

Head 102 – Ministry of Finance, Economic Stabilization and National Policies

1. Financial Statements

1.1 Opinion

Head 102- The audit of the financial statements of the Ministry of Finance, Economic Stabilization and National Policies for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and statement of financial performance, and the cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of the National Audit Act No.19 of 2018. In terms of the section 11(1) of National Audit Act No.19 of 2018, the summary report including my comments and the observations on the financial statements of the Ministry of Finance, Economic Stabilization and National Policies had been issued to the Chief Accounting Officer on 29 May 2024. In terms of the section 11(2) of National Audit Act, the annual detailed management audit report related to ministry had been issued to the Chief Accounting officer on 28 August 2024. This report will be tabled to the Parliament in terms of the provisions in Article 154(6) of the Constitution of Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of the section 10 of National Audit Act No.19 of 2018.

In my opinion, the financial statements give a true and fair view of the financial position of the Ministry of Finance, Economic Stabilization and National Policies as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with the Generally Accepted Accounting Principles.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of my report. I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

Chief Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the Generally Accepted Accounting Principles and the provisions of section 38 of the National Audit Act No.19 of 2018 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

In terms of the subsection 38(1)(c) of the National Audit Act No.19 of 2018, the Accounting Officer certifies that an effective internal control system is prepared and maintained for the financial control of the department and a review on effectiveness of such system is carried out periodically and accordingly, the alterations required for effectively performing the system should be carried out.

1.4 Scope of Audit (Auditor's Responsibilities for the Audit of the Financial Statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also

- Appropriate audit procedure were designed and performed 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ministry's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Report on Other Legal Requirements

I express the following matters in terms of section 6(1)(d) of the National Audit Act No.19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on financial statements related to the preceding year had been implemented.

2. Financial Review

2.1 Imprest Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In accordance with the imprest request plan for 2023, even though aggregate imprest to be requested was Rs.3,549 million, Rs.74,081 million had been requested and obtained an imprest of Rs.54,374 million.	In addition to the estimates prepared for 2023, the imprests more than the planned imprests had to be obtained owing to allocation of the additional provisions for social welfare programs and numerous projects in relation to the implementation of various policy decisions taken by the government from time to time due to the economic conditions prevailed in the country.	It should be accurately planned having formally amended.

2.2 Expenditure Management

2.2.1 Utilizations of provisions

The under-mentioned observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The total provision of Rs.7,500,000 allocated in 2023 in relation to 07 objects had remained without utilization.	Non-submission of expenditure as expected	As per Financial Regulation 50, the preparation of the estimates should be prepared in an accurate and realistic manner.
(b) The net provision of Rs.392,195,891 out of Rs.506,400,000 allocated in 2023 for 09 objects for implementation of the planned activities had been remained without utilization. The range of 56 percent to 92 percent of total net provision of	Due to transfer of the officers and limitation and control of overtime expenditure as per Budget Circulars 01/2023 and 02/2023, non-implementation of the procurement activities as	The action should be taken to utilize the provisions in maximum and efficient manner.

such objects had been taken.

expected, non-incurring of provision for the buildings rent, delay of granting approval for write-off of loan balances and non-occurrence of the maintenance requirements in capital nature, the provisions had been remained without utilization.

(c) Even though the additional provision had been provided through the supplementary provision of aggregate Rs.376,800,000 at 04 incidents and F.R.66 for “other” recurrent object with a basic estimate provision of Rs.75,000,000, Rs.356,302,119 had remained in the object as at 31 December 2023.

- As per the approval of the cabinet of ministers, the additional provision had been made through the supplementary estimates and F.R.66 owing to incurring of the expenses not estimated and increase of goods and services

In accordance with Financial Regulations 50, the preparation of estimates should be carried out in an accurate and realistic manner.

- In accordance with the discussion with Hon. President on 16.02.2023, the reasons such as stoppage of the implementation of the advertising activities of progress of financial assistance program of International Monetary Fund and the non-utilization the for the general expenditure provisions allocated for the specific purposes had caused to remain the provision.

(d) The total budgeted expenditure estimate in 2023 of the Ministry of Finance, Economic Stabilization and National Policies was Rs.3,502,435,000 and an additional provision of Rs.55,921,882,687 had been allocated under supplementary

When preparing the budget estimates for 2023, since the requests on the required provision for Public Private Partnership National Agency and Public Enterprises Restructuring Unit had not been

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provision on inadequacy of this estimated money. Accordingly, the variance of providing additional provision under supplementary provision was 1497 percent taking into consideration budgeted total expenditure estimates provision in the year under review.

submitted, the additional provision had been obtained for that. The requests had not been made in relation to the provision required for object 102-01-02-13-1501 under Welfare Benefit Board and the additional provision had been obtained within 2023.

(e) Under the supplementary provision in 2023, Rs.55,486,847,400 of provision had been made for 19 objects on which the basic budget estimate provisions had not been made from Rs.55,921,882,687 provided above. An amount of Rs.52,406,189,937 had been incurred from that provision and an aggregate of Rs.3,067,135,497 had remained. It was observed that an aggregate of Rs.20,500,000 of 03 objects within that balance had not been utilized in any way.

- Delay of opening of accounts by a part of beneficiaries qualified in Welfare Benefit Board and non-submission of vouchers in relation to IWMS data system
- Not fully appointment of approved cadre of Public Private Partnership National Agency and Public Enterprises Restructuring Unit, these units are in a government office, limitation of expenditure as per Budget Circular 01/2023 and 02/2023, non-appointment of officers who are entitled to fuel allowances, receipt of contribution of Asian Development Bank for NAPPP, non-utilization of the estimated provisions due to not occurrence of the maintenance requirements in capital nature

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2.2.2 Provisions allocated for the units of Ministry and other public institutions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
An aggregate of Rs.260,964,398 i.e. a range 42 percent to 100 percent from net provision of Rs.277,574,700 transferred for 09 capital expenditure objects to the public institutions and 05 units of ministry in 2023 had remained.	Due to delay of purchases in Welfare Benefit Board, delay of entering into contract with the revised agreement of E – Public Procurement Project and incurring expenses from the aids of World Bank, minimization of maintenance expenses due to functioning of office of National Agency for Public Private Partnership in other public building, non-arisen of capital nature maintenance activities, receipt of contribution of Asian Development Bank and incurring the official expenses by Prime Minister’s Office, many maintenance activities of Public owned Enterprises Restructuring Unit incurred by Prime Minister’s Office, non-arisen of maintenance requirements in capital nature of Tax Appeals Commission, the estimated provisions had not been utilized.	The action should be taken to utilize the provisions maximally and efficiently.

2.3 Payment of Advances to the public Officers and Settlement

The under-mentioned observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The outstanding loan balance of aggregate Rs.588,491 as loan balance of aggregate of Rs.469,418 exceeding 10-20 years from 03 officers vacated the post and a loan balance of Rs.119,073 exceeding 1-3 years had not been recovered to the ministry at the end of year under review.	An amount of Rs.5000.00 from an officer vacated the post had been recovered for January 2024 the reminders had been submitted to recover the remaining installments. If the creditor will not further make the payments, such amount should be recovered from the sureties. The loan balance to be recovered from another officer had been submitted for the instructions of Attorney General.	The action should be expeditiously taken to recover the outstanding loans.

(b) The recoverable loan balance from the officers attached to Ministry of National Policies and Economic Affairs was Rs. 2,633,505. This loan balance had not been recovered to the ministry even at the end of year under review.

Ministry of National Policies and Economic Affairs existed at that time had been closed and its administrative activities had been assigned to the Ministry of Finance. Therefore, the balance of advance account of Ministry of National Policies and Economic Affairs had been transferred to advance account No.10201 of Ministry of Finance. It is informed that the action will be taken to further identify the working stations in which the persons who had not pay the loan balances are in service and recover or write off the loan balances which couldn't be recovered as per F.R.113(3) in the future.

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(c) It was observed that the total outstanding loan balance of Rs.250,048 as at 31 December 2023 as Rs.150,623 exceeding 20 years from 03 retired officers and Rs.99,425 during 5-10 years.

The loan balance of Rs.66,270 less than 01 year to be recovered from the retired officers had been settled. A letter had been submitted to Department of Pension related to loan balance of other officers and accordingly, it is informed that the further action will be taken.

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3. Operating Review

3.1 Performance

3.1.1 Delays in Project Performance

The under-mentioned observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Rs.513,600,350 i.e.51 percent to 84 percent from the net provision out of total net provision of Rs.631,500,000 of 03 objects in relation to 02 projects implemented from local and foreign funds in	It had not occurred to incur unexpected expenses due to completion the activities of Financial Sector Modernization Project, inability of carrying out the training programs throughout the year by utilizing the	The provision allocated for achievement of the objectives of projects should be utilized in an

2023 had been remained without utilization. local funds of inter treasury efficient manner. information system project and suspension of the activities of ITMIS at the beginning of the year.

3.1.2 Public Enterprises Restructure

A Public Enterprises Restructuring Unit had been established under the approval of the cabinet of ministers for restructure the public enterprises and the following observations are made on that matter.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) In accordance with the approval of the cabinet of ministers No. MF/063/CM/2022/215 date 25 October 2022 a staff consisting with 37 employees had been approved to this unit and it had been mentioned that the scheme of recruitment should be prepared as per the cabinet decision No. MF/052/CM/2022/177 dated 25 September 2023 and the approval of Department of Management Services should be obtained. However, 12 persons had been recruited on contract basis for the unit without approving the scheme of recruitment.	The approval had been granted to recruit a staff with 37 employees for Public Enterprises Restructuring Unit under the cabinet approval No. MF/052/CM/2022/215 dated 11 October 2022 as indicated under this. Accordingly, a scheme of recruitment had been prepared for the posts temporarily recruited for this unit. Specially, the main objective of this project is to formulate a policy for restructuring the all public owned enterprises and set up an established institute for that purpose. Accordingly, the institutions established will take action to prepare the scheme of recruitment for the staff recruited under the holding company.	A scheme of recruitment should be prepared based on necessity, merit and skills by inquiring from Department of Management Services and the approval should be obtained for that having submitted to Department of Management Services.
(b) Even though it had been specified that establishment of a holding company as indicated in second principle in public enterprises reforms policy and 72 institutions listed in Annexure 02 and 03 of public owned enterprises reforms policy as per paragraphs 4.2 and 4.3 of the	It had been proposed to establish a holding company and draft and submit it to Ministry of Finance, Economic Stabilization and National Policies. The policy of the government was that it is suitable to insert such task into proposed Public	The action should be taken as per the cabinet decision.

cabinet memorandum No. MF/036/CM/2023/107 dated 08.05.2023 on which the approval of cabinet of ministers had been granted on 15 May 2023 are assigned to the holding company as its affiliated companies for restructuring, such holding company had not been established even up to 31 December 2023.

Enterprises Reforms Act and commence it. Therefore, the above-mentioned proposals had not been implemented so far.

- (c) It was observed that 07 institutions out of 08 indicated in list of Annexure 02 of public enterprises reforms program including in the above memorandum proposed to be restructured after assigning to holding company as above had implemented several stages of the bids calling process having recruited the consultants for transactions for divestiture of the government shares under public enterprises reforms program without assigning to the holding company up to now and 01 institute under this had been suspended on the instructions of Attorney General.
- 07 institutions out of 08 indicated in under this had already implemented several stages of the bids calling process after recruiting the consultants for transactions for divestiture of the government owned shares under public enterprises reforms program. At the meeting of the cabinet of ministers held on 13.03.2023 as per the priority of the government for this, these activities had been commenced subsequent to obtaining the approval of the cabinet of ministers No. 23/0431/604/046. Under this, Waters Edge had been suspended on the instructions of Attorney General.
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3.1.3 National Agency for Public Private Partnership

In order to efficiently deliver the public services, the National Agency for Public Private Partnership had been established on the approval granted by the cabinet of ministers on 13 September 2022 with an objective of introducing a public private partnership method with the association of the public institutions and the private sector and the following observations are made on that matter.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) As per the approval of the cabinet of ministers, even though the required staff should be recruited by inquiring the Department of Management services, 11 persons had been recruited up to 06 May 2024 for 03 years period of contract. But the approval of Department of Management Services had not been obtained for the scheme of recruitment.	A letter had been forwarded to the Department of Management Services by us in relation to the recruitment of staff (Scheme of Recruitment) on 22.09.2023. No answers had been received so far on that matter.	As per the cabinet decision, a scheme of recruitment should be prepared and obtained the approval of Department of Management Services.
(b) In accordance with the information submitted to the audit, the activities had been started with regard to 12 projects by National Agency for Public, Private Partnership as at 31 December 2023 and it had been expected to take action related 07 projects in due course. Even though it is very important to exist a specific legal framework in implementation of the projects, it was observed that the drafting of the public private partnership bill was in the initial stage as at 31 December 2023.	As at 31 December 2023, the public private partnership bill had been submitted to the Ministry of Finance. However, the “Guidelines on Government Tender Procedure-Part II and Circular of Department of Public Finance No.02/2019 are used for PPP projects until public private partnership bill will be approved.	Before implementation the projects, the legal provisions related to that should be made.

3.2 Procurements

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Printing of Annual Report 2022	As informed by the Department of Fiscal Policies, the quotations had been called from 12 institutions under the shopping method for printing of 120 copies of Annual Report. At this situation, since it is due to printed a small quantity of Annual Reports such as	The action should be taken to select the most advantageous method to the government in the procurement and adhere to section 3.6.1(d) of the Government
120 copies of the Annual Report 2022 of the ministry had been printed at a cost of Rs.4,285,237 under digital printing method as Sinhala, Tamil and English languages each at Rs.30,894, Rs.38,605 and Rs.28,641 respectively and 1,600 copies of the report had been printed at a cost of Rs.8,223,190 under offset printing method under re-order from that supplier itself as Sinhala, Tamil and English languages each at Rs.3,768,		

Rs.3,415 and Rs.4,694 respectively. It was observed that the re-order had been made in contrary to the section 3.6.1 (d) of the Procurement Guidelines and an additional cost of Rs.3,185,633 had been incurred due to not printing 120 copies of report printed under digital printing by using offset printing method.

120, the quotations had been called only from digital printing method in printing of Annual Report taking into account that a huge cost would be incurred for that in printing under offset printing.

Procurement Guidelines.

Since his Excellency the president had instructed to distribute the report by covering the all schools with G.C.E. Advance Level, ministry large scale procurement committee had decided that it was suitable to follow the offset printing method for printing 1,600 copies in the second printing. Furthermore, it had not been made aware on 1,600 books due to be distributed among the schools in printing of fist 120 Annual Reports and the digital printing which is the most advantageous method of printing small quantity of books had been followed.

(b) Preparation of an electronic government procurement system (e-GP) for the government procurement system in Sri Lanka

The under-mentioned observations are made.

(i) Without taking action to select a solution provider by calling an open competitive bids, the approval of the cabinet of ministers had been granted on 18 June 2019 to award the contract for preparation of e-GP system to a private company introducing as a connected institute

In accordance with the documents forwarded in signing the preliminary agreement with Theekshana company, it was observed that it was belonged to University of Colombo and after it had

The steps should be taken to select the accurate suppliers in most advantageous and efficient manner to the government in procurement.

to University of Colombo based on single source selection-SSS as per section 3.13 of the Guidelines for selection of consultants and obtaining the service 2007 and enter into the preliminary agreement for that. However, it had been informed by Vice Chancellor of University of Colombo through the letter dated 17 June 2019 to the Secretary of Ministry of Finance that the above-mentioned contract company was not under purview of University of Colombo and it was an independent company as per the memorandum submitted to the cabinet on 11 October 2019.

been verified that said company was not an affiliated institute to University of Colombo as informed by Vice Chancellor of University of Colombo, the cabinet of ministers had been made aware in that regard.

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| <p>(ii) Even though the basic contract for preparation of e-GP system had been awarded to Rs.71,500,000 and entered into agreement for contract on 25 November 2019, the contractor had not shown an adequate performance even up to 31 December 2021. By inserting the recommended improvements of software development process of e-GP system, an additional to the original contract had been signed on 22 March 2023 with that contract company for preparation of the system within 20 months at a contract value of Rs.152,870,000 including Rs.81,370,000 into the original contract value.</p> | <p>In accordance with the proposals given by the consultants of Information and Communication Technology Agency of Sri Lanka (ICTA) and World Bank, the original contract entered with Theekshana company had to be amended.</p> | <p>The measures should be taken to prepare the contract agreements by inserting adequate conditions in the contract agreements for getting necessary steps for the suppliers who do not show adequate performance within the period of contract and take required action on not taking action as per the agreements.</p> |
| <p>(iii) Even though it had been entered into the preliminary agreement for development of system on 25 November 2019, the system had been developed only for calling bids under the shopping method even up to 31 December 2023. As at 31 December 2023, there were 465</p> | <p>Presently, the system had been developed to call bids under the shopping method and promise.lk is being developed enabling to carry out the procurement activities under open competitive</p> | <p>The necessary measures should be taken to enter the public institutions into the process of the shopping method in e-GP system</p> |

registered public institutions in e-GP system and 69 institutions out of that i.e. only 15 percent had entered into the process of the shopping method in the market of e-GP system. The Ministry of Finance had carried out the procurement activities through e-GP system only at 03 occasions and it was observed that the departments under purview of the Treasury had not formally entered into this procurement process also.

method in 2024. There were 523 registered public institutions in e-GP system on 22 May 2024 and 152 institutions out of that i.e. only 30 percent had entered into the process of shopping method in e-GP system. The Ministry of Finance and 18 departments under purview of that had already registered under electronic procurement system and 28 procurements in 2024 had been carried out through electronic procurement system.

,expand e-GP system for all procurements in the public institutions and use the module already developed.

3.3 Assets Management

3.3.1 Vehicles

The under-mentioned observations are made.

Audit Observation	Comments of Chief Accounting Officer	Recommendation
(a) Even though a computer input had been prepared for easing the vehicle operations of the transport division of ministry by Department of Information Technology Management, no action had been taken by ministry for using such system as at 31 December 2023.	Even though training on computer input system had been provided by Department of Information Technology Management, such officers were not in the service of transport division presently. It is kindly informed that the action will be taken to use the computer input system since next year having provided a formal training for new officers.	The action should be taken to use the computer input system prepared.
(b) As per the information obtained from Department of Motor Traffic in 2023, there were 257 vehicles registered in the name of Ministry of Finance and the physical existence of 176	Currently, it is informed that the action is being taken to find the information in relation to 176 vehicles.	The action should be taken to verify the physical existence and ownership on all the vehicles registered

vehicles out of such vehicles had not been verified. The information including the physical existence of 99 vehicles had not been submitted to the audit.

in the name of ministry.

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| (c) | 10 vehicles with aggregate value of Rs.62,639,000 registered in the computer data system of Department of Motor Traffic in the name of other party had been indicated in the fixed asset register of ministry as the vehicles belonging to the ministry. | It is informed that the action is being taken to take over the vehicles used under this ministry to this ministry. | Since the vehicles which had not been registered by the name of ministry had been included in the fixed assets register, the suitable measures should be taken. |
| (d) | Even though 44 vehicles belonging to the ministry had been released to other institutions as at 31 December 2023, those vehicles had not been formally transferred and 11 vehicles had been obtained from other institutions to ministry without formal taking over. | Presently, the action is being taken to formally transfer and take over the vehicles provided likewise. | The action should be taken to transfer the vehicles belonging to ministry to other institutions and take over from other institutes. |

3.4 Management Inefficiencies

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) 1,706 tax appeals had been received to the Tax Appeals Commission under purview of the Ministry of Finance from 2011 to 31 October 2023. The following observations are made on that matter.		
(i) As 31 December 2023, there were 617 appeals which had been registered in Tax Appeals Commission but not given the determinations and the total disputed value of tax related to that was Rs.120,632,702,366. Within this, aggregate value of 34 appeals exceeding Rs. 01	The Tax Appeals Commission had not given determinations for 617 appeals up to 31 December 2023 and even though the total disputed value of tax had been indicated as Rs. 120,632,702,366, this total disputed value of tax can be changed due to mediation of Tax Appeals Commission for	The proper measures should be taken to recover the tax in arrears having expeditiously carried out the investigations related to the tax

billion was Rs.69,971,348,414 i.e.58 percent from total appeals value on which the determinations had not been given. The aggregate value of 133 appeals within the range Rs.100 million – Rs.1000 million was Rs.40,264,266,831 i.e.33 percent from the total appeal value on which the determination had not been given.

reconciliation between the tax payers and Commissioner General of Inland Revenue within relevant appeals inquiry process as well as providing of the determinations by Tax Appeals Commission. Therefore, recoverable disputed value of tax on relevant appeals can't be exactly computed.

(ii) 1,059 appeals out of the total appeals registered in Tax Appeals Commission i.e. 62 percent are related to Income Tax. It was observed that there were 183 appeals with disputed value of tax of Rs.29,466,916,108 on which the determinations had not been given within the range 03-12 years from the registration from 455 appeals out of that had been commenced the hearing as at 31 December 2023.

Even though the provisions had been made to maintain 03 boards consisting with 03 members in Tax Appeals Commission Act No.23 of 2011, the commission had implemented as a one tribunal with 03 members up to 2019 and the appeal inquiries had not been continuously carried out due to not properly appointment of new members at the end of 03 years. Similarly the delays of solving the appeals had occurred owing to the obstructions met for carrying out the activities of this commission within the period in which Covid 19 pandemic had prevailed. With the appointment of current 09 members on 01.09.2022 by the President, the appeal inquiry had been formally commenced.

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(b) Even though it had elapsed 03 years on 31 December 2023 from inclusion wildlife trust and Sri Lanka Mass Media Training Institute which were due to be liquidated by the gazette notification No.2187/27 dated 09 August 2020, these 02 institutes had not been liquidated and closed in legal manner.

• The final account reports related to the all years from the commencement of wildlife trust up to closure had not been prepared and submitted to the audit. As per the approval of the cabinet of ministers received, since the all assets had been assigned to the Department of Wildlife Conservation after closing the bank account of the institute, The expeditious action should be taken to complete the liquidation activities of relevant institutions.

the approval of His Excellency the president had been obtained to take the action for closure. A letter had been referred to Attorney General to obtain the instructions on how to take actions to close the wildlife trust.

- The information of Sri Lanka Mass Media Training Institute can't be found. The Presidential Secretariat, Ministry of Mass Media and Sri Lanka Foundation Institute had informed that they had no such information. A letter had been submitted again to Sri Lanka Foundation Institute on 16.05.2024 requesting the information and no answer had been received so far.

(c) The observations related to the audit examination carried in the year under review about 12 government quarters of ministry are as follows.

- (i) When giving the government quarters by ministry, it had been indicated that period of 05 years for 05 officers, up to the service in the ministry or for a certain period of time as decided by Secretary of ministry for 05 officers as per the agreements entered into with the officers. Accordingly, it was observed at the audit that a uniform policy had not been followed in the determination of period of time for providing the government quarters to the officers in the ministry.

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A uniform method should be followed in relation to the period of time for providing the government quarters.

- (ii) The period of time indicated in the agreements for government quarters given to 04 officers by ministry had expired and it was observed that the action had not been taken to take over the relevant government quarters to ministry or extend the period of time and enter into new agreements even up to 22 May 2024.
- It had been informed by the ministry to these officers in writing to take action to vacate government quarters in March 2024. If the government quarters will not be vacated even up to 31 May 2024, it had been informed that a penalty of 8 percent, house rent and economic rent of 12.5 percent will be charged as per the Establishment Code with effect from March 2024.
- After expiry of period of time for providing government quarters, the action should be taken to obtain such quarters again.
- (iii) 02 officers to whom it had been informed by ministry in writing to vacate the government quarters had not taken action to vacate relevant government quarters or extend the period of agreement even up to 30 November 2023. It had been specified that as per section 07 of Chapter XIX of the Establishments Code, if an officer fails to vacate quarters when ordered to do so he should be evicted under Government Quarters (Recovery of Possession) Act No.07 of 1969 amended by Act No.3 of 1971 and No.40 of 1974 and even though it had been specified that a penal rent should be charged from him for the period of residing in quarters exceeding the period of lease, no action had been taken as per the Establishments Code even up to 30 November 2023 by ministry for 02 officers who had not vacated the government quarters since 07 years.
- The ministry had informed to these officers in writing to hand over the government quarters in March 2024. If the quarters will not be further vacated as at 31 .05.2024, it had been informed that a penalty of 8 percent and 12.5 percent house rent and economic rent will be charged as per the Establishments Code with effect from March 2024.
- The action should be taken on the officers who fail to vacate the government quarters in terms of section 07 of Chapter XIX of the Establishments Code.

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| (iv) | A government quarters belonging to ministry had been provided to an officer in 2016 and the original file related to such government quarters had been misplaced. | Since the original file had been misplaced, the action is being taken as per the current file prevailed. | The steps should be taken to assign the responsibility of safely maintaining relevant documents to the officers who are in charge of subject of maintenance of documents and find out the document misplaced. |
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4. Human Resources Management

The under-mentioned observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) As at 31 December 2023, the overall vacancies of the ministry were 103. 18 vacancies in the senior level and 57 vacancies in the secondary level were within it.	The vacancies are filled from the attachments under annual transfers and non-annual transfers, officers attached under new recruitments made by Ministry of Public Administration, Home Affairs, provincial Councils and Local Government and attachments made by the cabinet of ministers on exigency of service and the relevant appointing authorities had been made aware on existing vacancies. In addition, the officers are not recruited by the ministry for these posts.	The action should be taken to fill the vacancies or amend the approved cadre having formally taken action.
(b) An aggregate of Rs.8,086,967 had been paid by ministry as salaries and allowances as at 31 December 2023 for 15 officers released to the service of the other institutions.	The officers had been released for the instructions under purview of other ministries for the specific period of time on exigency of service by the cabinet of ministers and relevant appointing authorities and justification of the personal requests of the officers.	The action should be taken to release in a formal manner enabling to obtain the salaries and allowances from the institutions serviced.