taken in accordance with the Financial Rules regarding losses and damages and the relevant amounts should be recovered.

(b) Any action had not been taken to provide financial facilities to agricultural commercial entrepreneurs which is one of the objectives entrusted to the Authority under the Agricultural Services Authority Statute No. 01 of 2012. Accordingly, as the Authority had continuously failed to achieve its mandated objectives fully, it had not given the expected contribution to the agricultural and economic development of the Western Province.	Any action had not been taken with regard to providing financial facilities to agricultural commercial entrepreneurs.	Action should be taken to provide financial facilities to agricultural commercial entrepreneurs in accordance with the Statute.
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1.5.8 Head 107 - Ministry of Roads, Transport, Co-operative Development and Trade, Housing and Construction, Estate Infrastructure Facilities, Industry and Rural Development

1.5.8.1 Western Province Road Passenger Transport Authority.

1.5.8.1.1 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the Western Province Road Passenger Transport Services Statute, the Western Province Road Passenger Transport Authority is legally authorized to issue route permits only for routes having destinations within the boundaries of the Western Province and the authority to issue permits for inter-provincial services should be exercised by the National Transport Commission. However, contrary to this provision, the Authority had issued permits for 110 buses, comprising 18 permits for the Southern Province, 39 for the Sabaragamuwa Province, and 53	In the absence of a densely populated location with infrastructure that is easily accessible to the public, a suburb located beyond the provincial boundary is selected as the destination.	Action should be taken regarding the permits issued outside the formal tender procedure prescribed by the Statute.

for the North Western Province. Furthermore, the former Chairman had issued 10 passenger service permits via the expressway to Neluva, Pitigala, Miriswatta, and Aviththawa in the Southern Province, and 4 permits for operating services to Giriulla in the North Western Province within the period from the year 2020 to 31 January 2026 based on the recommendations of the regional managers without following the tender procedure.

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| <p>(b) An outstanding balance of Rs. 26 million, recoverable from 100 bus owners who had not fully paid the tender permit fees for the period from the year 2014 to 2019 had remained unrecovered for a period ranging from 6 to 11 years.</p> | <p>Answers have not been submitted.</p> | <p>Action should be taken to recover the tender permit fees without delay.</p> |
| <p>(c) The route permit of a bus that has ceased operating passenger services and remained out of service for more than six months becomes invalid and when such a bus is reintroduced into service and the passenger service permit is renewed, a fee of Rs. 30,000 should be charged to the permit holder if the same old bus is used, while a fee of Rs. 60,000 should be charged if a new bus is used. However, during the period from 2018 to 31 December 2025, the Authority had approved the reintroduction of 151 buses into service without recovering the applicable fees. Accordingly, outstanding revenue amounting to Rs. 3 million as at 31</p> | <p>Answers have not been submitted.</p> | <p>Action should be taken to recover the permit fees properly and without delay.</p> |

December 2025 due from 151 bus owners had remained unrecovered for a period ranging from 2 to 8 years.

(d) When the ownership of route permits issued for operation by the Western Province Road Passenger Transport Authority is transferred by permit holders to another party, a fee of Rs. 100,000 is charged by the Authority. However, the ownership of 31 permits had been transferred to other parties during the period from 2018 to 31 December 2025, the Authority had proceeded to amend the ownership of the permits without recovering the applicable fees amounting to Rs. 2 million and the outstanding fees due had remained unrecovered even at the end of the year under review.	Answers have not been submitted.	Action should be taken to recover the outstanding permit fees relating to permits transferred to other parties without delay and to take appropriate action against the officers who made the amendments without collecting the applicable fees.
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1.5.8.1.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Shop rent amounting to Rs. 56 million were outstanding as at the end of the year under review in respect of 175 out of 247 shops owned by the Authority and out of the outstanding balance, amounts of Rs. 14 million, Rs. 20 million, and Rs. 21 million relating to periods of less than 1 year, between 1 and 3 years, and more than 3 years respectively had not been recovered.	A systematic recovery mechanism will be implemented in the future to minimize the outstanding rental balances.	Necessary action should be taken to recover the outstanding shop rents.

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| <p>(b) 41 shops out of the 247 shops owned by the Authority had not been leased or rented to other parties under formal lease or rental agreements for business purposes since period ranging from 2 to 10 years. Furthermore, rent could not be recovered in respect of 75 shops out of the 206 shops that had been leased due to the absence of formal agreements. In addition, outstanding shop rents amounting to Rs. 35 million and surcharges amounting to Rs. 2 million due in respect of 30 shops for which legal proceedings are ongoing for more than 05 years had not been recovered even as at the year under review.</p> | <p>Alternative measures are continuously being taken to lease them out with the objective of converting them into productive sources of income.</p> | <p>Action should be taken to recover the outstanding shop rents and surcharges and to enter into agreements with the lessees.</p> |
| <p>(c) The Authority had paid a total of Rs. 2,050 million as salaries and allowances to 489 employees over the past 06 years and as the Government Payroll System (GPS) was not used for processing these payments, there was no sufficient systemic controls in place to verify the accuracy of the payments. Furthermore, salary slips had not been provided to the employees. Although the Ministry had provided training on the Government Payroll System, the Authority had not taken steps to implement the system.</p> | <p>It is expected that the GPS system will be implemented immediately.</p> | <p>Salary processing should be carried out through the GPS.</p> |
| <p>(d) It was revealed that 89 employees who was recruited during the period from the year 1992 to 2019 had joined the service using forged and fraudulent documents due to the failure to verify the</p> | <p>The verification of certificates of all employees except for 03 employees has now been completed.</p> | <p>Disciplinary action should be taken against employees who joined the service using forged documents.</p> |

educational qualifications of employees of the Authority in a timely manner. Although legal provisions were in place to take actions against such employees, appropriate action had not been taken against them and out of these employees 73 were still in service and disciplinary action had not been taken against them.

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| <p>(e)</p> | <p>Although more than three years had elapsed since it was identified that bus stops valued at Rs. 54 million according to the financial statements of the Road Passenger Transport Authority were not physically in existence, action had not been taken to obtain the approval of the Provincial Treasury and make the necessary adjustments in the financial statements.</p> | <p>Although the assets had been physically disposed in various occasions, the related costs and accumulated depreciation had not been properly adjusted in the financial records and upon obtaining the approval of the Provincial Treasury, all physically non-existent assets relating to these old balances will be removed from the financial statements and the accounting records will be updated.</p> | <p>The value of bus stops should be accurately identified and accounted .</p> |
| <p>(f)</p> | <p>In terms of paragraph 1.1.6 (V) of Public Administration Circular No. 22/99 dated 08 October 1999, official vehicle facilities may be provided only to senior officers of public corporations/statutory boards, subject to the relevant approvals where the decision to assign a vehicle has been made by the Board of Directors of the corporation/statutory board and approved by the Secretary of the relevant Ministry and In addition, in terms of paragraph 1.2.1 of Western Province Chief</p> | <p>Board approval had been obtained through board Paper No. 1629 regarding the assignment and use of official vehicles. Those activities are currently being carried out with the required approvals.</p> | <p>Official vehicles and fuel allowances should be provided in accordance with the relevant circulars and investigations should be conducted in respect of officers who granted approvals contrary to the provisions of the circulars and appropriate action should be taken based on the recommendations of such investigations.</p> |

Secretary's Administrative Circular No. 01/2016 (i) dated 01 November 2016, only officers who are eligible under Public Administration Circular No. 22/99 are entitled to use official vehicles. However, an official vehicle had been provided to the Deputy General Manager (Operations) from the year 2017 to 2025 without obtaining such approval and fuel allowances amounting to Rs. 3 million had been paid .

- (g) Where an officer is acting in a position that is officially entitled to the use of an official vehicle, the officer is entitled to such a facility and where an officer is appointed to perform the duties of such a position in an acting capacity, the entitlement should be granted with the approval of the Chief Secretary. Nevertheless, the officers acting as Deputy General Manager (Finance) and Deputy General Manager (Administration) of the Authority had used official vehicles without obtaining such approval for a period of more than 08 years from the year 2017 to the date of audit which is 31 December 2025. During the period from 2017 to 2025, a total of Rs. 8 million had been paid without such approval comprising fuel allowances of Rs. 3 million each to the officers acting in the respective positions and a transport allowance of Rs. 2 million to the Deputy General Manager (Administration).
- Board approval had been obtained through board Paper No. 1629 regarding the assignment and use of official vehicles. Those activities are currently being carried out with the required approvals.
- Official vehicles and fuel allowances should be provided in accordance with the relevant circulars and investigations should be conducted in respect of the officers who granted approvals contrary to the provisions of the circulars and appropriate action should be taken based on the recommendations of such investigations.

1.5.8.1.3 Transaction in Contentious Nature

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
21 shops located at the Malabe bus stand owned by the Provincial Road Passenger Transport Authority had been rented out at a very low monthly rental ranging from Rs. 1,646 to Rs. 2,018 for more than 20 years without being properly valued. Out of which 14 shops had subsequently been sublet by the lessees to other parties for monthly rents ranging from Rs. 7,000 to Rs. 60,000 for periods ranging from 5 to 20 years. Furthermore, in the case of most of the shops, the rights had been transferred to parties who had no legal entitlement to such rights. These parties had unlawfully entered into sublease agreements with other parties, charging monthly rents ranging from Rs. 50,000 to Rs. 60,000 and collecting security deposits of up to Rs. 300,000. However, the Authority had not taken any action in this regard.	Several shop premises have already been referred to the Government Valuation Department and the procedures for renewing agreements and revising rents are currently being formalized.	The shops should be properly valued and leased in accordance with the applicable procedures and subletting should be prevented in terms of the agreements.

1.5.8.2 Road Development Authority

1.5.8.2. 1 Delays in Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Rs. 69 million had been spent during the year under review on 20 projects with an estimated cost of Rs. 182 million. The Authority had been unable to recover an amount of Rs.	Action will be taken to recover the funds through discussions with the relevant institutions.	Action should be taken to rectify the deficiencies in the projects promptly and to recover the outstanding amounts.

109 million as these projects had not been completed by the end of the year under review and due to deficiencies and weaknesses in the projects.

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| <p>(b) The Authority had been unable to submit bills to the Ministry to recover the expenditure incurred on 03 projects with an estimated cost of Rs. 16 million implemented under the Provincial Specific Development Grant (PSDG) of the Ministry of Transport and Roads of Western Province under the full supervision of the Kalutara Executive Engineer's Office of the Authority due to the matter that they had not been carried out in accordance with the required standards, relevant estimates, and approved plans.</p> | <p>The bills could not be submitted due to issues relating to the quality standards of these projects.</p> | <p>Investigations should be conducted regarding the failure to implement the projects in accordance with the standards and regarding the officers responsible for supervising the projects and appropriate action should be taken based on the recommendations of such investigations.</p> |
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1.5.8.2.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The Provincial Road Development Authority had incurred expenditure aggregating Rs. 239 million exceeding the amounts received from the client institutions comprising Rs. 32 million for 4 projects under the Ministry of Education, Rs. 96 million for 11 projects under the Ministry of Health, Rs. 54 million for 3 projects under the Waste Management Authority and Rs. 57 million for 3 projects under the Road Passenger Transport Authority.	Both parties have agreed to complete the works and obtain the outstanding payments during the current year.	Action should be taken to complete the works promptly, rectify the deficiencies, and recover the excess expenditure incurred.
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1.5.8.3 Co-operative Fund

1.5.8.3.1 Activities Outside the Objectives

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In terms of the Co-operative Rules of 1973, the funds could be utilized for cooperative education, project and promotional activities, improving the management efficiency of co-operative societies, and providing assistance to co-operative societies. However, contrary to these provisions, an amount of Rs. 61 million had been utilized during the period from the year 2011 to 2025 for activities outside the objectives of the Fund, including foreign travel, rent and lease expenses of the Employees' Pension Fund, Review Board allowances, Co-operative Board allowances, the purchase of assets for the activities of the Department of Co-operative and allowances for computer officers of the Pension Fund.	Action was taken in accordance with the instructions set out in the letter dated 16 January 2009 addressed to the Director (Accounts and Payments) by the Secretary to the Ministry regarding the manner in which the Fund could be utilized.	Only expenditure that are in accordance with the rules of the Co-operative Fund should be incurred.

1.5.8.3.2 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) In terms of the Amended Statute of Cooperative Societies of the Western Provincial Council, every registered society is required to contribute annually to the Cooperative Fund an amount not exceeding 10 per cent of the society's annual net profit, as determined by the Registrar of Co-operatives, subject to a minimum contribution of Rs. 5. However, 1,124 societies in the three Co-operative	An amount of Rs. 73,931,399 had been recovered in respect of contributions to the Cooperative Fund as at 01 January 2026 and actions are being taken to amend the Statute.	Action should be taken to recover the outstanding amounts.

Development Assistant Commissioner divisions of Colombo, Gampaha, and Kalutara had failed to pay a total amount of Rs. 1,001 million as at 31 December 2025,

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| <p>(b) Loans up to Rs. 25 million per society had been granted from the Co-operative Fund to co-operative societies with repayment periods ranging from 3 to 5 years without establishing and following an internal control mechanism incorporating specific written conditions and security arrangements for the recovery of such loans. Furthermore, loans had also been granted to co-operative societies that had defaulted on their contributions to the Co-operative Fund. Accordingly, loans amounting to Rs. 1,089 million had been granted to 129 co-operative societies without obtaining any security up to 2025 and the total outstanding loan balance as at 31 December 2025 was Rs. 584 million.</p> | <p>A notice has been sent demanding the full repayment of this loan and stating that legal action will be taken otherwise and co-operative societies in Gampaha District facing financial difficulties are scheduled to be called for discussions regarding the overdue loans.</p> | <p>A formal control mechanism should be established for the granting and recovery of loans and the internal control system should be strengthened.</p> |
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1.5.8.4 Co-operative Employees' Pension Fund

1.5.8.4.1 Operational inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
An excess amount of Rs. 66 million had been paid in total up to 01 October 2022 contrary to the rules made under the Western Province Co-operative Employees' Pension Fund Statute due to the matters that pensions have been paid to 211 employees of the Provincial Co-	The Governing Board had decided to revise the pensions of the 211 pensioners and make payments accordingly and the revised pensions are currently being paid and 39 pensioners have filed legal proceedings in relation to the revision.	Action should be taken in accordance with the rules made under the Western Province Cooperative Employees' Pension Fund Statute.

operative Employees' Pension Fund who were over 56 years of age during the period from 2010 to 2022 at a rate exceeding 40 per cent and pensions have been paid at a rate of 48 per cent to 78 per cent higher than the rates payable based on contributions and age.

1.5.8.5 Industrial Development Authority

1.5.8.5.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Director of the Authority and the Project General Manager had obtained advances totaling Rs. 9 million on 158 occasions and made purchases totaling Rs. 8 million as emergency purchases during the period from January 2023 to December 2025 without making purchases through the established procurement process by registering suppliers when purchasing vegetables, fruits, white sugar, fuel, gas, and equipment for the Mihilaka Fruit and Agricultural Products Processing Project and the Canned Fish Processing Project. Furthermore, as formal Goods Received Notes (GRNs) had not been issued for these purchases amounting to Rs. 8 million, it could not be verified that the raw materials and goods had actually been received into the stores.	Answers have not been submitted.	Purchases of the project should be carried out in accordance with the prescribed procurement procedures in the future and formal Goods Received Notes (GRNs) should be issued for all purchases and verified that the raw materials and goods have been duly received into the stores.

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| (b) | <p>The Industrial Development Authority had entered into three agreements with three sales agents in Kandy, Welimada, and Ampara in the year 2024 for the distribution and sale of canned fish, without obtaining any security deposit or bank guarantee and the Director of the Authority had supplied 31,200 cans of jack mackerel valued at Rs. 19 million on credit basis without obtaining the approval of the Board of Directors. Five cheques valued at Rs. 18 million, provided by the 03 sales agents for the settlement of the outstanding credit had been dishonoured as the relevant bank accounts had been closed and instructions had been given to the banks to stop payment on the cheques.</p> | <p>Cases had been filed in the Magistrate's Court against the agents who had defaulted on payments as agreed in terms of the agreements and had caused the cheques issued by them to be dishonoured.</p> | <p>A formal procedure should be established for credit sales and the recovery of outstanding credit. Action should be taken to recover the loss from the officers who approved the relevant transactions.</p> |
| (c) | <p>A stock of 106,859 items comprising glass bottles, cartons, and labels valued at Rs. 2 million had been purchased at a substantial cost without prior planning and had remained unused in the warehouse at the Mihilak factory premises at Walpita for more than 03 years.</p> | <p>The acceptance of orders had been suspended as the activities of the factory had to be gradually discontinued and the relevant stock items remaining unissued due to the disruption of the production process.</p> | <p>Action should be taken to utilize the remaining stock for production activities or for other appropriate purposes.</p> |

1.5.8.5.2 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Mihilak Agricultural Products Processing Project and the Canned Fish Processing Project implemented by the Provincial Ministry of	Difficulties had arisen in operating the project as a profitable venture as expected due to numerous practical issues and	Steps should be taken to develop a formal procedure to ensure the productive utilization of the resources of the projects and to achieve the objectives of the

Agriculture had been transferred to the Industrial Development Authority in the month of September 2022 together with machinery valued at Rs. 50 million and raw materials and finished goods valued at Rs. 9 million with the objective of operating them as more profitable venture. However, the commencement of the Canned Fish Processing Project had been delayed for more than one year, until November 2023 and the warranty periods of some of the machinery had also expired by that time. Despite the Government having instructed that new construction should be delayed or suspended, Rs. 181 million had been spent on new construction for the project, including the building of the canned fish processing factory. The total expenditure incurred on the project was Rs. 417 million as at 31 December 2025 comprising Rs. 169 million provided through allocations of the Ministry of Agriculture during the period from 2020 to 2024 and Rs. 248 million provided through the Ministry of Transport and Roads .However, the project had incurred a loss of Rs. 88 million during the 02 year period of 2024 and 2025 and furthermore an outstanding receivable balance of Rs. 23 million remained due from the sale of Mihilak products as at 31 December 2025,

obstacles commonly projects. encountered in the commercial sale of products and the operation of the project has been discontinued by the Board of Management following the discussion held with the Governor. Arrangements are being made to lease the project to a private-sector entrepreneur on a long-term lease basis through a formal procedure.

(b) Although the construction of the wastewater treatment plant at the Walpita Fish Processing Factory premises at a cost of Rs. 30 million had been completed in the year 2023 and the machinery and equipment had been provided, the plant had remained idle without utilizing for more than two years. Although continuous production of canned fish is required to ensure that the wastewater treatment plant remained in proper working condition, canned fish production had not been carried out continuously during the year 2025 and the activities of the canned fish production project had been suspended since 10 April 2026.	The wastewater treatment system had not been used as the canned fish production process had not been carried out due to various issues of the project.	Action should be taken to resolve the existing issues in the project and to make effective use of the assets of the project.
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1.5.8.5.3 Identified Losses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) A loss of Rs. 11 million had been incurred during the year under review by the Mihilak Project due to the sale of 21,912 cans of jack mackerel manufactured in 2024 at a production cost of Rs. 890 per unit and to be expired in 2027, at prices ranging from Rs. 360 to Rs. 448 per can to Lanka Sathosa.	Answers have not been submitted.	The sales process should be formalized, and steps should be taken to reduce production costs and operate competitively in the market.
(b) A loss of Rs. 3 million had been incurred Due to the expiry of 5,520 stock items comprising jams, juices, and sauces of the Walpita Agricultural Products Processing Project valued at Rs.	There had been a delay as an accurate calculation was required and steps will be taken to remove the expired stocks without delay.	A proper mechanism should be established to ensure that products are sold before their expiry dates.

2 million in the year 2024, and 4,040 bottles of jams and juices of the Mihilak Project valued at Rs. 1 million in the year 2025. Furthermore, action had not been taken to remove these expired stocks from the factory premises even as at 25 June 2026 which is the date of audit.

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| <p>(c) Mihilak Project had incurred a loss of Rs. 2 million during the period from the year 2023 to 31 December 2025 as 3,027 cans of salmon had been damaged due to the breakdowns of the can seamer and retort machines used for sealing canned fish, returns of damaged stocks on the expiry of products, and other reasons.</p> | <p>Due to technical defects in the can seamer machine, the cans were not properly sealed and therefore, the relevant products could not be sold to the market and the stocks held at the Ceylon Fisheries Corporation outlet in Negombo could not be sold to consumers as they had become corroded.</p> | <p>Appropriate action should be taken to minimize damage to stocks and the damaged stocks should be disposed in a proper manner .</p> |
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1.5.9 Head 108 - Ministry of Education, Cultural and the Arts, Sports and Youth Affairs and Information Technology

1.5.9.1 Abandoning Projects Unfinished

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Construction work of the three-storied building with an extent of 70 × 25 feet of the Homagama primary School which had been carried out using provisions received up to the year 2020 under the Provincial Specific Development Grants had been completed only up to the first floor at a cost of Rs. 3 million and	This construction project could not be included in the implementation plan when prioritizing the building requirements for the year 2025, as funds had to be allocated for construction projects at other schools where the requirements were considered essential.	Action should be taken to utilize the building by getting necessary provisions allocated to complete the construction of the building .

had thereafter been abandoned without completion. However, action had not been taken to complete the remaining construction work by getting provisions allocated for the above project under the Annual Provincial Council implementation Programmes of the year 2025.

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| <p>(b)</p> | <p>Construction work on the Primary Learning Resource Centre at a school of Kelaniya Ambagaspitiya which commenced in 2018 under the “Nearest School is the Best School” Programme, had been suspended after Rs. 3.44 million had been spent on laying the foundations and constructing reinforced concrete columns and the foundations and reinforced concrete columns had been deteriorating. The amount spent on construction of the foundations had become an unproductive expenditure as suitable alternative project had not been implemented during the seven-year period from the year 2018 to 2025 to make productive use of the expenditure incurred on the project up to that point.</p> | <p>Provisions had been allocated for the necessary repair works after analyzing data on the number of students enrolled in the school in a manner that the existing buildings could be utilized more effectively.</p> | <p>Action should be taken to utilize the expenditure already incurred on the project effectively by redirecting the relevant resources towards a suitable alternative project.</p> |
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1.5.9.2 Delays in Project Execution

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The work on the first floor of the three-storied building at the Polwatta Sports Institution, Maharagama, comprising rooms for residential facilities, had been completed at a cost of Rs. 33.3 million and handed over by the Provincial Road Development Authority to the Provincial Ministry of Education on 18 September 2023. However, the hostel could not be brought into use as the necessary purchases had not been made even by the end of the year under review although an allocation of Rs. 2 million had been approved under the Provincial Specific Grants in the year 2025 for the purchase of furniture and equipment required for the hostel.	A part of the required goods has been purchased at present and although the remaining goods had been ordered, the selected supplier had failed to supply them.	Necessary steps should be taken to procure the required equipment without delay and bring the hostel into use.

1.5.9.3 Losses and Damages

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A MITSUBISHI EAZASHER GALANT model motor vehicle manufactured in 2005 had been provided for the use of the Ministry since 2011 and while the	A three-member investigation committee had been appointed and further action will be taken in	The investigation should be completed without delay and action should be taken in accordance with its recommendations.

then Assistant Secretary was driving the vehicle on 16 April 2016 without obtaining prior approval it had caught a sudden fire at the Kottawa entrance of the Southern Expressway and had been damaged. An amount of Rs. 2.6 million out of the total loss of Rs. 2.75 million which was recoverable from the then Assistant Secretary who had been driving the vehicle had not been recovered even by the end of the year under review.

accordance with the recommendations of the committee.

1.5.9.4 Human Resources Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
There were 347 and 5,066 vacancies for principals and teachers respectively in the school cadres, while 681 vacancies existed in the minor employees and supporting staff cadres.	The cadre records are accurate and recruitment had been suspended.	Action should be taken either to fill the vacancies or to revise the approved cadre as necessary.

1.5.10 Head 109 - Chief Secretary's Office

1.5.10.1 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
An amount of Rs. 16 billion had been received from the General Treasury during the year under review for six programmes and out of which Rs. 12,530 million had been released to the institutions of the Provincial Council. The institutions had returned Rs. 396	Delays in completing the capital projects planned for 2025 had resulted in these savings.	Action should be taken in future to complete the projects within the stipulated time by utilizing the funds allocated by the Treasury for projects/programmes.

million to the Provincial Treasury at the end of the year without utilizing the funds for projects relating to the relevant programmes. Rs. 3,741 million representing 23 per cent out of the funds received by the Provincial Council from the General Treasury for development projects during the year under review remained unutilized.

1.5.10.2 Non Compliance to Laws Rules and Regulations

	Reference to Laws Rules and Regulations	Non Compliance	Comments of the Chief Accounting Officer	Recommendation
(a)	Chapter XIX of the Establishment Code	Although government quarters may be provided to government officers, there was no provision to pay a monthly housing allowance. However, Rs. 28 million in total had been paid for the period from the year 2011 to 2025 to 25 officers as a temporary payment until official quarters were constructed, comprising an official housing allowance of Rs. 50,000 per month to the former Chief Secretary and Rs. 30,000 per	The payments had been made with the approval of the Governor.	Such housing allowances could not be paid to officers and action should be taken to recover the amounts paid in accordance with the provisions of the Establishments Code.

month to Deputy Chief Secretaries and Secretaries of Ministries.

(b)	Public Administration Circular No. 13/2008(VI) dated 29 December 2021	Although only a fuel allocation equivalent to 220 liters per month for the Provincial Chief Secretary and 165 liters per month for Additional Secretaries or officers of equivalent status had been approved, the limits of the fuel allowance had been increased by 100 liters for the Chief Secretary and by 50 liters for other officers with the approval of the Governor and excess allowances amounting to Rs. 19 million had been paid to 41 officers from the year 2012 to 2025.	The payments had been made with the approval of the Governor.	Action should be taken in accordance with the provisions of the Circular and the excess payments should be recovered.
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1.5.10.3 Action Plan

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the Action Plan, an amount of Rs. 14,416 million had been approved for projects of the	Explanations had been obtained from the relevant Ministries	The approved action plan should be implemented and action

Provincial Council, out of which only Rs. 12,792 million had been utilized. Although 5,514 projects had been approved, only 5,337 projects could have been completed as at 31 December 2025. Accordingly, 177 projects valued at Rs. 2,125 million had not been completed as planned.	regarding the 177 projects that had not been completed. should be taken to achieve the intended objectives.
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1.5.10.4 Idle / Underutilized Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A total of 39 assets of the Office of the Chief Secretary valued at Rs. 14 million which was purchased in the year 2018 without considering the actual requirement had remained idle and underutilized in the canteen over a period of 07 years.	Actions are being taken to dispose of the assets.	Action should be taken either to utilize the assets or to transfer them to a government institution where there is a requirement for such assets.

1.5.10.5 Uneconomic Transaction

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Human Resources and Training Division had entered into an agreement with a private institution in the year 2020 to develop a Management Information System containing information on all officers of the Provincial Council within one year. Further, four individuals had been paid Rs. 280,000 each per month for the development of the information system from 2022 onwards. Although a total of Rs.	Further action was being taken to utilize the system for administrative purposes.	The information system should be brought into use without delay.

21 million had been paid as at 30 April 2026, the Provincial Council had not been able to derive any benefit from the information system.

1.5.10.6 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The officer who had employed as the Assistant Chief Secretary (Human Resources and Training) had been granted paid leave for a period of 02 years from 10 July 2017 to travel to Japan to obtain a postgraduate degree and subsequently for a further period of 03 years for a doctoral degree. Under the first bond agreement although she had agreed to serve a compulsory period of 09 years, she had served for only approximately 02 years and a month. Under the second bond agreement, although she had agreed to serve a compulsory period of 10 years, she had reported for duty on 07 October 2024 and had left the country again on 18 October 2024 without obtaining approval. The necessary legal action had not been taken to recover the bond amount of Rs. 4 million due to the Government under clause 18 of the agreement from the officer or, failing that, from the guarantor as she had failed to complete the compulsory service period and had violated the conditions stipulated in the agreement.	A committee had been appointed to determine the amount to be recovered and further action will be taken in accordance with the decision of the committee.	Action should be taken to recover the relevant amount in accordance with the agreements and bonds.

1.5.10.7 Transaction in Contentious Nature

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In terms of Section 3(IV) of the Public Financial Management Act No. 44 of 2024, action should be taken in respect of salaries, allowances and other payments in accordance with the regulations and circular instructions issued by the Minister of Finance. Further, in terms of the Presidential Secretariat Circular No. PS/PCMD/SD/01/08 dated 29 March 2019, recommendations of the National Salaries Commission and the Finance Commission should be obtained when determining allowances paid in addition to the salaries of officers attached to the Provincial Public Service. Contrary to these provisions, allowances amounting to Rs. 19 million had been paid to 10 different committees of the Office of the Chief Secretary.	The allowances had been paid under the approval of the Hon. Governor.	Allowances should be paid in accordance with the provisions of the Act and the circulars.

1.5.10.8 Human Resources Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) There were 186, 81, and 855 vacancies respectively in the senior, tertiary, and secondary-level posts of the Ministries, Departments, and institutions of the Provincial Council.	The cadre records are accurate and recruitment have been suspended.	Action should be taken either to fill the vacancies or to revise as necessary.
(b) There were 25, 35, and 171 vacancies respectively in the senior, tertiary, and secondary-level posts while 232 vacancies	The cadre records are accurate and recruitment have been suspended.	Action should be taken either to fill the vacancies or to revise as necessary.

existed in primary-level posts of institutions established under statutes.

1.5.11 Head 110 - Engineering Bureau

1.5.11.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the Chief Secretary had instructed to taken back the building of the Engineering Office bearing No. 99/04/D situated on the Avissawella–Ratnapura Road and leased to the Sabaragamuwa Regional Office of the Sri Lanka Transport Board or to enter into a new agreement at a monthly rent of Rs. 70,000 based on the valuation report dated 22 September 2022 if the premises are still essential for the Sabaragamuwa Bus Company, action had not been taken accordingly and only a monthly rental of Rs. 20,000 was being received.	A letter regarding this matter had been sent to the Chairman of the Sri Lanka Transport Board and the Secretary to the Ministry of Highways.	Urgent action should be taken either to re-enter into a new agreement based on the valuation report or to take back the premises.
(b) The Engineering Bureau had released provisions amounting to Rs. 14 million in the years of 2018 and 2021 to the Western Province Information Technology Resources Development Authority for the implementation of a project to install a Document Management and Process Automation Software System. The Western Province Information Technology Institute had selected a company through competitive bidding and entered	System had still not been developed in an effective manner as suitable for use by the Engineering Bureau.	Action should be taken to have the software system completed immediately and to utilize.

into an agreement on 28 December 2018 for Rs. 18 million excluding VAT. According to the agreement, the software system was required to be developed and handed over prior to 20 April 2019. However, the work had not been completed and the system had not been handed over even to date.

1.5.12 Head 111 – Department of Revenue

1.5.12.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although information regarding stamp duties that had been delayed or remained unpaid in respect of duplicate copies of deeds prepared and certified by attorneys as required under the Western Provincial Council Finance Statute No. 06 of 1990 had been forwarded by the Land Registry Office, the Provincial Revenue Department had not taken action to recover the outstanding stamp duties and penalties by completing the relevant proceedings in respect of 448 deeds out of 816 deeds valued at Rs. 3,339 million registered and certified during the year 2024 and 506 deeds out of 675 deeds valued at Rs. 3,468 million registered and certified during the year 2025 even as at 31 December 2025.	410 deeds relating to the year 2024 and 465 deeds relating to the year 2025 remained outstanding and recovery actions are being taken in respect of them.	Action should be taken to recover the outstanding stamp duties and penalties without delay.
(b) An amount of Rs. 4 million payable in respect of Land Transfer Deed No. 738 dated 30 November 2017 had been misappropriated for personal use by the Notary due to the weaknesses in	The recovery of the outstanding amount was being carried out through the judicial process.	The internal control procedures relating to the collection of stamp duty should be strengthened.

the control procedures established by the Western Provincial Revenue Department for the collection of stamp duty on the transfer of land ownership. A case bearing No. 47142/5 had been filed in the Colombo Magistrate's Court to recover Rs. 8 million, comprising the outstanding amount and the relevant penalty and the amount had not been recovered to date as the relevant notary had died during that period.

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| (c) | Revenue aggregating 66.5 million relating to 07 revenue codes of the Provincial Revenue Department had been written off during the year under review without obtaining proper approval. | The write-offs had been made to rectify errors. | The relevant adjustments should be corrected and the accounts should be prepared in a manner that minimizes errors. |
| (d) | An outstanding revenue amounting to Rs. 555 million under 08 revenue heads remained at the end of the year under review. | Action will be taken to recover the outstanding revenue in the future. | The recovery of outstanding revenue should be carried out efficiently. |

1.5.13 Head 112 - Department of Local Government

1.5.13.1 Non Compliance to Laws Rules and Regulations

	Reference to Laws, Rules and Regulations	Non Compliance	Comments of the Chief Accounting Officer	Recommendation
(a)	Section (317) of the Municipal Councils Ordinance and Section 198 of the Urban Councils Ordinance	The relevant reports in accordance with the provisions of the Ordinances had not been submitted to 5 Municipal Councils and 7 Urban Councils for the year 2023 and to 5 Municipal Councils	Actions will be taken to submit the reports relating to the 5 Municipal Councils before 30 July 2026 and reports pertaining to the Colombo District before 30 July 2026. The reports under Section 198 for the years 2023 and 2024 in respect	As part of the duties of the Commissioner of Local Government, arrangements should be made to submit the inspection reports on time in accordance with the Municipal Councils Ordinance and the Urban

and 5 Urban Councils for the year 2024. of the Peliyagoda Urban Council and Minuwangoda Urban Council had been submitted as a single report. Councils Ordinance.

- (b) 54.6 of the Code of Financial Rules of the Western Provincial Council Although more than three years had elapsed since the appointment of investigating officers in relation to 31 preliminary investigations concerning irregularities that had occurred in Local Authorities, the investigations had still not been completed and the relevant reports had not been submitted even as at 31 December 2025. Delays beyond the prescribed time period for completing preliminary investigations and submitting reports had occurred due to the shortage of available officers and the heavy workload assigned to them and the investigating officers had been instructed to expedite the preliminary investigations. Necessary action should be taken to complete the preliminary investigations without delay.

1.5.13.2 Human Resources Management

Audit Observation

Comments of the Chief Accounting Officer Recommendation

There were vacancies of 204 ,138 and 2,168 posts at the Senior Level, Secondary Level and Tertiary Level in the Local Authorities respectively and 3,993 posts at the Primary Level.

The cadre records are accurate and recruitment had been suspended.

Necessary action should be taken either to fill the vacancies or to revise as required.

1.5.14 Head 113 - Department of Health Services

1.5.14.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although advances granted during the year should be settled by the end of the respective year, an amount of Rs. 14 million relating to the Department of Health and advances aggregating Rs. 17 million granted to the Gampaha, Horana, and Wathupitiwala Base Hospitals during the period from the year 2009 to 2025 had not been settled.	The outstanding advances had been gradually decreasing each year, the existing outstanding balance was not increasing further and the outstanding balance to be settled by the Department of Health was Rs. 14 million.	Necessary action should be taken to settle advances within the prescribed time period.
(b) In accordance with Section 02 of Asset Management Circular No. 02/2017 dated 31 December 2017 of the Ministry of Finance and Mass Media, every vehicle owned by the Government should be registered in the name of the institution to which the vehicle belongs. However, 42 vehicles in the Colombo Regional Director of Health Services Office had not been registered in the name of the Provincial Department of Health Services.	Action is being taken to register .	Action should be taken to register the vehicles in the name of the respective institution in accordance with the provisions of the Circular.
(c) There are issues in managing storage space as expired medicines belonging to hospitals and institutions under the Department of Health, with a value of Rs. 72 million as at 31 December 2025 and remained since the year 2016 were still	Actions are being taken to dispose the expired medicines in accordance with the instructions of the Medical Supplies Division of the Line Ministry.	Action should be taken to dispose the expired medicines in accordance with the instructions of the Ministry of Health.

being stored in warehouses and the Department had not implemented an appropriate programme for the disposal of these stocks even up to the end of the year under review.

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| <p>(d) A total extent of 14,4730 hectares of land belonging to the institutions under the Gampaha Regional Director of Health Services Office, namely Pasyala Primary Medical Care Unit, Meerigama Base Hospital, Singharamulla Primary Medical Care Unit, Wathupitiwala Base Hospital, and Gampaha District Hospital had been occupied by unauthorized occupants.</p> | <p>Answers had not been submitted.</p> | <p>Necessary action should be taken to evict the unauthorized occupants, to clear the lands and to utilize .</p> |
| <p>(e) The Department had outstanding revenue amounting to Rs. 45 million at the end of the year under review.</p> | <p>action will be taken to recover in the future.</p> | <p>The recovery of outstanding revenue should be carried out efficiently</p> |
| <p>(f) Action had not been taken to recover damages and losses amounting to Rs. 79 million in accordance with Provincial Financial Rule 54. An amount of Rs. 6 million out of these losses and damages had remained outstanding for more than 05 years.</p> | <p>Actions are being taken to recover the relevant amounts in accordance with the recommendations of the loss investigations.</p> | <p>Recoveries should be made promptly in accordance with the recommendations of the investigations and the Financial Rules.</p> |
| <p>(g) The outstanding loan balance recoverable from officers of the Department as at 31 December 2025 amounted to Rs. 65.5 million. The balance included Rs. 8 million in outstanding for 1–2 years, Rs. 5 million outstanding for 2–3 years, and Rs. 27 million outstanding for more than 4 years.</p> | <p>Actions are being taken to recover the outstanding amounts.</p> | <p>The recoveries should be made promptly.</p> |

1.5.14.2 Under Utilized Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The container building equipped with 14 air conditioners, 13 wall fans, 05 melamine tables, 25 armless chairs, 04 executive chairs, 01 refrigerator, 02 adjustable beds, and other equipment, received for two storied building comprising 10 rooms and 02 meeting halls with an extent of approximately 40 feet in length and 25 feet in width which was received by the Moratuwa District Hospital in 2023 as a donation from the Americans remained idle and unused although approximately two years had elapsed since the building and equipment were received by the hospital.	Action will be taken to utilize the building and to distribute the equipment to other locations within the hospital.	Assets received as donations should be utilized effectively.
(b) With the objective of upgrading the Minuwangoda District Hospital to the status of a Base Hospital, the operating theatre which was commenced in the year 2008 had been completed in 2014 using funds of the Western Provincial Council. Accordingly, the hospital was upgraded to the status of a Base Hospital with effect from 31 January 2020.	The hospital had not received the services of a Consultant Anesthetist and the surgeries requiring local anesthesia had been performed from time to time by Consultant Surgeons.	Action should be taken to obtain the services of a Consultant Anesthetist by informing the Line Ministry and to open the operating theatre complex to use for patient care services.
However, although more than 11 years had elapsed since the completion of the operating theatre complex, , the operating theatre remained idle and no		

surgeries were being performed due to the hospital not having the services of a Consultant Anesthetist even as at the 17 April 2026 which was the date of audit. As a result, more than 112 categories of operating theatre equipment and 507 items of materials had remained unused and idle for a period from 5 to 10 years.

1.5.15 Head 114 – Department of Ayurveda

1.5.15.1 Idle / Underutilized Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although 03 Ayurvedic Medical Officers and 01 Management Service Officer had been attached to the Ayurvedic Treatment Centre of the Meegoda Ayurvedic Hospital which was constructed in 2024 at an estimated cost of Rs. 111.20 million with effect from 20 September 2025, operations at the Centre had not commenced. Accordingly, furniture and equipment valued at Rs. 9 million and furniture, office equipment and consumable equipment valued at Rs. 1 million purchased for the treatment Centre and residential units remained underutilized even at the end of the year under review. Furthermore, the warranty period of the 08 air-conditioning units at the Centre had also expired.	The Provincial Road Development Authority had not completed and handed over the residential building.	Action should be taken to complete the work promptly and utilize the building for patient care services.

1.5.15.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Gross salaries amounting to Rs. 462.8 million had been paid during the year under review to 405 health staff officers attached to 33 institutions under the Department of Ayurveda based solely on attendance registers without verifying their attendance and departure through fingerprint machines in terms of Public Administration Circular No. 09/2009 dated 16 April 2009.	Although instructions had been issued through General Letter No. 02/2026 dated 05 January 2026 to use fingerprint machines, there were difficulties in implementing this decision as hospital staff might resort to trade union action, thereby causing inconvenience and hardship to the general public.	Fingerprint machines should be used to verify attendance and departure in accordance with the Circular and the relevant payments should be made accordingly.

1.5.15.3 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Action had not been taken to formally acquire 20 out of the 36 lands and buildings owned by the Department of Ayurveda.	The relevant documents had been forwarded to the Land Commissioner for acquisition and to the Survey Department for surveying purposes.	Action should be taken to formally acquire the lands and buildings to the Department without delay.
(b) 26 types of medicines had been purchased by the Lunawa and Meegoda Ayurvedic Hospitals from external sources in the year 2025 due to the failure to produce the expected medicines in sufficient quantities. As these medicines could have been produced within the hospitals, the external procurement had resulted in a financial loss of Rs. 4 million to the Department.	The production of medicines had not been possible due to the breakdown of the pulverizing machines, adverse weather conditions, and inadequate facilities to the staff.	Necessary steps should be taken to produce the medicines that can be manufactured within the hospitals.

- (c) Although unauthorized occupants had been residing for several years on the premises of the Yagirala Ayurvedic Community Health Office, which is situated on a land extent of 2 acres and 11 perches belonging to the Department of Ayurveda, action had not been taken to evict the unauthorized occupants.
- The Legal Officer had been instructed to report on the further action to be taken as the unauthorized occupants had not vacated the premises even as at 25 April 2026.
- Action should be taken to evict the unauthorized occupants and to utilize the land.

1.5.16 Head 115 – Department of Social Services

1.5.16.1 Non Compliance to Laws Rules and Regulations

Reference to Laws Rules and Regulations	Non Compliance	Comments of the Chief Accounting Officer	Recommendation
Provincial Financial Rule 560	All assets owned by the Provincial Council either temporarily or permanently, should be properly documented. However, the 24 motorcycles and the van belonging to the Department of Social Services, and the assets received as donations and transferred to the Department during the year under review had not been dealt with in accordance with the relevant rules.	Action will be taken to include the motorcycles in the CIGAS programme, and the van is scheduled to be assessed.	Action should be taken to value and document the assets in accordance with the Provincial Financial Rules.

1.5.17 Head 116 – Department of Probation and Child Care Services

1.5.17.1 Procurements

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In case of purchasing T-shirts and bottoms for 2,250 children in institutional and voluntary child development centers in the Western Provincial Council at a cost of Rs. 5.7 million (excluding VAT), quotations were called from six unregistered suppliers outside the prescribed procurement process and the T-shirts and bottoms were purchased from an institution registered with ICTAD for construction activities, but which was not registered for the manufacture and supply of ready-made garments. Furthermore, an agreement had not been entered into with the supplier for this procurement in accordance with Section 8.9.1(b) of the Government Procurement Guideline and action had not been taken to obtain a performance guarantee as required under Section 5.4.10 of the above.	An oversight has occurred when preparing the bidding documents as the procurement had to be completed within a very limited period and action will be taken to prevent such oversights in the future.	Purchases should be carried out in accordance with the Government Procurement Guidelines in the future.

1.5.18 Head 118 - Land Commissioner's Department

1.5.18.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Department had outstanding revenue amounting to Rs. 887 million at the end of the year under review.	Action will be taken to recover the outstanding revenue in the future.	The recovery of outstanding revenue should be carried out efficiently.

1.5.19 Head 120 - Department of Animal Production and Health

1.5.19.1 Non Compliance to Laws Rules and Regulations

Reference to Laws Rules and Regulations	Non Compliance	Comments of the Chief Accounting Officer	Recommendation
Provincial Rule 54.6	Due to the electricity supply to the medicine store at the Office of the Provincial Director of the Department of Animal Production and Health being disconnected on 11 April 2024, vaccines and medicines valued at Rs. 1.8 million had been damaged. Accordingly, although a full report should have been submitted within three months from the date on which the loss or damage occurred, more than 02 years had elapsed as at April 2026 since the loss occurred , the necessary action had not been completed in accordance with the relevant rules.	The air-conditioning system is currently functioning properly and there are no complaints.	Action should be taken regarding the damaged medicines in accordance with the Financial Rules.

1.5.19.2 management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Action had not been taken to recover losses and damages amounting to Rs. 6 million in	Action is being taken to recover the amounts in accordance with the	Recovery should be made promptly in accordance with the recommendations of the

accordance with Provincial recommendations of the loss investigations and the Financial Rule 54. Out of investigations. Rules.
which losses and damages
amounting to Rs. 3.5 million
had remained outstanding for
more than 5 years.

1.5.20 Head 121 – Department of Motor Traffic

1.5.20.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the Western Provincial Department of Motor Traffic had paid Rs. 37 million to the Information and Communication Technology Agency of Sri Lanka from the year 2018 up to 12 May of the year under review for the implementation of the eRL-2 system within the Western Province, the eRL-2 project had not been implemented in the Western Province. However, the eRL-2 system had been operational in all other Provincial Councils except the Western Provincial Council since 03 October 2023.	The system is expected to be implemented after rectifying the system and technical deficiencies.	Action should be taken to rectify the deficiencies in the system and implement it without delay.
(b) Revenue amounting to Rs. 207 million remained outstanding at the end of the year under review.	Action will be taken to recover e in the future.	The recovery of outstanding revenue should be carried out efficiently.

1.5.21 Head 122 – Department of Co-operative Development

1.5.21.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) 11 Co-operative Societies, including four SANASA Societies in the Colombo District had been placed in a financial crisis due to large-scale financial malpractices and loan granting irregularities during the period from the year 2015 to 2018 resulting in financial deficiencies and financial losses amounting to approximately Rs. 4,473 million. However, despite more than 07 years having elapsed, the Commissioner of Co-operative Development had failed to conduct special audits or investigations under Section 47(2) of the Statute in order to identify the parties responsible and to recover the financial losses.	Investigating officers had been appointed to conduct the investigations and the investigations are in progress.	Action should be taken to conduct the investigations promptly and recover the financial losses.
(b) Although a period ranging from 3 to 23 years had elapsed, investigations had not been conducted and the financial losses had not been recovered in accordance with Section 47(2) of the Statute in respect of frauds and misappropriation of funds amounting to Rs. 623 million committed by officials of 28 Co-operative Societies in the Colombo, Gampaha and Kalutara Districts during the period from 2002 to 2022.	Investigating officers had been appointed to conduct the investigations and that the investigations are in progress.	Action should be taken to conduct the investigations promptly and recover the financial losses from the relevant persons.

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| <p>(c) Every Co-operative Society is required to invest its funds in a State Bank in terms of the Co-operative Societies (Amendment) Statute of the Western Provincial Council and the Colombo District Co-operative Rural Banks Union Limited invested Rs. 45 million contrary to the provisions of the Statute. The Commissioner of Co-operative Development had not taken action to withdraw such investments made contrary to the Statute and reinvest the funds in State Banks and the powers vested in the Commissioner of Co-operative Development to regulate the Co-operative Societies specified in the Statute had not been exercised.</p> | <p>Some of these institutions had taken actions to withdraw the money during the years of 2024/2025 .</p> | <p>Investments of funds should be made in accordance with the provisions of the Statute.</p> |
| <p>(d) A financial loss of Rs. 788 million had been incurred by East Hewagam Korale Multi-Purpose Co-operative Society Ltd due to the investment made in a private institution that was not a primary dealer of Government Securities without obtaining the approval of the Commissioner of Co-operative Development and contrary to the provisions of the Co-operative Statute. Although more than 09 years had elapsed since the occurrence of the loss, the financial loss had not been recovered in accordance with the provisions of the Co-operative Statute.</p> | <p>The investigating officers had recommended that action be taken to recover the loss from the Board of Directors and officers who were in office at the time, and arbitrators had been appointed for arbitration, and an interim injunction had been issued suspending the arbitration proceedings.</p> | <p>Action should be taken to recover the financial loss in accordance with the provisions of the Statute and the Statute should be amended as necessary to minimize such losses.</p> |

1.5.22 Head 125 – Department of Industries

1.5.22.1 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Four power-operated machines including a jacquard machine, rapier machine, warping machine and winding machine were purchased at a cost of Rs. 13 million for the production of designer sarees and bed linen and a 07 day visit to India was provided for 06 officers comprising 04 officers including Director of the Department of Industries, an officer of the Ministry of Roads and Transport, and a Mechanical Engineer of the Provincial Road Development Authority for a training on the operation of the machines and saree production. However, although nearly 02 years had elapsed, sarees had not been produced using the jacquard machine. According to the agreement for the supply of the power-operated machines, although the supplier was required to commence the production process using yarn within the first month of supplying the machines and to provide active assistance and training in the production process for a period of six months, it had not been carried out.	The jacquard machine is currently in operational condition, the production of designer saree fabric is currently being carried out and the products have already been issued to the Mahara Warehouse.	The answers provided are not accurate and action should be taken to utilize the machines effectively and ensure production.

1.5.23 Head 126 – Department of Education

1.5.23.1 Performance

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) 81,242 students in provincial schools under 11 zonal education offices in the western province had sat for the G.C.E. (Ordinary Level) Examination	The percentage is accurate and it should be reduced to a lower level.	Effective measures should be taken and implemented to improve the educational performance of students.

conducted the in the year 2024 (2025). Out of whom 20,733 students representing 26 per cent had not qualified to sit for the G.C.E. (Advanced Level) Examination. Among them, 1,041 students had failed all subjects representing 1.28 per cent of the total number of students who sat for the examination. Compared with the previous year, the number of students who had failed all subjects had increased by 192 while the failure rates in the main subjects of Mathematics, Science and English were between 20 per cent and 30 per cent.

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| <p>(b) 53,274 students from schools under the 11 zonal education offices in the Western Province sat for the G.C.E. (Advanced Level) Examination during the year under review and out of whom 16,288 students representing 31 per cent had failed to pass the three main subjects required as the minimum qualification for university admission.</p> | <p>The percentage is accurate and it should be reduced to a lower level.</p> | <p>Effective measures should be taken to improve the educational performance of students.</p> |
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1.5.23.2 Action Plan

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In accordance with the instructions of Financial Circular No. 10/2021 dated 02 November 2021 on the implementation and reporting of the budget by government institutions issued by the Chief Secretary of the Western Province, all departments of the Provincial Council with approved expenditure heads were required to prepare an annual action plan to implement the	Procurement plans are prepared for the expenditure items included in the annual budget estimates and procurement activities are carried out accordingly. Action will be taken in the future to prepare an action plan including these expenditure items.	Annual action plans should be prepared in the future for the implementation of approved budget estimates in accordance with the provisions of the Circular.

approved budget estimates of the respective institutions. However, the Provincial Department of Education had not prepared an action plan including the proposed activities relating to welfare expenditure items and capital expenditure items amounting to Rs. 101 million as per the financial statement for the year under review.

1.5.23.3 Failure to Achieve the Expected Benefits

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Rs. 80 million had been allocated for 100 schools in the Western Province in accordance with Education Secretary's Circular No. 20/2021 dated 23 December 2021 on providing school-based grants for innovation laboratories and advance payments of Rs. 61 million and Rs. 19 million had been released to 76 and 24 Provincial schools in the years of 2022 and 2024 respectively. However, a total of Rs. 14 million comprising Rs. 9 million from the funds provided in 2022 and Rs. 5 million from the funds provided in 2024 had not been utilized for the intended purpose and remained in the School Development Society accounts as at 31 December 2025 and it represented 17 per cent of the total allocation. Furthermore, 03 schools had not incurred any expenditure for establishing innovation laboratories.	As it was observed that the financial provisions provided for establishing innovation laboratories had not been properly utilized within the stipulated period, steps had been taken from the beginning of 2025 to inform Zonal Education Directors, Principals and the relevant beneficiary schools through letters and WhatsApp messages to report the financial and physical progress.	Action should be taken to utilize the provisions provided for establishing innovation laboratories for the intended purpose without delay and to achieve the expected objectives.

1.5.23.4 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although action is required to be taken in accordance with Western Provincial Secretary's Financial Circular No. 06/2025 dated 25 March 2025 to recover outstanding loan balances from officers who had vacated their posts and officers whose services had been interdicted or to write off such amounts where such recovery was not possible after taking action to recover long-outstanding loan balances, action had not been taken to recover the loan balance of Rs. 10,020,273 due from 109 officers who had vacated their posts and 13 interdicted officers as at 24 April 2026.	A loan balance of Rs. 10,020,273 has to be recovered.	Action should be taken to settle the outstanding loan balances in accordance with the provisions of the Circular and the Establishments Code.
(b) In accordance with Section 6.1.3 of Education Ministry Circular No. 6/2021 dated 28 April 2021, after carrying out teacher balancing at the zonal level in provincial schools, the remaining teacher shortages and surpluses should be referred to the Provincial Director of Education, who should then carry out teacher balancing at the provincial level. However, action had not been taken accordingly. There were 1,207 excess and 6,268 shortages in the teachers' service within the Western Province as at 31 December 2025. When considering each sector and zone, there were 482 excess teachers in the secondary sector, 329 in the Advanced Level sector, 4 in the primary sector, 48 relating to the	Although the teacher transfer process should be implemented, it was not possible to transfer the relevant teachers to schools where teachers with the required subject, qualifications were needed and for which transfer requests had been made.	Action should be taken to balance the teachers in accordance with the provisions of the Circular.

13-Year Certified Education Programme and 344 excess teachers in other subjects.

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| <p>(c) In accordance with Section 7.4 of the Circular and Guidelines Manual No. 54/2023 dated 29 December 2023 issued by the Secretary to the Ministry of Education, schools should not collect money from parents at the time of admission of children except for approved funds and membership fees. However, a school under the WP/K/Horana Zone had charged Rs. 3,000 for the admission of a new student in terms of an executive committee decision dated 13 March 2024 and accordingly, a total of Rs. 687,000 had been collected as admission fees from 229 students admitted to Grades 01, 06 and 12 during the year 2024. Furthermore, 02 schools under 02 zonal education offices had collected Rs. 3 million described as donations during the year 2025 for various activities without including the amounts in the annual budget and without obtaining formal approval and receipts had been issued by the School Development Societies for such collections.</p> | <p>The principal had been instructed not to collect money from parents other than approved funds and membership fees.</p> | <p>Approved funds and membership fees should be collected in accordance with the Circular and the relevant schools had been instructed to use the School Development Fund in a proper manner.</p> |
| <p>(d) Action had not been taken to recover losses and damages amounting to Rs. 23 million in accordance with Provincial Financial Rule 54.</p> | <p>Action was being taken to recover the amount in accordance with the recommendations of the loss investigations.</p> | <p>Recoveries should be made without delay in accordance with the recommendations of the investigations and the Financial Rules</p> |

- (e) The outstanding loan balance recoverable from officers of the Department amounted to Rs. 80.5 million as at 31 December 2025. Out of this balance, Rs. 9 million had remained outstanding for a period of 1–2 years, Rs. 4 million for a period of 2–3 years, and Rs. 24 million for more than 04 years. Actions are being taken to recover the outstanding loan balances. Recoveries should be made without delay.