

Central Provincial Council – 2025

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Central Provincial Council for the year ended 31 December 2025 comprising the Statement of Financial Position as at 31 December 2025, Statement of Financial Performance, Cash flow Statement and notes to the significant accounting policies for the year then ended, under my direction in pursuance of provisions in Article 154 (3) of the constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23(1) of the Provincial Council Act No. 42 of 1987 and Provisions of the National Audit Act No. 19 of 2018. The Summary Report was issued on 29 May 2026 in accordance with the provisions of Section 23(2) of the Provincial Council Act and sub-section 11(1) of the National Audit Act No. 19 of 2018 and the Detailed Management Audit Report was issued on 26 June 2026 in terms of sub-section 11(2) of the National Audit Act. This report is submitted to the Parliament in terms of Article 154(6) of the Constitution and sub-section 10(1) of the National Audit Act and a copy of the report is submitted to the Governor for tabling at the Provincial Council under Section 23(2) of the Provincial Councils Act No. 42 of 1987.

In my opinion, except for the effects of the matters described in paragraph of Basis for Qualified Opinion of this report, the accompanying financial statements give a true and fair view of the financial position of the Central Provincial Council as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with Generally accepted Accounting Principles.

1.2 Basis for Qualified Opinion

1.2.1 Accounting Deficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) As mentioned in Section 02 of the State Accounts Circular No. 265/2018 dated 10 May 2018 of the Secretary to the Treasury, a framework for high-quality financial accounting and reporting with facilitating the enhancement of financial analysis, planning and management of the public sector is provided by the Sri Lanka Public Sector Accounting Standards and although Heads of Departments had been encouraged to adopt an accrual-based accounting	Actions are being taken to implement accrual-based accounting and reporting in the Central Province after the issuance of the necessary guidelines and formats by the Department of State Accounts of the General Treasury.	Actions should be taken to implement and accrual-based accounting system that complies with Sri Lanka Public Sector Accounting Standards in accordance with the provisions of the circular.

system for central government and provincial council institutions according to Section 03 thereof, nearly 08 years have passed since that circular was issued, but all institutions under the Central Provincial Council had not act in accordance with it up to now.

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| <p>(b) The values of the total expenditure of Rs. 619,575,993 incurred in the year under review for assets, machinery, buildings and constructions by a Ministry, the Governor's Secretariat and 06 Departments, 128 land plots, 146 building, 17 official residences and 05 vehicles, which had not been assessed by the Chief Secretariat, 01 rood and 22 perches, which had been assessed the value of Rs. 104,936,000, a vehicle valued at Rs. 6,700,000, 03 other assets valued at Rs. 1,986,943 and buildings which had been maintained 123 land and institutions of the Provincial Ministry of Health and 206 institutions of 03 Departments under that, land and buildings belonging to 15 Zonal Education Offices. 40 Divisional Education Offices, 1,455 Provincial Schools and the CIDA Resources Centers of Gurudeniya and Hatton and 02 official residences had not been accounted for in manner non-compliance to the instructions of the Guideline on Accounting of Assets according to letter No. CPC/CS/7/7/1-(61) dated 08 January 2025 issued by the Deputy Chief Secretary (Financial Management).</p> | <p>Actions are being taken to account for in the year 2026. Consideration is being given to doing the necessary adjustments for the assets belonging to the Provincial Department of Education by comparing the records with the reports received from the Department of Valuation.</p> | <p>Actions should be taken to assess ad account for all assets belonging to the institution.</p> |
| <p>(c) The value of the 45 Kilo Watt capacity grid-connected solar power system, which is fixed at the Provincial Council Complex in the year 2014 at an expenditure of Rs. 8,865,000, had not been accounted for under Property, Plant and Equipment in the Statement of</p> | <p>Actions are being taken to include that information in the Statement of Financial Position of 2026.</p> | <p>Actions should be taken to disclose the financial results through the financial statements pertaining to all assets and transactions of the institution.</p> |

- Financial Position and Rs. 8,043,130, which had been calculated as the loss incurred from the year 2014 up to 31 December 2025 due to the failure of this power generation system, had not been accounted in the Financial Statement.
- (d) Receivable revenue of Rs. 13,126,502 as at 31 December 2025 had not been accounted for in the Statement of Outstanding Revenue of the Revenue Account of the Central Provincial Council for the year under review. A formal procedure will be formulated after discussion with Heads of Departments and Revenue Accounting Officers and Institutions regarding the receiving Reports on Outstanding Revenue in the future. Actions should be taken to identify an account for all outstanding revenue.
- (e) Evidential information about the sum of Rs. 1,005,213,326, which had been credited to the Revenue Collection Account as Stamp Duty Revenue from property transfers during the year under review and the previous year, was adjusted with identifying by the relevant Local Government Authorities and additions to the opening balance of non-financial assets of the Central Provincial Department of Education during the year under review amounted to Rs. 45,393,630, acquisitions of Rs. 86,562,708 and physical changes amounting to Rs. 5,601,080 had been included, but evidential factors in relation to substantiating those values were not submitted for audit. Notaries and the Provincial Department of Revenue have been informed regarding the collection of stamp duty revenue. Additions and changes have been made at the levels of education zones and the evidences for substantiate them are available at the zonal offices. Actions should be taken to provide sufficient evidences for the audit regarding the submitted information of accounts.
- (f) According to the Statement of Outstanding Revenue of the submitted Account of the Central Provincial Council for the year 2025, the opening balance for the year under review for the Head of Transfer Fees and Lease Rentals pursuant to the State Land Act was Rs. 179,762,150, but due to that the closing balance of the previous year was Rs. 122,693,096, there was a difference of Rs. 57,069,054. All Divisional Secretaries were informed to avoid these mistakes and to prepare and submit accurate estimates for the year 2026. Actions should be taken to prepare accounts based on accurate information.

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| (g) | There was a discrepancy of Rs. 4,102,316 and Rs. 4,151,539 respectively for the imprest receiving of 4 Divisional Secretariats and the imprest settlements of 3 Divisional Secretariats according to the Statement on Imprest Accounts for the Provincial Administration Division and the monthly account summaries. | The relevant formats have been sent to Divisional Secretaries for the re-submission with inclusion of correct values in the accounts. | Actions should be taken to prepare the accounts in the future with necessary adjustments based on accurate information. |
| (h) | According to the Statement on General Deposit Account of the Provincial Administration Division of the Thalawakele Divisional Secretariat, there was a discrepancy of Rs. 1,445,711 between the balances as at the last date of the year under review and the balance according to the treasury-printed notes. | -do- | -do- |
| (i) | Although the total value of revenue collected under the Heads of Other Revenue, General Deposit Receiving and Payments, Receiving of Widows' and Orphans' contributions and expenditures for other Expenditure Heads was Rs. 3,057,649,485 according to the Cash Flow Statement submitted for the Provincial Administration Division for the year ended 31 December 2025, due to that the total of it had been amounted to Rs.3,113,233,424 according to the treasury-printed notes, there was a discrepancy of Rs. 55,583,939. | The relevant formats have been sent to Divisional Secretaries for the re-submission with inclusion of correct values in the accounts. | Actions should be taken to prepare the accounts in the future with necessary adjustments based on accurate information. |
| (j) | Although the total of refunds from revenue, expenditure incurred by the reporting entity on behalf of other Heads and collected revenue of the Provincial Administration Division for the year ended 31 December 2025 was Rs. 2,467,235,250, due to that value had been amounted to Rs. 2,471,701,794 according to treasury-printed notes, there was a discrepancy of Rs. 4,466,544. | -do- | -do- |

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| (k) | According to the Statement of Financial Performance submitted by the Provincial Administration Division for the year 2025, although remittances to the Treasury as at last date of the year under review had been mentioned as Rs. 2,057,959,393, imprest settlements were overstated by Rs. 1,361,309 in the Statement of Financial Performance due to that had been mentioned as Rs. 2,056,598,084 in the Statement of Imprest Accounts. | The reason for the discrepancy of the cash settlements to the Treasury between the Statement of Financial Performance and the Statement of Imprest Accounts is the variations of the information submitted by the Gangawatakorale and Delthota Divisional Secretariats. | -do- |
| (l) | Although the imprest settled to the Treasury amounted to Rs. 2,011,348,043 according to Cash Flow Statement submitted for the year 2025 by the Provincial Administration Division, due to that the cash settlements was Rs. 2,056,598,084 according to the Statement of Imprest Accounts, the imprest settlements in the Cash Flow Statement were understated by Rs. 45,250,041. | A discrepancy of Rs. 45,250,041 was occurred due to the difference between the values of settled imprest to the Treasury and Statement of Imprest Accounts according to the Cash Flow Statement submitted by the Gangawatakorale, Walapone and Delthota Divisional Secretariats. | Actions should be taken to prepare the accounts in the future with necessary adjustments based on accurate information. |
| (m) | Although the value of interest receivable as at 31 December 2025 on the Emergency Fund Account for the year 2025 submitted by the Chief Secretariat was Rs. 726,914, it was overstated by Rs. 3,109,913 as Rs. 3,836,827 in the Statement of Financial Position of the Final Account of the Provincial Council | This error had been occurred because, when entering data into the computerized system of the Treasury, the total of investment value and the interest income was recorded as receivable interest income due to that the investment value of the Emergency Fund was entered with above interest under the same code No. 9-99-3 | -do- |

1.2.2 Lack of Evidences for the Audit

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Out of the total of Rs. 15 million for the Provincial Department of Housing as Rs. 11.25 million received from Provincial Specific Development Grant and Rs. 3.75 million provided by the Regional Development Bank, there was a total balance of Rs. 13,064,821 in the fund as bank balance of Rs. 4,996,331 as at 31 December 2025 of the “Sahan Piyasa” revolving fund, which was opened at the Regional Development Bank and loan balance of Rs. 8,068,490. Accordingly, sufficient evidences were not submitted to the audit regarding the decrease of Rs. 1,935,179 of the revolving fund balance.	The information will be obtained from the bank and submitted in the future.	Actions should be taken to provide sufficient evidences for the audit regarding the submitted information of accounts.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the 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 Responsibility 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.

Management of the respective institutions including the Provincial Treasury is responsible for the financial reporting process of the Provincial Council.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Central Provincial Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable to prepare 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, I exercised professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. .
- Obtain an understanding of internal control of the Provincial Council relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding significant audit findings, significant deficiencies in internal control and other matters that were identified during my audit.

1.5 Comments on the Financial Statements

1.5.1 Head 542 – Central Provincial Chief Secretariat

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) A new Valuation Committee was appointed to re-value the luxury vehicles, which was a heavy expenditure burden of the Central Provincial Council, after pointed out by the audit regarding the issues of the initially appointed Valuation Committee for disposing as per the government tender procedure according to the Assets Management Circular No. 05/2024 issued by the Secretary to the Treasury on 18 December 2024. According to the new Valuation Committee Report given by that committee, the new assessed value of 05 luxury vehicles, which were referred for further disposal procedure, had increased by Rs. 46,550,000 from Rs. 140,800,000 to Rs. 187,350,000 compared to the initial assessed value. Accordingly, if it had been taken further actions by the tender committee according to the decision which is taken to dispose based on the highest prices of bids initially submitted for the vehicles, there was a possibility of occurring an irregularity.	Attention is given for the pointed out factors by the audit query and as the assessed price taken from the new Valuation Committee were higher than the initially taken assessed price values, those vehicles are being referred to further disposals.	When appointing Revaluation Committees, technically expert officers should be appointed and actions should be taken against the responsible officers regarding the potential for irregularity arising from the decision of the Procurement Committee to dispose of these vehicles based on the initial Revaluation Committee and the Bid Evaluation Committee.
(b) Although a decision had been taken to dispose the Prado vehicle, which had been provided for the use of the Central Provincial Governor, after assessed the value as Rs. 41,600,000, due to that requested to use this vehicle as an official vehicle by the	The Secretary to the Ministry of Public Administration has also informed that the Prado vehicle be handed over to that Ministry and as the further proceedings are being done accordingly, it is not possible	Actions should be taken against the responsible officers for taking out this vehicle from the disposal process without formal approval and the vehicle should be disposed of in

Coordinating Secretary to the Governor of the Central Province, the instructions were requested from the Comptroller General by the Central Provincial Chief Secretary's letter No. CPC/CS/01/11/09/06 dated 23 February 2026, but while formal approval for that had not yet been received, this vehicle had been taken out from the disposal process. Due to that, the opportunity to take Rs. 41,600,000, which could have been obtained through the disposal of the vehicle based on its new assessed value, was lost.

to refer this vehicle for further disposal process properly.

1.5.2 Head 546 - Central Provincial Revenue Department

1.5.2.1 Revenue Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) According to the Central Province Finance Statute No. 17 of 1990 and the Central Province Finance (Amendment) Statute No. 01 of 1992, although more than 15 years had passed as at 31 December 2025, it had been failed to recover the outstanding turnover taxes amounting to Rs. 15,837,732, which was not recovered from the year 1991 to the year 2010.	There were outstanding business turnover tax arrears amounting to Rs. 353,816,460 in relation to 2,264 files that were abolished under the budget proposals of the year 2010 and this outstanding tax amount has been reduced to Rs. 15,837,732 in relation to 75 files by 31 December 2025. Legal actions have been filed regarding 5 cases of Rs. 4,490,048 and recovery of Rs. 3,878,142 is being process for 11 files and Rs. 7,469,452 for 59 files have been included into the cut-off register.	Actions should be taken to recover outstanding taxes in accordance with the provisions of the Finance Statute.

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| (b) | <p>Although a period from 01 year to more than 05 years had passed, the Provincial Department of Revenue had failed to collect the revenue of Rs. 30,132,932 from the stamp duty of Rs. 70,620,557 to be recovered as at 31 December 2025 in relation to the re-valuation of property sales under Section 73(8) of the Central Province Finance Statute No. 17 of 1990.</p> | <p>The process of recovering outstanding stamp duty is being carried out continuously.</p> | <p>Actions should be taken to recover outstanding taxes in accordance with the provisions of the Finance Statute.</p> |
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1.5.3 Central Provincial Regional Economic Development Institute

1.5.3.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the Section 16 of the agreements entered into on three occasions between the Regional Economic Development Institute and the Road Development Authority for the maintaining of a passenger rest house, it was stated that both parties agreed that it cannot be given permission to construct the passenger rest house or sublease the possession of the constructed rest room to another person, a part also cannot be leased as that. But, the Regional Economic Development Institute had leased out the Katukithula passenger rest house to other persons to operate under agreement in 05 separate instances from the year 2012 to the year 2025 and there were outstanding lease rental arrears totaling Rs. 5,976,357 from three lessees from the period ranging between 01 to 10 years at the end of the year 2025.	Legal action has been taken to recover the amount of Rs. 3,167,023.33 to be recovered from the first party and the consent is given to pay the outstanding amount of Rs. 681,634 as installments by the second party and the outstanding amount of Rs. 2,127,700 to be recovered from third party will be re-submitted to the Board of Management for a decision.	Actions should be taken in accordance with the Section 16 of the agreement and to recover outstanding lease rentals.

1.5.3.2 Staff Administration

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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According to Section 05 of the Central Provincial Regional Economic Development Institute Statute No. 01 of 2008, although it was stated that a recruitment procedure should be prepared for public and private staff and 17 years have passed since the establishment of the Regional Economic Development Institute, a recruitment procedure had not been formulated and approved.	Recruitment procedures for personal staff have been formulated and submitted to the Board of Management for approval.	According to Section 05 of the Statute, actions should be taken to formulate and obtain approval for a staff recruitment procedure.

1.5.4 Head - 550 – Central Provincial Chief Ministry

1.5.4.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
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Financial Regulation 104(4) and Central Province Financial Rule 54.6	Although the full report should be submitted within 03 months from the date of loss and damage occurred, but a period from 03 months to 26 years had passed since the relevant events occurred, there were 56 instances where the final report had not been submitted.	Due to that there are over 1,500 institutions under the Chief and Education Ministry, limited number of suitable officers available to investigate all incidents reported from these institutions, these inspections had to be carried out while the officers were performing their assigned duties, it has not been possible to submit a full report within three months from the date of loss and damage occurred. Actions will be taken to prevent such delays in the future.	Actions should be taken to conclude the investigations and submit reports in accordance with Financial Regulations and Provincial Financial Rules.

1.5.4.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The “Malabar House” official residence belonging to the Provincial Chief and Education Ministry was provided to a former Member of Parliament and Governor of the North Central Province for monthly rent of Rs. 325,000 from 15 March 2019 to 22 December 2019 for a project office of the “Grama Shakthi” programmes nationally implemented by the initiative of the Presidential Secretariat, but although over 06 years had passed by the end of the year under review, actions had not been taken to recover the rental amount of Rs. 2,925,000 to be received for the relevant period.	A request has been submitted to the Secretary to the President through the Provincial Chief Secretary to give necessary instructions regarding the recovery of these amounts.	Actions should be taken to recover outstanding rentals.

1.5.5 Central Provincial Library Services Board

1.5.5.1 Staff Administration

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Although more than 20 years have passed since the establishment of the Central Provincial Library Services Board for create to serve as a knowledge hub with the aim of planning, developing and coordinating the activities of public libraries, educational libraries and special library activities implemented within the jurisdiction of Central Provincial Council, actions had not been taken regarding the recruitment of the approved staff.	Recruitment procedures have been formulated and submitted to the Chief an Education Ministry.	Actions should be taken to recruit officers for the approved staff.

1.5.6 Head 551 – Central Provincial Department of Local Government

1.5.6.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
Central Provincial Financial Rules 54.6	Actions had not been taken by the Department of Local Government to recovered losses amounting to Rs. 52,449,600 from the responsible parties in 15 cases, which were passed the time between from 01 year to 12 years and given recommendations to recover from the responsible parties according to investigation reports.	Actions are being taken regarding the recovery of this amount.	According to Provincial Financial Regulations, actions should be taken to recover losses from the responsible persons for such losses and damages.

1.5.6.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Initial investigation reports regarding 12 incidents, which had passed a period ranging from 09 months to nearly 03 years since the appointment of committees to conduct initial investigations, involving irregularities amounting to Rs. 8,666,576 in Local Authorities in relation to Kandy, Matale and Nuwara Eliya districts had not been submitted by the end of the year under review.	Investigations into 12 incidents are being done and the investigation committees have been instructed to expedite the process and submit the relevant reports.	Initial investigations should be conducted in timely and necessary actions should be taken.

1.5.6.3 Unresolved Audit Paragraphs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Although the appeal investigations regarding the surcharge values issued Local Authorities in the Central Province pertaining to 08 incidents that occurred in the period between from 15 October 2013 to 16 September 2022 have been concluded, there was an outstanding balance of Rs. 8,666,576 including Rs. 4,850,710 related to 03 cases, which are decisions had not yet been given and Rs. 1,492,365 related to 05 cases, which are not recovered after receiving appeal decisions.	Rs. 8,634,826 is being remained outstanding as at 15 August 2026 and actions are being taken to recover these surcharge amounts.	Actions should be taken to recover the surcharge in timely and recover the losses incurred.

1.5.7 Head 552 – Central Provincial Department of Education

1.5.7.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
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Rule 125 of the Code of Procedural Rules published in Gazette No. 2310/29 dated 11 December 2022.	Although the appropriate actions should be taken to confirm the appointment, extend the probation period or terminate the appointment after immediately complete the probation period of an officer who is in under the probation period, even though period ranging from 01 to 34 years had passed beyond their probation	The appointments of 18 out of the 108 unconfirmed officers have been confirmed. The appointments of 90 officers have not been confirmed. These 90 officers have been informed in writing regarding the relevant deficiencies through their personal files. Actions will be taken to confirm the appointments as soon as those deficiencies are rectified.	Actions should be taken to confirm the appointments within the stipulated time in accordance with the provisions of the Code of Procedural Rules.

periods, action had not been taken regarding 108 officers in 07 Zonal Offices.

1.5.7.2 Management Inefficiencies

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Although investigation panels were appointed regarding 845 complaints and petitions received for 05 Zonal Education Offices during the previous year and the year under review, the investigations had not been concluded and reports had not been given.	The submission of these investigation reports has been delayed due to insufficient human resources to conduct the investigations and the difficulty to participate simultaneously for 3 officers due to official workload.	Further actions should be taken to carry out investigations in timely and give reports.

1.5.7.3 Non-achievement of Expected Outputs

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) According to the performance report published by the Department of Examinations, 5,558 students or 13.77 percent had passed beyond the cut-off marks out of 40,364 students from the Central Province who sat for the Grade 5 Scholarship Examination in the year 2025 and that percentage was lower than the island-wide percentage of 17.11 percent. When compared with 09 provinces in the island, the Central province was is last rank and when compared with 25 districts in the island, Kandy, Matale and Nuwara Eliya districts were taken 20 th , 16 th and 19 th places respectively.	When considering the cut-off mark from the year 2020 to the year 2025, a decrease from 14.46 percent to 13.77 percent is observed at the national level. But, the Central Province has increased it from 10.29 percent to 13.77 percent. When considering the achievement of a score of 70 or higher from 2020 to 2025, a decline in the percentage for the Central Province has been occurred when decline the corresponding percentage at the national level.	Actions should be taken to improve examination results within the province.

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| (b) | <p>28,681 Students from the Central Province sat for the G.C.E. (Advanced Level) Examination in the year 2025 and 18,083 students or 63 percent had qualified for university admission and it was below the island-wide percentage of 66 percent. Furthermore, according to the percentage of students qualifying for university admission, the Nuwara Eliya, Matale and Kandy districts of the Central Province had taken ranks of 18th, 14th and 22nd respectively out of the 25 districts in the island.</p> | <p>When considering the university admissions from the year 2020 to the year 2025, there is a growth of 0.14 percent from 65.98 percent to 66.12 percent at the national level. But, it is declined at 0.74 percent from 63.79 percent to 63.05 percent by the Central Province. When considering the percentage of students failing all subjects from the year 2020 to the year 2025, the national level is reflected a growth of 0.08 percent from 8.64 percent to 8.72 percent. Similarly, the Central Province is reflected a growth of 1 percent from 8.37 percent to 9.37 percent.</p> | <p>Actions should be taken to improve examination results within the province.</p> |
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1.5.8 Head 553 – Central Provincial Department of Land

1.5.8.1 Revenue Management

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) An aggregate outstanding tax arrears balance of Rs. 125,505,050 was to be recovered from 35 Divisional Secretariats out of 38 Divisional Secretariats in the Central Province. Out of that, outstanding tax revenue amounting to Rs. 120,427,573 was to be recovered from lessees of 12 Divisional Secretariats representing 96 percent of the total outstanding tax revenue. According to an analysis of the time of revenue as at 31 December 2025, 48 percent of the total outstanding tax revenue or Rs. 60,137,125 had been outstanding for a period exceeding 3 years.	Out of the outstanding tax arrears, Rs. 15,246,668 had been recovered by 28 February 2025 and a balance of Rs. 110,258,382 has been remained to be recovered.	Further actions should be taken to recover outstanding tax arrears.

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| (b) | Approval had been granted to lease out approximately 47 perches from government land plots from the area of Nos. 01 and 02 plots of python MU.P.NU. 880 of the Herathpura Janapada in the Ragala Grama Niladhari Division of the Walapone Divisional Secretariat to a persons for commercial purposes for a period of 30 years commencing from 01 January 2010 and the government land plot of 0.1012 hectares from the area of No. 03 plot of the said python for agricultural purposes for a period of 30 years commencing from 01 January 2010 and a total outstanding tax balance of Rs. 33,707,032 was to be recovered from these lands by 02 April 2026. | A recommendation has been submitted to the Commissioner General of Land to cancel the lease approval due to the failure to pay lease amounts as required and legal actions will be taken to recover the outstanding taxes after the cancellation of approval. | Actions should be taken to recover outstanding revenue. |
| (c) | Approval from the Land Commissioner General had been receive between the year 1995 and the year 2015 to lease government land to 38 persons as 20 persons for residential purposes and 18 persons for agricultural purposes in the Doluwa Divisional Secretariat. Although a period of 10 to 30 years had passed since this approval was granted, the lease payments to be recovered from these persons in accordance with the Land Commissioner General's Circular No. 2021/06 dated 22 October 2021 had not yet been determined and although valuation reports had been issued by a committee for 06 other lessees, a tax amount of Rs. 2,063,000 remained outstanding based on that valuation by 17 February 2026. | A tax payment of Rs. 137,280 was paid by one lessee on 02 April 2025 and the tax recovery process from the remaining lessees is at various stages. | Actions should be taken to recover outstanding revenue. |
| (d) | Although a long-term lease had been granted to a person on a commercial basis for a period of 30 years commencing on 01 July 2022 in the | This has referred to the District Land Registrar's Office to cancel and re-register the lease for the Buwelikada Division and | Actions should be taken to recover outstanding revenue. |

Buwelikada Grama Niladhari Division of the Gangawata Korale Divisional Secretariat, the lease amount of Rs. 23,941,440 from the year 2020 to 31 October 2025 and although a government land in the Ampitiya South Grama Niladhari Division had been leased to a private party for welfare purposes for a period of 30 years commencing from 01 January 2021, the lease amount of Rs. 14,750,000 from the year 2021 to the year 2025 and an interest amount of Rs. 1,075,000 from this lessee had to be recovered as the total amount of Rs. 15,825,000.

to revise the lease payments for the Ampitiya lessee and legal actions will be taken to recover the outstanding lease.

- (e) Based on the non-payment of lease by the leasing authority, who is leased a plot of government land approximately 0.015 hectares in the Rikillagaskada Grama Niladhari Division to a person for the commercial purposes from 15 June 1995 to further 30 years, a lease payment and penalty amount of Rs. 2,142,000 to be recovered by 08 January 2026 and a lease payment and penalty amount of Rs. 5,052,980 for a long-term lease of 0.0183 hectare plot of land in the Rikillagaskada Grama Niladhari Division for a period of 30 years commencing on 15 June 1995 for commercial purposes and the installment of Rs. 179,960 was also to be recovered as at 14 June 2025. Further Rs. 2,553,540 remained outstanding from that by 07 January 2026.

Instructions have been referred from the Land Commissioner regarding the recovery of outstanding money.

Actions should be taken to recover outstanding revenue and take necessary actions.

1.5.8.2 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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According to the progress report submitted for audit regarding the acquisition of schools lands, an amount of Rs. 64,725,690 had been remitted to 22 Divisional Secretariats for the acquisitions of lands for 58 schools in the Central Province. Rs. 8,140,346 had been re-remitted in relation to 13 schools by 31 October 2025 and the acquisition processes for 36 school land plots valued at Rs. 42,247,719 in 17 Divisional Secretariats had not been completed.	According to provisions of the Land Acquisition Act, the acquisition process generally takes about 3-4 years and acquisition activities for 36 schools are currently at various stages.	Actions should be taken to expedite the land acquisition process by frequently following up.

1.5.9 Head 554 – Central Provincial Department of Cultural Affairs

1.5.9.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
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Public Administration Circular No. 07/2025 dated 17 March 2025.	When the payment of resource person allowances for programmes organized and conducted by the Central Provincial Department of Cultural Affairs during the year under review, the payment of Rs. 1,003,150 had been paid in violation of the provisions mentioned in the relevant circular	As highlighted by the audit and discussed at the Audit and Management Committee meeting held on 05 March 2026, actions will be taken to calculate the payable allowances for future programmes and to obtain the Honorable Governor's approval for their payment.	Actions should be taken in accordance with the provisions of the circular and actions should be taken to recover payments done contrary to the law.

1.5.10 Head 556 – Central Provincial Department of Tourism

1.5.10.1 Idle Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The Provincial Department of Tourism had constructed an Ayurveda and tourism facilities center in the year 2016 at an expenditure of Rs. 7,948,336 on land belonging to the Rangiri Dambulu Rajamaha Viharaya with the aim of giving benefits to foreign tourists and local public live in the area and actions had not been taken to taken over the property to the Department by the end of the year under review and although 09 years had passed since the construction of the center, it was remained idle without using for its intended purposes.	Actions are being taken to hand over this project to the Dambulla Municipal Council for its commencement and continuation.	Actions should be taken to utilize assets effectively to achieve objectives and land acquisition should be carried out prior to future constructions.

1.5.11 Head 583 – Central Provincial Department of Sports

1.5.11.1 Delayed Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The Central Provincial Department of Sports had provided an allocation of Rs. 3.1 million for the development of the Nuwara Eliya Sinicita Indoor Stadium, which is mentioned as an asset in the accounts of the Nuwara Eliya Municipal Council. Although an amount of Rs. 2,031,975 was spent on 20 January 2026 to purchase materials for a project that was not even included in the Action Plan of the Nuwara Eliya Municipal Council regarding the development activities	Due to cyclone Ditwa, the Sinicita Indoor Stadium premises is serving as a detention center and construction works are being done.	Purchased timber and accessories should be used for the intended task.

scheduled in the year 2025, mobilization work on the project also had not been commenced until the inspection date of 21 July 2026.

1.5.11.2 Non-achievement of Expected Benefits

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Although a building in a Girl's School in Gampola was renovated at an amount of Rs. 1,992,319 for the purpose of establishing a Judo training center for the Central Provincial Department of Sports with allocating provisions through provincial specific development grants without a proper plan and a feasibility study, this building had not been used for the intended task.	The intended objective cannot be achieved because the land on which the building is located has been named as a high risk zone due to the Ditwa landslide.	Actions should be taken to utilize assets effectively for the intended task.
(b) The project to establish and maintain a trilingual corporate website for the Digana Sports Complex was awarded to a private company at an amount of Rs. 1,351,750. Although the supplier had agreed under the agreement to complete and hand over the relevant system in accordance with the specifications within a period of 15 weeks from the date of signing the agreement, actions had not been taken to properly hand over the system to institution by the audited date of 09 March 2026 and payments were made to the relevant institution as an amount of Rs. 1,230,050 as at 31 December 2024 while the functions specified in the specifications are not being functional and re-payment of Rs. 1,047,500 in the year 2025 for the supply equipment required for the online payment system. Although	There has not been internal confirmation yet now regarding the defects during the operation of the system and necessary actions are being taken to effect improvements in compliance to the practical needs arising to the Department.	Actions should be taken to identify those responsible persons for the idle money incurred for the established system on the deviations from formal procurement procedures and get necessary actions and to rectify existing defects and utilize the asset.

more than a year has passed since the date of signing agreement on 07 February 2025, the data generated by it cannot be relied upon as there are defects in the operation of this system and Rs. 2,399,250 paid for this system by 31 December 2025 had been underutilized expenditure.

1.5.12 Head 561 – Central Provincial Department of Health Services

1.5.12.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
Section 02 (IV) of Public Administration Circular No. 09/2009 dated 16 April 2009 and Section 04 of Public Administration Circular No. 03/2017 date 19 April 2017 issued by the Secretary to the Ministry of Public Administration and Home Affairs.	Overtime and holiday payments amounting to Rs. 3,170,638,901 were paid in violation of circular provisions without verifying attendance through fingerprint scanning machines for the staff of all Base Hospitals, Divisional Hospitals, Primary Medical Care Units, Medical Officer of Health Offices, the Biomedical Engineering Unit and the Kadugannawa Training Centre in the Central Province.	Fingerprint scanning machines are not in operation at any Health Institution in the country including hospitals and overtime and holiday payments are calculated based on arrival and departure times verified through attendance records.	Heads of Institutions should take actions to ensure that actions are carried out in accordance with the provisions of the circular.

1.5.12.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to breach of contract by 06 officers, who vacated their posts during the years of 2023 and 2024 in the Nuwara Eliya Regional Director of	It is informed to pay the penalty amounts.	Actions should be taken to recover the outstanding money to the government.

Health Services office, Rs. 3,959,212 to be recovered had not been recovered.

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| (b) | A penalty amount of Rs. 4,686,285 to be charged from 05 officers belonging to the nursing/ supplementary and paramedical services who left the service of the Dambulla District Base Hospital had not been recovered and passed a time of 04 years by the date of 09 February 2026. | It is informed to pay the penalty amounts. | Actions should be taken to recover the outstanding money to the government. |
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1.5.12.3 Operational Inefficiencies

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Drugs of 3,892,161 in relation to 396 types of drugs at the Base Hospitals, Divisional Hospitals, Offices of the Medical Officer of Health and Primary Medical Care Units located in Kandy, Matale and Nuwara Eliya districts, which are under the Central Provincial Department of Health Services had expired due to various reasons in the period from 01 January 2025 to 31 December 2025 and its value was Rs. 29,977,842. Also, the drugs of 445,438 in relation to 18 types of drugs, which could not be identify the value, at the aforementioned Health Institutions of the Kandy district had expired.	As the “Swastha” Drugs Management System use to handle drugs management in hospitals and other healthcare institutions, the expiration of drugs has decreased significantly and action has already been initiated against the relevant officers if any negligence for the expiration of drugs.	Actions should be taken to conduct investigations n immediately initiate further actions regarding the responsible officers.

1.5.12.4 Controversial Transactions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the Governor had granted approval for the Central Provincial Council Department of Health Services to pay salaries, allowances and commuted traveling allowances for 18 days of field duties to the Public Health Inspectors serving under the Department, in addition, a total amount of Rs. 3,663,787 were paid as fuel allowances by Local Authorities to Public Health Inspectors without the approval of the Governor or any other formal authorization.	Regional Directors of Health Services have been informed regarding the procedure for deploying Public Health inspectors to serve in Local Government Institutions and Regional Directors of Health Services have been informed to proceed to obtain the Governor's approval if fuel allowances are to be granted, to pay bata allowances based on a determined maximum number of days to avoid double counting as in accordance with the instructions issued by the Commissioner General of Local Government to all Heads of Local Government Institutions	Actions should be taken to recover payments done without formal approval and formal approval should be obtained prior to the payment of various allowances.

1.5.12.5 Visual Irregularities

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The amount of Rs. 3,114,905, that had been paid falsely for the painting of health equipment by the Kandy District Regional Director of Health Services Office of the Provincial Department of Health Services, had been recommended to recovered from 14 relevant responsible officer by the Chief Secretary of the Central Province on 09 May 2019, but a total amount of Rs. 1,345,482 from 04 officers remained unrecovered as at the last date of the year under review.	According to F.R. 104(4) inquiry, Rs. 1,787,605 has been recovered from 13 officers and further Rs. 1,327,300 remains to be recovered from one officer. The case has been filed to recover that amount.	Actions should be taken to recover the money as recommended to be charged to the government.

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| <p>(b) During the processing of salaries at the Kandy Regional Director of Health Services Office under the Provincial Department of Health Services for the period from 2016 to 2021, two officers who were done salary duties had falsely remitted a total of Rs. 53,038,638 as Rs. 51,961,083 to 14 personal bank accounts of themselves and their close relations and Rs. 1,077,550, which are not confirmed by bank account numbers, and the amount of Rs. 49,115,857 from that amount had not yet been recovered.</p> | <p>The total recovered amount until now is Rs. 3,922,781 and the outstanding amount yet to be recovered is Rs. 49,115,857. That was referred to the Attorney General's Department by the Chief Secretary to file a civil lawsuit based on F.R. 104 reports and the Criminal Investigation Department has filed Case No. B 62101/21. The number of officers, who filed cases under the first schedule is 05 and the number of officers, who recommended to act in accordance with Section 25 of the Chapter XLVIII of the Establishment Code is 20.</p> | <p>Actions should be taken to recover the surcharged amounts.</p> |
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1.5.12.6 Abandoned Projects

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) The project to establish a dialysis unit at the Wilgamuwa Divisional Hospital, which was made agreement in the year 2021 with an estimation of Rs. 70 million, was abandoned in the year 2022 after only Rs. 14.5 million parts of the work had been completed.	Construction works are being done.	Actions should be taken to complete the project and use in the future.

1.5.12.7 Idle Assets

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) A morgue, which was constructed in the year 2016 at an expenditure of Rs. 27,897,425 on the funds of Mahaweli Authority of Sri Lanka	Actions are being taken to use it in the future.	Actions should be taken to use idle assets.

under the Moragahakanda-Kalugaga Development Project and handed over to the Laggala Divisional Hospital, and the cafeteria building constructed at an expenditure of Rs. 49,552,886 and the new operation theatre complex comprising with 8 rooms have remained idle from over 08 years except 02 rooms and 08 wards reserved for pediatric and maternity patients with an area of approximately 8,928 square feet within the ward complex of the hospital have remained idle for over 02 years and the fully equipped kitchen building with 05 rooms also have remained unused and idle.

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| <p>(b) 382 Computers worth approximately USD 188,551.8 or Rs. 60,567,420 had been purchased for 20 health institutions by the Ministry of Health in the year 2023 and given to health institutions with the aim of developing a cluster system in 11 Divisional Hospitals, 04 Primary Medical Care Units and 04 offices of Medical Officer of Health with prioritized to Dambulla District Base Hospital in Matale District under the Health System Enhancement Project funded by the Asian Development Bank. Although nearly 2 years had passed since these computers were received, as the Open MRS programme had not been implemented, the computers remained idle in various places in hospitals and issues regarding their warranty periods and security also existed.</p> | <p>This project is being established. Actions should be taken to implement the project and use equipment.</p> |
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1.5.13 Head 563 – Central Provincial Department of Social Welfare, Probation and Child Protection Services

1.5.13.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
Paragraph 22 of the Central Provincial Council Voluntary Child Development Centres Statute No. 04 of 2018.	Although the Commissioner can utilize any money or funds obtained from financial sources or through donations for registration, supervision and regulation of Voluntary Child Development Centres maintained to provide residential facilities and protection for children who are orphaned, abandoned or destitute or who require care and protection under court orders as well as for similar activities, carrying out activities and fulfilling tasks to protect children's rights, in contrast to that, Provincial Council funds amounting to Rs. 55,411,364 had been utilized for the construction of 09 children's homes and elders homes maintained by voluntary organizations that are not under the supervision of the Department of Social Welfare, Probation and	The department has not sufficient facilities to accommodate children and adults and the government allocate provisions for these maintenance activities as any encouragement.	Actions should be taken in accordance with the provisions of the Statute.

1.5.14 Head 570 – Central Provincial Road Development Authority

1.5.14.1 Idle Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the Central Provincial Ministry of Road Development, Power and Energy and Housing and Construction had utilized Rs. 9,673,700 to establish 09 hydroelectric power plants, these plants had become inactive in the period between 6 to 14 years.	Actions are being taken to solve all issues through discussion involving the committee appointed for this purpose consisting representatives from the Faculty of Engineering at the University of Peradeniya, University of Moratuwa, the National Engineering Research and Development Centre, the Ceylon Electricity Board, the Sustainable Energy Authority, the Valuation Department, the Divisional Secretariats where the power plants are located, and the Provincial Council's Electric Engineer and Legal Officer.	Actions should be taken to convert inactive hydroelectric power plants into active and use them.

1.5.15 Central Provincial Passenger Transport Services Authority

1.5.15.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to Section 15(2) (i) of the Central Province Council Road Passenger Transport Services Authority Statute No. 03 of 2018 of the Central Provincial Council, the Authority had failed to acquire legal ownership of 54 bus stops out of 61 bus stops located within the province.	04 Bus stops have been taken over and various issues have arisen regarding the acquisition of ownership of the remaining bus stops.	Actions should be taken in accordance with the provisions of the Statute.

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| (b) | Action had not been taken to recover or settle the outstanding balances of Rs. 5,869,100 of school bus revenue and Rs. 2,762,500 of school services surcharges, which had remained in receivable income, since the year 2018. | Actions are being taken to cut off outstanding revenue because it is currently unregulated. | Actions should be taken to settle the outstanding revenue. |
| (c) | The shop rental of Rs. 17,640,702 to be charged as at 31 December 2025 and outstanding shop rental that had remained uncollected from over 02 years was Rs. 10,986,850. | Arrears will not be calculated for unconstructed shops and actions will be taken in accordance with court decisions. | Actions should be taken to settle the outstanding revenue. |

1.5.15.2 Controversial Transactions

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Out of the provision of Rs. 04 million allocated for welfare expenses in the 2025 annual estimate for the Sinhala and Hindu New Year, an expenditure of Rs. 3,180,000 had been incurred to provide financial assistance of a dry food pack valued at Rs. 15,000 each to 212 officers, without using a formal basis or procedure under the approval of the Director Board.	When doing such payments in future, action will be taken to submit for the Governor's approval.	Actions should be taken to properly recover payments that were done illegally.

1.5.15.3 Non-achievement of Expected Benefits

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Although the use of ETM machines provide the necessary capabilities to deploy buses and prepare schedules under the Transitional Bus Operations Advisory Project by identifying on a passenger transport capacity on daily basis, high-traffic routes and travel times as well as bus stops with high passenger volumes, the management of the Authority stated that, this data	It is stated that if these bill payments are discontinued, the issuance of passenger tickets through ETM machines will not be possible and information will not be transmitted to the BMS system.	Actions should be taken to validate the obtained information under the first agreement and the subsequent changes made based on it to verify that the BMS system retrieves information and analyzes data.

system was linked to the Bus Management System (BMS) to provide data under the first phase of the project, but as the system has not yet provided any reports or analysis, the expenditure of Rs. 9,257,385 incurred on the software and Rs. 10,924,600 on SIM bills had been idle.

1.5.16 Central Provincial Road Development Authority

1.5.16.1 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The land and building in the land of Devon Estate with 1 acres and 32.70 perches in the Nuwara Eliya District of the Central Province were leased to an external party on 23 August 2018 for Rs. 360,000 per year. According to that lease agreement, action had not been taken to recover the amount of Rs. 6,205,000 to be recovered for a period of 1,241 days at a rate of Rs. 5,000 per day from 25 August 2021 to 16 January 2025.	The highlighted matters pointed out by the audit are accepted and necessary actions have already been taken to get legal actions as the relevant lessee failed to act according to the agreement.	Necessary actions should be taken to recover the arrears of rent.
(b) Although the Gampola multi-purpose building has been leased out for 15 years from 01 September 2024, due to failure to pay the lease rent by lessee in accordance with the agreement, Rs. 43,497,688 was outstanding by July 2026 as the receivable lease rental income and tax from the leasing of the commercial building in Gampola.	This was referred to the Attorney General's Department on 09 July 2026 to seek legal advices regarding the recovery of outstanding lease rentals amounting to Rs. 12,195,930 only (excluding VAT, SSCL and delay payment charges) as at 31 December 2025.	Actions should be taken to recover outstanding lease rentals in accordance with the agreements.

1.5.16.2 Operational Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The amount exceeding by Rs. 1,612,061 had been awarded to the contractor in capering with the 2025 HSR rates issued by the Central Provincial Chief Secretary's Office for the 07 work components related to the construction of the Kolambissa-Pattiyagama Road (2+000-3+500km).	The relevant contract was awarded based on the total value and it is difficult to analyze the items individually.	Payments should be done in accordance with the HSR rates for the year.

1.5.16.3 Controversial Transactions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Out of Rs. 10 million allocated for welfare expenses for the expenditure object of services (1411) of the 2025 annual estimate for the Sinhala and Hindu New Year, an expenditure of Rs. 5,786,660 had been incurred for 580 parcels at Rs. 9,977 per each gift parcel without using formal basis or procedure under the approval of the Board of Directors.	Actions will be taken to give attention about the facts pointed out by the audit and act.	Actions should be taken to properly recover payments that were done illegally.

1.5.16.4 Activities Contrary to the Objectives

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The officers of the Road Development Authority had included false information to the feasibility study report regarding the construction of a retaining wall during the year under review on Watapuluwa Devi Road, which belongs to the Kandy Municipal Council and not belongs to the	A preliminary investigation committee has been appointed in accordance with Head 13 of the Section II of Chapter XLVIII of the Establishment Code. After the preliminary investigation report submitted to the General Manager by that committee,	Actions regarding the officers should be done in accordance with the provisions of Volume II of the Establishment Code and actions should be taken to recover the relevant amount from the Kandy Municipal

Authority, by falsely identifying it as a retaining wall on Nittawela Road, which belongs to the Provincial Road Development Authority, and estimates were prepared after given approval to that and an agreement worth Rs. 7,620,577 was entered into with private institutions and Rs. 2,480,258 had been paid to the contractor during the year under review for the construction of a part of the retaining wall.

further actions will be taken in accordance with the recommendations in that and that actions will be informed to the audit in the future.

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- (b) The maintenance of 116.32 kilometers of provincial roads within the area of jurisdiction of the Walapone Divisional Secretariat was assigned to the Ragala Executive Engineer's Office by the Extraordinary Gazette of the Democratic Socialist Republic of Sri Lanka date 18 January 2007 and raw materials, machinery and labour valued at Rs. 677,130 belonging to the Engineering Office were utilized to repair the access road and an approximately 65 meter around the premises of the Walapone Multi-purpose Cooperative Society building, which is not belonging to that kilometer area. This renovation had commenced in March 2025 and stone paving had been completed for an area of approximately 460 square meters by the time of physical investigation conducted by the audit on 05 August 2025 and it was observed that work had been completed on an area of approximately 170 square meters by applying tar and paving sand. The Authority had not taken any action regarding this matter even by the end of the year under review.
- A committee has been appointed to conduct a preliminary investigation. Further actions will be taken based on the committee report.
- Further actions should be taken in accordance with the report of the preliminary investigation committee.

1.5.17 Head – 581 Central Provincial Department of Textile

1.5.17.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
Central Provincial Financial Rules 54.1.3 and 54.1.6	Actions had not been taken in accordance with Provincial Financial Regulations regarding the total value of Rs. 33,167,929 losses and damages according to financial statements until the date of 31 December 2025 and a balance of Rs. 19,111,147, which was not completed investigations from more than 05 years, was also included in that.	The balance of Rs. 19,111,147, which has been pending from more than 05 years, has not been settled and some of the money is currently being recovered, and actions will be taken in future regarding losses and damages which preliminary investigation have not yet been concluded	Actions regarding losses and damages should be taken in accordance with Provincial Financial Regulations an actions should be taken to recover the relevant losses and damages.

1.5.17.2 Sustainable Development Goals

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Department had expected to achieve 03 Sustainable Development Goals by the year 2030 under the 2024-2028 five-year integrated mid-term plan and sales revenue was identified as the Key Performance Indicator (KPI) for achieving those goals. Accordingly, although it had been planned to increase sales revenue up to Rs. 126 million by the year 2028, total sales revenue by the year 2025 had declined by Rs. 19.52 million or 17 percent compared to the base year of 2022 and due to that the gradual	The expected sales targets for previous years could not be achieved due to factors such as economic instability, natural hazards and disasters and various issued faced by the workforce.	Actions should be taken to achieve the intended Sustainable Development Goals by achieving the identified Key Performance Indicators (KPI).

decline in annual sales revenue, there was not a possibility to achieve intended Sustainable Development Goals.

1.5.18 Head 584 – Central Provincial Department of Rural Development

1.5.18.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

	Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(a)	Sections 08(a) of Part I and 20 of Part IV of the Provincial Rural Development Statute No. 02 of 2015.	According to the provisions of the Statute, actions had not been taken to establish a Provincial Rural Development Authority even by 31 December 2025.	Further actions will be taken regarding this matter.	Actions should be taken to establish a Provincial Rural Development Board in accordance with the provisions of the Statute.
(b)	Section 08(a) and Section 41 of Part I and Sections 40 and 41 under the General Provisions of Part VII of the Rural Development Statute No. 02 of 2015.	According to the provisions of the Statute, the Department had not conducted an audit of the activities of the 1,742 Rural Development Societies, 44 Women's Rural Development Societies and 37 Divisional Rural Development Councils that were implemented under the Department as at 31 December 2025.	The initial steps have been taken to prepare an audit plan and commence audit activities in accordance with the points highlighted by the audit.	Audit activities should be carried out in accordance with the provisions of the Statute.

1.5.18.2 Non-achievement of Expected Outputs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Rs. 2,926,000 had been spent to develop a software application for the issuance of	The processes of establishing that	Actions should be taken to achieve the expected

certificates for the registration of new Rural Development Societies for 38 Divisional Secretariats in the Central Province, the registration of and issuance of certificates for Rural Development Divisional Councils, development of software for the re-registration and renewal of registration of Rural Development Societies, the restructuring of Rural Development Societies and the release of society funds, but actions had not yet been taken to implement this software by the end of the year under review and accordingly, it was not possible to achieve the intended objectives of the project.

1.5.19 Head 557 – Central Provincial Department of Co-operative Development

1.5.19.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
Sections 43(1), 43(2) and 43(3) of the Co-operative Societies Statute No. 10 of 1990.	Annual accounts for the periods ranging from 1 to 5 years had not been submitted by 96 societies in the Nuwara Eliya District and 02 societies in the Matale District, which are under the Provincial Department of Co-operative Development.	Letters have been sent with inquiring for the failure to submit accounts for two societies in the Matale District and the Boards of Directors have been informed. Non-recruitment of officers, lack of knowledge regarding preparation of accounts among existing officers are affected for the failure to submit accounts in the Nuwara Eliya District.	Actions should be taken to submit the annual accounts in accordance with the provisions of the Statute.

1.5.19.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The surcharge process regarding a total amount of Rs. 85,686,687 as Rs. 17,113,344 from 03 societies in the Kandy District, Rs. 25,200,707 from 02 societies in the Nuwara Eliya District and Rs. 43,372,637 from 02 societies in the Nuwara Eliya District in relation to the investigations conducted under Section 46(1) of the Co-operative Societies Statute No. 10 of 1990 had not been concluded.	Actions are being taken to expedite this process by calling for re-explanations regarding surcharges amounting to Rs. 47,194,931, referring surcharges of Rs. 16,587,711 for adjudication and stating the loss in relation to surcharge of Rs. 21,904,045.	Supervision of the societies should be carried out systematically and adequate intervention is required regarding other issues of the societies.
(b) Out of the Co-operative Societies registered under the Provincial Department of Co-operative Development, Rs. 1,277,018,194 worth deposits to be settled for 43,780 depositors from 12 societies which were identified as societies at risk by 31 December 2025 as Rs. 158,051,775 for 2,962 depositors from 03 societies of the Kandy District, Rs. 1,105,372,627 for 40,128 depositors from 08 societies of the Matale District and Rs. 13,593,792 for 690 depositors from one society of the Nuwara Eliya District and the intervention of the Department in this regard was insufficient.	Accepted. There was a situation that could not be repaid upon request due to weak liquidity due to management deficiencies in these societies. Societies have currently submitted plans to release money to depositors, provided instructions and guidance through the supervising officers regarding the repayment of deposits and surcharge proceedings are being conducted regarding the societies that have occurred financial frauds and misappropriations.	Supervision of the societies should be carried out systematically and adequate intervention is required regarding other issues of the societies.

1.5.20 Central Provincial Co-operative Development Fund

1.5.20.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
Rule (o) of Chapter XI of the Co-operative Societies Statute No. 10 of 1990.	Although it is stated that provisions should be made to recover contributions from all registered societies or from certain such societies for a fund known as the "Cooperative Fund" and provisions should be provide for the administration of that fund, actions had not been taken to prepare and obtain approval for a Statute or set of Rules regarding the preparation of financial statements, other administrative affairs including auditing of the transactions of this fund.	The Statute has been prepared and forwarded to the Chief Ministry. Further actions are currently being taken regarding this after discussions with Legal Division of the Provincial Council.	Actions should be taken to draft a Statute and a set of Rules and obtain approval for them.

1.5.20.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The total outstanding contribution arrears amounting to Rs.202, 985,299 from 480 societies had not been recovered as Rs. 119,947,992 from 159 Co-operative societies in Kandy District, Rs. 35,293,217 from 229 Co-operative societies in Matale District and Rs. 47,744,090 from 92	Actions are being taken to recover outstanding contributions.	Actions should be taken to recover outstanding contributions on time.

Co-operative societies in Nuwara Eliya District as at the last date of the year under review.

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| (b) | Only 160 out of the 520 active Co-operative societies in the year as at 31 December 2025 had given contributions to the Co-operative Development Fund and 360 societies or 69 percent had not paid contributions to this fund. 22 Active production societies in that had not paid their contribution money for the year 2025. | Actions are being taken to recover as installments and actions are also being taken to recover the outstanding court fine balances from money. | A formal mechanism should be formulated to recover contributions. |
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1.5.21 Head 591 – Central Provincial Department of Agriculture

1.5.21.1 Identified Losses

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The Ranliya Hela Bojunhala had been constructed in the 10 perches plot of land in Ramboda area in the Kandy-Nuwara Eliya main road by the Central Provincial Department of Agriculture under the Local Food Promotion Programme and food sales in that had been commenced from April 2017. But, it was later confirmed that this plot of land is owned by a private party. Accordingly, due to the necessity of removing this Hela Bojunhala, which had been constructed without confirming the ownership of the land properly, from that place, there was a loss of Rs. 4,354,494 to the government, which had been incurred for construction and maintenance of it.	The construction was carried out based on the recommendation of the Road Development Authority and a private party has asserted ownership by submitting a letter dated 24 December 2020. The private party, who is owned the land, has agreed to bear an expenditure of establishing the Hela Bojunhala on an alternative land.	Before commencing constructions, land ownership should be verified and actions should be taken to construct the Bojunhala at another place as necessity to the relevant expenditure.

1.5.22 Head 592 – Central Provincial Department of Animal Production and Health

1.5.22.1 Non-achievement of Expected Outputs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Milk production in the Nuwara Eliya District was 297,367,139 out of the total milk production of 433,042,034 liters in the Central Province during the period of 05 years from the year 2020 to the year 2024 and it was 68% from the total milk production in the Central Province. Accordingly, milk production in the Kandy District was 17% and milk production in the Matale District was 15%. Although the total milk production in the Nuwara Eliya Veterinary Division of the Nuwara Eliya District during the years 2023 and 2024 was 38,858,793 liters, 36,078,819 liters or 93 percent from that was produced by the Ambewela farm, which is a private entity.	Large-scale farms can also access services from the government veterinary office based on their requirement and 98% of the farms in the Central Province are small-scale farms.	Actions should be taken to increase milk production in the Central Province.
(b) The number of cattle, buffalo and goat farms of the Central Province in the Central Provincial Department of Animal Production in the year 2020 was 43,334 and it had decreased by 34 percent to 28,449 by the year 2025. Furthermore, the animal population was 171,155 in the year 2020 and it had decreased by 14 percent to 147,319 by the year 2025. The number of artificial insemination services, pregnancy tests and births in the year 2021 were 58,445, 29,223 and 19,482 respectively and due to that was 45,751, 11,527 and 15,415 respectively, it had decreased by 12,694, 17,696 and 4,068 or 22 percent, 61 percent and 21 percent respectively,	The decline of the total number of farms has been attributed to a reduction of the number of cattle and buffalo farms and impact of the Covid-19 pandemic and the economic crisis occurred in the country during the period of 2020, 2022 and the resignation of technical staff from veterinary offices has affected to a reduction of artificial insemination services.	Action should be taken to increase the number of farms, the animal population and the services provided by the Department.

1.5.22.2 Idle Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A laboratory building of 787.44 square feet was constructed and laboratory equipment were provided to the Hatton Veterinary Office at an expenditure of Rs. 4,152,631 under the Gender Inclusive Socio-Economic Development (EGSD) Project with the aim of expanding veterinary services. Although the time of 4 years had passed since the construction of the building, laboratory services had not been in operation and 16 out of the 24 laboratory equipment provided on 18 August 2020 for conducting chemical tests related to milk and dung had not been used by the end of the year under review.	Necessary actions have been taken to utilize the buildings and equipment.	Actions should be taken to achieve the expected objectives from the relevant projects.

1.5.23 Head 593 – Central Provincial Department of Irrigation

1.5.23.1 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
Section 7(5) of Part II of the Central Provincial Irrigation Statute No. 05 of 2017.	Although the Provincial Director was required to compile a list of all irrigation schemes under the scope of the Department as Grama Niladhari Divisions of the Divisional Secretariats in the Province and publish it in the government gazette, actions had not been taken accordingly.	It is intended to publish the irrigation schemes in the gazette as stages and accordingly, site inspections will be conducted in selected Agrarian Development Divisions and actions will be taken to publish them in the gazette after receiving formats.	Actions should be taken to prepare a list of irrigation schemes in accordance with the provisions of the Irrigation Ordinance and publish it in the government gazette.