

Head 282 – Department of Irrigation -2024

1. Financial Statements

1.1 Qualified Opinion

Head 282- The audit of the financial statements of the Department of Irrigation for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, and the cash flow statement for the year then ended 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 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 Department of Irrigation had been issued to the Accounting Officer on 06 June 2025. In terms of Section 11(2) of National Audit Act, the annual detailed management audit report related to department had been issued to the Accounting officer on 21 July 2025. This report will be tabled to the Parliament in terms of the provisions in Article 154(6) of the Constitution of the 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, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements of the Department of Irrigation for the year ended 31 December 2024 give a fair view of the financial position, and its financial performance and cash flows and on all the material aspects in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

1.2 Basis for Qualified Opinion

My opinion is qualified based on matters described in paragraph 1.6 of this report.

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 Emphasis of Matter - Basis of Preparation of Financial Statements

I draw attention to Note 1 of the financial statements, which describes the basis of preparation of these financial statements. The financial statements had been prepared for the requirement of the Department of Irrigation, General Treasury and the Parliament in accordance with Financial Regulations 150 and 151 of the Government and State Accounts Guideline No. 06/2024 dated 16 December 2024, as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Department of Irrigation, the General Treasury and the Parliament of Sri Lanka. My opinion in this regard is not modified.

1.4 Responsibility of the Accounting Officer on the Financial Statement

The Accounting Officer is responsible to prepare financial statements that give a true and fair view in all material aspects and to determine such internal control as is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error in accordance with Government Finance Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025 .

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

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Department in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.5 Auditor's Responsibility on 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 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 that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- 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.

The Accounting Officer is made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) Even though the closing balance of non-financial assets as at 31 December 2023 was Rs. 110,269.78 million, the opening balance of non-financial assets as at 01 January 2024 was Rs. 109,672.11 million, which was understated by Rs. 597.67 million.	The difference of Rs. 597.67 million between the opening balance of the year-end non-financial assets report (SA-82) and the closing balance of the year-end non-financial assets report for 2023 has arisen due to issues in the CIGAS program of the Department of State Accounts.	The issues in the CIGAS program should be rectified.
(ii) Even though the number of buildings owned by the Department identified from the reports prepared by the Asset Management Division of the Department was 2562, the value of only 616 buildings had been accounted in the year 2024 and the value of 1946 buildings had not been assessed and accounted as non-financial assets.	Based on the assessment reports sent by the Government Valuation Department, 616 items have been identified in the CIGAS accounts as a collection of building groups. The number of each building within the identified collection of buildings is currently being identified separately.	All buildings that have not been included in the accounts should be identified correctly, assessed and indicated in the accounts.
(iii) According to the database of the Department of Motor Traffic, 1962 vehicles were registered under the address of the Department of Irrigation /Director General of Irrigation. However, the number of vehicles included in the database introduced by the Office of the Comptroller General as at 31 December 2024 was 1159 and the number of vehicles and machinery shown under non-financial assets in the	Since the relevant vehicles and machinery have not been assessed by a Committee including a Motor Traffic Officer, it has been informed by the letter of the Director (Mechanical) No. ID/DM/HQ/01/16/NFAMS dated 21 May 2024 to assess the vehicles and submit the information. As soon as the relevant assessment report is received, the information is expected to be updated in the NFAMS system, and the	Action should be taken to update a fixed asset register regarding all vehicles and the data system should be kept up-to-date. Action should be taken to check whether whose custody of the 454 vehicles that could not be identified due to the unavailability of documents and to take necessary action promptly, and after verifying the 431 vehicles that were reported to have been sold to external parties, to remove the same

financial statements as at that date was 1202. Further, according to the vehicle reconciliation document dated 10 November 2025, there were 431 vehicles sold to external parties among the above 1962 vehicles and 454 vehicles that could not be identified due to the unavailability of documents. However, by 10 November 2025, the total number of vehicles used by the Department was 1168, of which 83 vehicles were registered under the names of external institutions.

relevant values are included in the CIGAS accounting system.

from the database of the Department of Motor Traffic and to account vehicles which were not accounted.

- (iv) As at 31 December 2024, the valuation amount of lands and reservoirs in the statement of non-financial assets was Rs. 1,529,182.61 million, and the same value in the previous year was Rs. 102,156.84 million. Accordingly, the reservoirs had been valued and accounted in the year 2024. However, the basis on which the cost of those reservoirs was valued had not been disclosed in the financial statements. Further, according to the list of tanks, reservoirs and anicuts prepared and submitted as at 01 January 2022, the number of tanks, reservoirs and anicuts owned by the department was 387. However, as per the information provided regarding the value of those lands and reservoirs in the year 2024, that number was 295.

Based on a decision taken at the meeting held between the officers of the Department of State Accounts, the Valuation Department and our Department on 10 May 2023, a Committee consisting of the officers in the Department assessed the tanks and reservoirs and submitted a relevant valuation report on 21 December 2023. Based on the relevant report, the values of the tanks and reservoirs have been accounted in the CIGAS system from January 2024 with the approval of the Director General of State Accounts.

Even though the value under the reservoirs is shown under 17,823 items, when those items are divided according to the names of the reservoirs (Location), it will be represented under a lesser number of items, such as 295.

Further, 175 items are shown under the categories of

The basis on which assets are valued should be disclosed in the financial statements. Further, action should be taken to capitalize under reservoir names, and detailed information on the asset components in those reservoirs should be maintained in the assets register under the reservoir name.

Further, instead of identifying and accounting those expenses as per reservoirs, those were accounted under each expenditure item during the annual accounts. Accordingly, the value of the reservoirs shown under lands in the financial statements could not be satisfactorily verified.

watercourse and canals/tanks/bays and estuaries/sandy areas, and they have been included in the CIGAS accounting system by various Regional Offices at different times. In addition, it is indicated that the classification of some items included under those categories has changed, and you are informed that action will be taken to correct their reservoir names and locations and transfer those values back to the correct location.

- (v) Even though the Thalpitigala Reservoir Project had been handed over to the Department of Irrigation, the values related to its assets had been accounted under the assets of the Ministry of Irrigation and a list of assets worth Rs. 96.96 million had been handed over to the Department of Irrigation in May 2024. In addition, Rs. 8.96 million had been spent and accounted as per the provisions under the Expenditure Head of the Department of Irrigation. However, the total expenditure incurred by the Ministry on the Thalpitigala Reservoir as at 31 December 2023 was Rs. 646.87 million. Accordingly, since the total value of the assets related to the project had not been formally handed over to the Department and accepted by both parties, the actual cost of the project had not been disclosed in the accounts.
- The total cost incurred by the Ministry of Irrigation has not been communicated to us so far, and if the Ministry identifies the relevant cost as an asset and makes a formal transfer, it can be recognized as assets in the accounting system.
- The correct value of the Thalpitigala Reservoir Project should be accounted only under the Department.

(vi) The Lower Malwathu Oya Reservoir Project had been handed over to the Irrigation Department, and assets of Rs. 38.40 million, which were accounted under the assets of the Ministry of Irrigation, had been removed from the CIGAS system of the Ministry and handed over to the Department of Irrigation. In addition, Rs. 608.22 million had been spent and accounted by the Irrigation Department as expenses for this project in the year 2024. However, in the financial statements of the Ministry of Irrigation for the year 2024, an asset of Rs. 495.63 million had been further indicated in the accounts for the Lower Malwathu Oya Reservoir under the non-financial assets of the reservoirs.

-Do-

The correct value of the Lower Malwathu Oya Reservoir Project should be accounted only under the Department.

(b) Non-maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(i) Observation Notebook As per the Circular No. 07/99 of the Director General of Irrigation, observation notebooks should be maintained in all Offices of Irrigation Engineer, Offices of Chief Resident Engineer and Offices of Zonal Irrigation Director. However, observation notebooks had not been maintained in those offices.</p>	<p>All Zonal Irrigation Directors and Regional Offices have been informed to maintain these records by the letter CFO/FIN/instruction/2023 - 2025 dated 29.05.2025</p>	<p>The top management should take action to follow up and ensure that the written and verbal instructions given are being followed regarding the maintenance of the relevant records.</p>

(ii) Field Inventory Book

Even though all materials received at the field store as per the Irrigation 6 format in paragraph 5 of the Circular No. 11/1986 of the Director General of Irrigation should be entered in the field inventory book by the officer in charge of the field store, relevant field inventory books had not been maintained to record the materials issued to Engineering Assistants for field work.

-Do-

-Do-

(iii) Labour Records

As per Circular No. 02 of 1976 of the Department of Irrigation, each Regional Irrigation Engineering Office belonging to the Department had not maintained labour records in employing labourers. Instructions have been issued on 24 September 2024 informing all Zonal Irrigation Directors of the manner in which labour records should be maintained for labourers and how payments should be made. Further, necessary actions are being taken to maintain labour records using a new format from the year 2025.

-Do-

2. 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 were not consistent with the preceding year as per the audit observation mentioned in paragraph 1.6.1(a) (i) of this report.
- (b) The following recommendation made by me on the financial statements of the preceding year had not been implemented.

Reference to the paragraph of the previous year's report	Recommendation not implemented	Reference to the paragraph of this report
---	---------------------------------------	--

1.6.1.4.(a)	Field inventory books should be maintained in accordance with the instructions of the Circular.	1.6.1 (b) (i)
-------------	---	---------------

3. Financial Review
3.1 Revenue Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Department of Irrigation had signed a Memorandum of Understanding with a wholly owned subsidiary company of the Electricity Board on 13 October 2017 to operate a power plant in the Deduru Oya Multipurpose Development Project and as per section 7.1 of the Memorandum of Understanding, the subsidiary company had agreed to pay 15 percent of the monthly revenue generated by the subsidiary company from the sale of electricity to the Electricity Board as a royalty payment to the Department of Irrigation. However, out of the Rs. 54.19 million that the subsidiary company was due from the revenue generated by the subsidiary company from the generation of electricity during the period from January 2021 to 31 December 2024, Rs. 42.84 million remained outstanding.	The subsidiary company has been informed by the letter of the Director General of Irrigation dated 30 May 2025 to pay the outstanding amounts before 15 June 2025.	Action should be taken to recover outstanding amounts without delay.
(b) Further, it was not confirmed on what basis 15 percent of the revenue from the sale of electricity was decided as the royalty when the MoU was signed, and the conditions indicating how to deal with	The Director of Irrigation (Kurunegala) has been informed to provide relevant comments and observations to amend the MoU signed for the operation of the Deduru Oya Multipurpose Development	The MoU should be amended promptly to charge fees without delay and formal approval should be obtained for the 15 percent royalty.

delays in payment of fees were Project Power Plant. not included in this MoU.

3.2 Management of Expenditure

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Due to the allocation of funds without identifying the needs in the preparation of estimates and the failure to carry out work as planned, out of the Rs. 7,035 million of 12 capital objects in the year under review, a sum of Rs. 5,505.98 million i.e. more than 78 percent remained as at 31 December 2024.	Provisions have remained because of the inability to maintain construction activities due to various facts related to each development work.	The provision allocated for development programs should be fully utilized in the relevant year.
(b) Even though no provision was made in the 2024 budget for the development and improvement of the Godigamuwa Tank in Matale District, the provision of Rs. 60 million allocated for the Uma Oya Downstream Development Project had been transferred. However, as at 31 December 2024, a provision of Rs. 34.08 million remained, which was 57 percent of the net provision.	Even though the construction work was to be completed by 31 December 2024, it was not possible to complete the work due to adverse weather condition.	Provisions transferred should be fully utilized in the relevant year itself.
(c) Even though a sum of Rs.1,000 million had been allocated for the construction of the Mahakithula Inlet Tunnel and the associated canal in the year under review, the entire net allocation had been saved without being utilized. The funds allocated in the budget remained underutilized due to the allocation of funds without identifying the needs in the preparation of estimates and the work not being carried out as planned.	The Department does not have technical experience in the construction of this tunnel and the Department of Irrigation may face many technical problems by taking up such a task. In this regard, it has been proposed to hand over the work of constructing the tunnel to the Central Engineering Consultancy Bureau as per the instructions of the Secretary to the Ministry of Irrigation.	Action should be taken to allocate provisions only after identifying the construction capabilities and requirements, and action should also be taken to identify the officers responsible for the allocation of funds without taking action accordingly. Disciplinary action should be taken for not taking action in accordance with Financial Regulation 50.

3.3 Utilization of Provisions made available by other Ministries and Departments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Even though the Ministry of Irrigation had provided a provision of Rs. 1,368.73 million for the renovation of the Central Irrigation Scheme, only Rs. 828.87 million had been spent as at 31 December 2024. Accordingly, Rs. 539.86 million had not been utilized for the relevant tasks.	A provision of Rs. 510 million was received in July 2024 and thereafter. Since most of the items for which the provisions were received were national competitive bidding contracts, the planned progress could not be achieved as the 2024/2025 Maha season had begun at the time the work was contracted and commenced. Further, due to the torrential rains and flood conditions in the latter half of 2024, the construction work could not be carried out as planned.	Disciplinary action should be taken against officers responsible for not completing planned tasks.
(b) Even though the amount given to the Department of Irrigation by 20 other government institutions such as Ministries, Departments, District Secretariats to carry out 29 various tasks was Rs. 536.62 million, the unspent balance as at 31 December 2024 was Rs. 82.70 million.	Action will be taken to settle that amount in the future. Further, action will be taken to make aware the Zonal Irrigation Directors to consider the amount received by the projects in the general deposit account as an advance given during the financial year and to immediately settle any remaining amount before the end of that financial year.	Action should be taken to request only the amount expected to be spent for the year according to a work plan, and if there is any remaining amount, an arrangement should be made to send it back and settle it within that year.

3.4 Certifications to be done by the Accounting Officer

In terms of section 38 of the National Audit Act, No. 19 of 2018, the Accounting Officer should certify the following matter. However, action had not been taken accordingly.

Audit Observation	Comments of the Accounting Officer	Recommendation
In terms of section 38 of the National Audit Act No. 19 of 2018, the Accounting Officer should certify that an effective	The Internal Audit Division has conducted internal audits in accordance with the internal audit plan prepared	Action should be taken in terms of provisions of Section 38 of the National Audit Act, No.

internal control system is prepared and maintained for the financial control of the Department of Irrigation and the required alterations should be made for effectively carrying out the system in accordance with the review on the effectiveness of such system performed from time to time. Even though those reviews should be made in writing and a copy of that should be submitted to the Auditor General, the written statements for such review carried out had not been submitted to the audit.

from the highest risk level according to financial risk and observed the deficiency in the internal control system and issued recommendations and instructions to the relevant offices to rectify those deficiencies and maintain the strength of the internal system.

3.5 Non-compliance with Laws, Rules and Regulations

The instances of non-compliance with the provisions of laws, rules and regulations observed during the audit test checks are analyzed below.

Audit Observation		Comments of the Accounting Officer	Recommendation
Reference to Laws, Rules and Regulations	Non-compliance		
(a) Section 11 of the Irrigation (Amendment) Act, No. 23 of 1983	An irrigation fines fund had not been maintained.	Since the establishment of the irrigation fines fund is to be done by the Chief Accounting Officer, i.e. the Secretary to the Ministry of Irrigation, I would like to mention that the relevant actions are being taken for the establishment of the fines fund.	Action should be taken in accordance with the provisions of Section 11 of the Irrigation (Amendment) Act, No. 23 of 1983.
(b) The Establishments Code of the Democratic Socialist Republic of Sri Lanka			

Sections 4.1, 4.4 and 4.5 of Chapter XXIV	A sum of Rs. 2.05 million to be recovered from 16 deceased employees, Rs. 4.92 million to be recovered from 51 retired employees and Rs. 3.78 million to be recovered from 39 employees who were interdicted, vacated the service and suspended had not been recovered by 30 May 2025. Among these balances, there was a balance of Rs. 4.12 million which was older than three years.	Action is being taken to recover the outstanding loan balances.	Action should be taken to recover the loans as per the provisions of the Establishments Code and disciplinary action should be taken against the officers who do not act accordingly.	
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	F.R.104	Inquiries had not been conducted under F.R. 104 for 15 losses and damages of Rs. 4.39 million that had occurred in the Department and a sum of Rs. 245,230 related to 02 losses and damages had not been recovered.	The Attorney General's Department is conducting legal proceedings in respect of Rs. 245,230 related to 02 losses and inquiries are being conducted under F.R. 104 in respect of 15 losses amounting to Rs. 4.39 million.	Inquiries should be conducted in accordance with F.R. and the loss caused to the government should be recovered from the persons responsible for the losses. Disciplinary actions should be taken against the persons responsible for not conducting inquiries under F.R.104 within the prescribed period.
(i)				

- | | | | |
|----------------|--|--|---|
| (ii) F.R.138 | (i) Payments had been made without verifying at the time the Regional Irrigation Engineering Offices obtained the machinery on a rental basis for construction and maintenance work, whether the machinery was actually used at the work site, at the time the labourers were hired, whether the labourers were actually employed, and at the time materials were directly received at the work site, whether the goods were actually received to the work site. | Instructions have been issued on 24.09.2024 to all Zonal Irrigation Directors on how to maintain labour records for workers and make payments. | Payments should be certified after verifying the value stated in the voucher in every way and disciplinary action should be taken against officers who do not act accordingly. Further, it should be investigated whether any irregularities have occurred. |
| | (ii) The payments for 07 vouchers for an amount of Rs. 2.61 million paid under improvement and rehabilitation of the capital assets of Rugam Regional Irrigation Engineering Office administered by Baticoloa Zonal Irrigation Director Office had not been certified. | The action had been taken to get the necessary measures to avoid these deviations in the future. | It should be verified that any irregularity/loss had not occurred after conducting an investigation in relation to the payment for the uncertified vouchers. |
| (iii) F.R. 569 | The expenses had been incurred by retaining in the deposit account for temporarily retention for payment again to the | The action will be taken to make aware the heads of all Division/Zones to maintain the accounts enabling to exactly identify | The income and expenditure should be accounted enabling to exactly identify and the |

third parties by charging a fee of Rs.10, 000 each for submission the recommendations to the various public institutions to give the permits for other economic activities including the construction of mini hydro power stations related to rivers and streams by Department of Irrigation and removal of sand. A balance of Rs.6.29 million had existed in this account as at 31 December 2024 and the accounts had not been maintained enabling to exactly identify the income collected and expenses incurred within the year as per the Financial Regulations.

the income and expenditure collected and credit to the government revenue if there is a balance in the deposit account.

action should be taken to credit to the government revenue if there is a balance in the deposit accounts in each zone.

(iv) F.R. 571

No measures had been taken as per Financial Regulations in relation to the deposits of Rs.130.67 million exceeded more than 02 years by 26 May 2025. The deposits of Rs.6.3 million exceeded more than 05 years had been included in the said deposit balance.

The action is being taken to settle the remaining deposit balance.

The action should be taken as per F.R.571 pertaining to the deposits exceeded 02 years.

(v) F.R. 753(1),(2)

Good Issuance Orders and Good Receipt Orders had not been prepared for the materials directly received to the field for the construction and rehabilitation of

The series of instructions had been issued in relation to the materials directly received to the field.

It should be verified by carrying out follow-up whether the actions are taken in accordance with the instructions.

tanks/reservoirs under various projects.

- | | | | | |
|-------------------------------------|---|---|--|--|
| (vi) | F.R. 756 | Subsequent to issuance of the goods to the operational and maintenance work and the construction industry of Regional Irrigation Engineering Offices, the materials under custody of Engineering Assistants. | It had been informed by the letter No. FIN/ST/VR/2024 dated 27 November 2024 to physically verify the good balances under custody of Engineering Assistant in the sites belonging to Department through annual Board of Surveys. | As per the provisions of F.R.756, the steps should be taken to inspect the goods under the custody of Engineering Assistant through the Annual Board of Survey. |
| (d) Irrigation Department Circulars | | | | |
| (i) | Paragraph (a) of Circulars of Irrigation Department No.23 of 1982 | The monthly material reports had not been submitted within 5 working days of the following month by Engineering Assistants. | The instruction letters had been issued to submit the monthly material reports by making aware all divisional heads. | The step should be taken as per the circular and it should be verified after investigating by the management whether the actions are taken in compliance with such instructions. |
| (ii) | Irrigation Circular No.03/2023 dated 28 February 2023 | Even though the monthly future programs for performing their own duties should be submitted to the immediate superior on or before 25 of the preceding year by Field Officers and the approval should be obtained, said programs in relation to the field duties had not been presented by Engineering Assistants and Technical Assistants attached to department. It had been permitted to carry out field duties to | Zonal Irrigation Directors and Field Officers had been made aware on this matter by circulars from time to time and the instructions had been provided to take necessary steps by further examining in the future. | It should be given permission for the field duties only from approval the future programs of the field officers as per circulars. |

such officers without considering that.

3.6 Deposits

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	The certain deposits prevailed as at 31 December 2024 in the deposit account temporarily retained for payment to the third parties again had not been utilized for relevant task and retained since 2021.a balance of Rs.208.2 million had existed within 69 deposits with a value more than Rs.300,000 as at 31 December 2024 among the deposits retained likewise.	The action is being taken to promptly settle the deposit balances.	The deposit balances should be immediately settled.
(b)	Even though only deposits related to the third parties should be mentioned in the above deposit account, a balance of Rs.53.84 million had existed as at 31 December 2024 in relation to 43 deposits made in the names of Irrigation Officers and Project Directors who are not the third parties. However, this money had been already accounted as expenses against the provision under the Expenditure Heads of Ministry of Irrigation and Department of Irrigation. Accordingly, The funds released from the General Treasury had been accounted in the financial statements as incurred in this manner and a similar amount for that had been idle in the deposit accounts.	The action will be taken to give back such amount to the relevant parties if the work parts related to such retention money will not be carried out expeditiously or it had been made aware the relevant Zonal Offices to give the reasons for further retention.	The step should be taken to immediately complete the activities under the deposits and the money should not be deposited in the deposit account in the names of the officers other than third parties.

- (c) A sum of Rs.21.36 million had been provided to Galle Zonal Irrigation Director's Office for several project activities by China Company constructed the Southern Expressway. Said money had been mentioned in the deposit account with an objective of controlling the flood occurred in Matara Kiralakale area due to damage of BR-5 bund of Matara Nilwala Dams Project in 2003. A balance of Rs.20.24 million had existed as only an amount of Rs.1.12 million from that amount had been incurred as at 31 December 2024.
- This activity had continuously delayed due to severe protest for these constructions by the people resided between spill and Nilwala river owing to the construction of this spill. An estimate had been already prepared to lay concrete again and construct this spill constructed under Nilwala Scheme to the height planned.
- The action should be taken to expeditiously complete these activities.

4. Operational Review

4.1 Planning

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As per the Organizational Chart of the Department of Irrigation, the operational and maintenance activities of tanks/reservoirs had been performed by 52 Regional Irrigation Engineering Offices under 14 Zonal Irrigation Director Offices covering Sri Lanka. The Organizational Structure had been prepared directly assigning the monitoring of such activities to Director General of Irrigation and the activities planned to be carried out from each office had not been mentioned in the Action Plan submitted for the year 2024.	The instructions had not been received so far to be included the activities planned to be carried out by each office as 66 offices including 14 zonal offices and 52 Regional Irrigation Engineering offices.	The measures should be taken to prepare the Action Plan by mentioning the activities planned to be performed by each office.
(b) As per the Organizational Chart of the Department of Irrigation, it had been divided into 14 mechanical workshops under 03 Mechanical Director Offices coving whole Sri Lanka. The	Specially, the activities such as the vehicle repairs and the gate repairs to be performed daily are mainly carried out and it is not clear the	-Do-

activities planned to be carried out by each office had not been mentioned in the Action Plan submitted for the year 2024. way of including such activities in the Action Plan.

4.2 Non-achievement of the expected outcome

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	Uma Oya down stream Development Project		
(i)	It had been noted that a physical progress of 97.44 percent had been achieved by incurring a sum of Rs.17, 689.01 million out of Rs.17, 914.20 million which was the approved estimated value of the project by 31 December 2024 as per the Performance Report. However, the approval of the Cabinet of Ministers had been granted on 26 May 2025 to amend the estimated value up to Rs.22, 017 million for remaining work including new work activities expected to be constructed on 23 December 2024 and extend the period of time up to 31 December 2026. Accordingly, even though more than 12 years had elapsed from the commencement of project, the fully achievement of the expected benefits had further delayed.	It had been scheduled to complete the construction activities of this project by 31.12.2024. But the issue of carrying out the relevant work under the prevailing prices had faced due to identification of many activities to be newly completed while performing the construction activities and preparation of this approved estimate under the prices prevailed in 2021. The approval of the Cabinet of Ministers had been granted presently for extension the period of time and the amended estimate of the project and accordingly, the construction work had been commenced again.	The action should be taken to promptly complete the project without further delay the project and provide the expected benefits and the measures should be taken to incur the provision received from the budget within the year itself and the disciplinary action should be taken against the responsible officers who do not act in that manner.
(ii)	Since the constructions planned under down stream Development Project had not been fully completed up to June 2025, it had been planned to increase up to 48132 acres as Yala, Maha and intermediate seasons after the completion of the project in extent of 18232 acres which is the cultivation	If a very small part of a canal is not completely constructed practically, non-receipt of the benefits received under whole canal had caused for this.	The action should be taken to acquire the expected benefits as per a plan.

sharp in Yala and Maha two seasons in these areas before commencement of this project. Presently the total cultivation lands are only 26,369 acres.

- | | | | |
|-------|--|---|--|
| (iii) | It had been planned to construct Kuda Oya Sinhalayagama canal by 36 Km and the parts of 91 work items with an estimated value of Rs.1037.21 million by 28 November 2024 had to be further completed. Any construction of 61 work items with an estimated value of Rs.563.82 million had not been carried out up to now. | The total amount required for the construction of this canal as per amended new estimate is Rs. 3,171.33 million It is expected to be performed the all remaining work parts within this new amended estimate. | The measures should be taken to provide the expected benefits by completing the work expeditiously. |
| (iv) | It had been planned to construct 15 water diversion places and 09 diversion canals of left bank canal way by increasing the capacity of Hadapanagala Reservoir. However, first 03 diversion canals and paddy field canal ways of left bank canal had not been constructed. | The activities planned are subject to the changes at various incidents. The various reasons affect for that. The issues for acquisition the lands and difficulty of removal the fixed cultivations in those areas had affected to halt these constructions. | The responsibility of the officers is to solve the issues affected for implementation the project before obtaining the provision for the project. The disciplinary action should be taken against the officers who had avoided the responsibility. |
| (v) | A sum of Rs.773.589 had been incurred for the construction of the diversion canal DC05 at the place 6+950 Km under the estimated cost of Rs.1.74 million. Though it had been planned to construct 02 paddy field canal ways as FC1 and FC2 connected to it, the water couldn't be provided to the cultivation lands related to that due to non-construction of the canal ways. | If further provision had been utilized for these activities, the provision can be an obstacle for carrying out several main constructions performed so far. | The work of the canal should be completed in order to obtain the benefits. |
| (vi) | A sum of Rs.2.17 million had been incurred for the construction of the diversion canal DC06 at the place 7+500 km under estimated cost of | Though the estimates had been prepared for the constructions, there are some instances where the total provision required | -Do- |

- Rs.3.13 million. Though it had been planned to construct 06 paddy field canals from FC1 To FC6 to that diversion canal such canal ways had not been constructed.
- for each industry is not provided in allocation of provision. It appears that the action had been taken as per the provision allocated.
- (vii) The construction of a part of 30 meters of the diversion canal DC06 had been halted due to an existence of a transformer and a post with electric wires belonging to the Ceylon Electricity Board. The cutting of the canal in either sides had based for this without a prior study on the electric post with this transformer. Accordingly, it can't be supplied the irrigation water for a part with 1,700 meters of the lower part of the canal presently within non-completion of the construction of the Canal way DC06.
- The provisions allocated are limited. The all work expected can't be performed under this project. If the provision of the project will be only remained, the attention can be paid to the additional work parts.
- The measures should be taken to provide the expected benefits by completing the work expeditiously.
- (viii) R2 regulator gate had been constructed with a cost of Rs.3.29 million at the place 4+500 km under the estimated cost of Rs.3.55 million. After the gate had been lifted to the maximum height from the bottom, the water of left bank canal had flowed above the concrete bunds in either side of the regulator gates. Accordingly, these constructions had not been carried out enabling to control the water flow of left bank canal.
- The two bunds constructed in either sides of the regulator gate is to flow the extra water through it. Though the gate is opened or closed, the water can flow over such bunds. There are various reasons caused for that.
- An investigation should be conducted whether the construction of regulator gate had not been carried out enabling to control the water flow of left bank canal.
- (ix) The number of land lots on which the compensation had been completely paid from 698 land lots acquired in Wallawaya area in the construction of the Ali Kotaara and Hadapanagala reservoirs and the canal ways are 579 and the value of the
- The power of acquisition of lands, distribution and the payment of compensation is entrusted to relevant Divisional Secretaries. Though the matter mentioned by the audit is appropriate, the
- The measures should be taken to expeditiously complete the payment of compensation in co-ordination with the Divisional Secretariat and the valuation should be immediately obtained for the lands on which the valuation

compensation paid for that is Rs.491.64 million. However, no action had been taken so far to obtain even valuation for 70 land lots out of 119 on which the compensation had not been paid. competent authority had not been obtained. should take action for that.

- (x) At the field inspection carried out with regard to 51 irrigation land owners out of 110 on 19, 22, 23 and 24 march 2024 by Wallawaya Divisional Secretariat for identification the issues existed pertaining to providing of irrigation lands to 110 families of Wallawaya Divisional Secretariat under Hadapanagala left bank canal way, the cultivation lands of only 09 of them had remained undisturbed. It couldn't be accessed to such lands due to acquisition of other land lots by unauthorized residents. The activity of the land acquisition had been carried out under Uma Oya Multipurpose Project. The all information in relation to the land lots acquired under Uma Oya down stream Development Project is with project offices. The measures should be taken to solve this unauthorized land issue on direct intervention of Divisional Secretary.
- (xi) Even though the project office had been separately maintained, a computer system maintained in update manner was not available for the completion of the all activities such as land acquisition, resettlement, payment of compensation and distribution of new paddy lands without delay and easily carrying out. The task of land acquisition had been performed under Uma Oya Multi Task Project. The all information in relation to the land lots acquired under Uma Oya down stream Development Project is with the Office of Deputy Project Director. The action should be taken to maintain a computer system for keeping the information in update manner.

(b) Lower Malwathu oya Development Project

- (i) It had been planned to commence the above project in 2016 under an estimated value of Rs.22,900 million and to complete in 2024 i.e. within 08 years. An extension of the time period up to 31 December 2025 The construction activities of this project had been suspended as per the decision of committee on Re-strategizing and Acceleration of Mega The steps should be taken to commence the project after only consideration the financial feasibility for carrying out the project without halting in half way and the action should be taken

had been requested. As per the Performance Report of the ministry, the overall financial progress was Rs.1,817.44 million and the physical progress was 7.03 percent at the end of the year under review. Accordingly, it is problematic to the audit whether the remaining progress of 92.97 percent can be achieved as at 31 December 2025. The expected benefits had lost to the national economy owing to inability of completion the project within the specified period.

Projects (RAMP). Presently, the preliminary estimate in relation to this project had been revised and the draft Cabinet Memorandum in relation to extension the project period up to 31 December 2029 had been submitted to the Ministry of Irrigation. The approval had not been received so far.

to incur the provision received from the budget within the year itself. The disciplinary action should be taken against the officers who had not acted in that manner. The attention should be also paid regarding the freeze of the opportunities for introduction of new projects due to continuously allocation of the provision for one project.

- (ii) Though an amount of Rs.4,573 million had been estimated for the construction of the spill of the reservoir under the above project, the construction had not been commenced up to now. Since the construction of spill had delayed, the construction activities of the part of the tank bund from 0+250 m to 1+200 m had been halted.
- These matters are accurate. In accordance with the new amended estimate, a sum of Rs.6,551 million is required for the civil work. Said amount is Rs.11, 044 million with other expenses. Though it had been inquired from the General Treasury in relation to obtaining the provision for this, no answer had been received so far.
- The step should be taken to complete the work without delay for obtaining the expected benefits.
- (iii) Even though the requests had been made up to 31 December 2025 for completion the project, a detailed work plan had not been prepared for the year 2025. Consequently, the possibility of completing the project by fully utilization the amount of Rs.5,000 million allocated within the year 2025 had not been verified in the audit.
- Though the provisions are annually allocated, the relevant approvals should be obtained to incur said provisions. It had been planned to utilize about half of the provisions allocated for the construction of the spill. If the construction of the spill had been commenced, there is a possibility of carrying out the other constructions in line with that. Similarly,
- The relevant officers should be held responsible in relation to obtaining the provision without a proper plan.

the functions such as the acquisition of lands and the resettlement should be performed in line with that. These activities can't be directly performed by Department of Irrigation. Similarly, the steps should be taken in compliance with the instructions given by the Government in this regard. Therefore, it can't be utilized Rs.5, 000 million for this year accordingly.

(c) Eru Tank-Mahakanadarawa Feeder Ela Project

It been planned to be completed by Anuradhapura Regional Irrigation Engineering Office within 2024-2026 by utilizing the provision under an estimate of Rs.2,000 million for this project. Even though a provision of Rs.1,000 million had been allocated up to 31 December 2024 for this project, only Rs.375.78 million had been incurred and the overall physical progress was 12.2 percent as at 31 December 2024.

The improvements such as Mahakanadarawa and Eru tank which are not related to Eru Tank – Mahakanadarawa Feeder Ela had been included in this estimate. The primary objective is to achieve the basic objective by completing the constructions of Eru Tank Mahakanadarawa Feeder Tank. Said activity had been completed up to now. The necessary steps had been taken to expeditiously carry out the other construction activities pertaining to the estimate.

The measures should be taken to complete the project activities in the year 2026 as planned.

(d) Wari Saubhagaya National Project

Even though Rs.16.06 million had been incurred for 03 projects with an estimated value of Rs.37.21 million commenced

The instructions for the completion of future work related to Panugala anicut improvement

The constructions should be expeditiously completed and the permissions required for Deniyaya reservoir should be

in 2021 under Wari Saubhagaya National Project by Gampaha District Regional Irrigation Engineering Office, the physical progress of these projects was in a minimum level from 45 percent to 60 percent even lapse of about 04 years up to 04 April 2025.

activity had been provided to Regional Irrigation Engineer-Gampaha and new plans in relation to the activities of Punchi Ma Eliya anicut not carried out so far are being prepared by the Planning Division. The step had been taken to perform it after receiving and estimating. Since the construction of Puwakgas Deniyaya reservoir is administered under Department of Agrarian Development the provisions of the Department of Irrigation can't be utilized without a special approval for that.

obtained without further delay. Furthermore, the action should not be taken in the future to obtain the provision without receipt of required permissions.

4.3 Non achievement of the expected outcome

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Yan Oya Reservoir Project		
(i) Even though it had been initially planned to commence this project in 2012 under an estimate value of Rs.48,355.3 million and complete in the year 2021, such period of time had been extended up to 31 December 2024 and a sum of Rs.41,953 million had been spent on that date. Though this project had been implemented with an objective of providing the irrigation facilities to new highland and muddy lands in extent of 1515 hectares belonging to Horawpathana and Gomarankadawala Divisional Secretariat Divisions and add to the cultivations, the Department	Even though the proposed lands in extent of 1515 hectares for providing the alternative lands under Yan Oya Reservoir, the lands released by the Department of Forest Conservation are 865.45 hectares. i.e. Anuradhapura District- 417.45 hectares, Trincomalee District - 564 hectares. In accordance with the period of time for release the lands by the Department of Forest Conservation, lands in extent of 773.62 hectares had been developed so far and the development	The disciplinary action should be taken by conducting the inquiry in relation to the officers who had not taken action to identify the alternative lands required for distribution prior to the commencement of the project and the should be held responsible with regard to the additional payments due to be paid. The provisions received from the budget should be incurred within that year itself. Since the provision had been continuously obtained for one project, the attention should be

of Forest Conservation had agreed to release the lands in extent of 865.45 hectares. The irrigation facilities had been provided only for new paddy lands in extent of 773.62 hectares out of this land extent up to 25 March 2025 and the land in extent of 741.38 hectares had not been provided to the farmers for cultivation. Furthermore, though it had been planned to provide maximum 1.5 acres to the persons who had lost the paddy lands due to the project, it couldn't be provided the paddy lands owing to non-release of required paddy lands from the Department of Forest Conservation after identification the lands for that. As a result of that, an additional compensation of Rs.972 million had been paid on 27 March 2025 by maximum Rs.1.8 million for 540 family units instead of paddy lands.

activities of remaining hectares of 182.83 (66.83 +116) had delayed due to the environmental issues arisen and prevailed economic depression in the country. Said development activities are in the final phase. The remaining hectares of 116 out of that belonging to Trincomalee District are developed under Morawewa Irrigation Engineering Office. As per Circular No.1/2016, the providing of lands should have been carried out at the time of the construction of the project. Presently, It had been taken action to solve this issue by providing Rs.1.8 million each on behalf of alternative lands on inability of release of adequate lands for the development with the approval of the Cabinet of Ministers.

paid on inability of introduction the novel projects.

(ii) An interest amount of 7 percent had to be paid more than 05 years for the statutory compensation with regard to full compensation on the delay of providing the valuation reports since the date of gazette the proviso 38(a) for the lands acquired due to the delay of the payment of compensation. Accordingly, an amount of Rs.392.53 million had been paid as interest as at 27 March 2025. Moreover, it had not been verified in the audit that the interest paid in this manner had not been paid to the persons who had lost the lands.

This is a duty of relevant Divisional Secretaries and the relevant compensation and interest money are provided to them as per the requests made by them. The relevant provisions are provided by us to the Divisional Secretary in accordance with the compensation request documents forwarded on the recommendation of the Divisional Secretary and the payments are made to the relevant beneficiaries by divisional Secretary. It had been requested by the Divisional Secretary to

The measures should be taken to obtain the documents including the details of the persons to whom the payments are made prior to making all payments including the compensations provided through Divisional Secretaries. The action should be taken to immediately provide the lands not paying an interest amount and maintain the necessary detailed schedules. Due to the delay of payment of compensation, the relevant officers should be held responsible for the interest amount paid.

forward the documents of the persons to whom the payments are made to us.

- (iii) As the lands were not provided on time, the compensations amounting to Rs. 345.45 million had been paid at the rate of Rs. 35,000 per acre for 8 seasons lost from the 2014/2015 Yala season to the 2018/2019 Maha season to those who lost their paddy lands during the construction of the reservoir dam. Compensation of Rs. 50,700 per acre for 11 lost seasons from the 2018 Yala season to the 2023 Maha season for those who lost their lands during the construction of the left bank canal and seasonal compensation of Rs. 124.91 million as Rs. 35,000 per acre for the farmers cultivating with rain water had been paid. Accordingly, due to the failure to provide paddy lands to those who lost their lands as scheduled, the compensation of Rs. 470.36 million had to be paid. It was not also confirmed to the audit that the compensations so paid were paid only to those who lost their lands.
- An incorrect answer as "All relevant documents have been submitted to the Audit Division" has been presented.
- An investigation should be done into the failure to provide the agreed agricultural lands on the due dates and the responsible officers should be identified. A confirmation that the payment of money was done only for those who lost their lands should be presented to the audit. The efforts should be made to introduce an efficient system to prevent such additional payments in the future.
- (iv) A monthly subsistence allowance of Rs. 2,000 up to a maximum of Rs. 8,000 had been paid to a person who lost their livelihood due to non-provision of irrigated lands, amounting to a total of Rs. 505.87 million up to 30 November 2024. As the books had not been maintained to separately identify the amount paid to each person, the audit could not verify that the cost incurred in this regard was paid only to those who lost their lands.

-D0-

-D0-

4.4 Abandonment of projects without accomplishment

The letter dated 07 October 2022 from the Secretary to the Prime Minister addressed to the Secretary to the Ministry of Irrigation had submitted recommendations for each project regarding the implementation of the recommendations of the Re-strategizing and Acceleration of Mega Projects (RAMP). In examining those recommendations and the performance reports of the Irrigation Department, the following particulars were observed.

Audit Observations	Comments of the Accounting Officer	Recommendation
<p>(a) Kumbukkan Oya Revervoir Project</p> <p>Even if this project had been planned to be started in 2015 and completed in 6 years at an estimated cost of Rs. 32,397.3 million, it had not been completed within that period. According to the above letter, it had been recommended as “since this is a project started from an unsolicited proposal with foreign loan assistance, not initiating any major activities thereof until a specific decision is received from the Treasury regarding the relevant funding.” However, a specific decision on the funding for the project had not been received from the Treasury to date. Consequently, the cost of Rs. 521.54 million spent from 2015 to 2023 had been idle.</p>	<p>The construction activities of this project have been temporarily suspended in accordance with the decisions of the Committee of Re-strategizing and Acceleration of Mega Projects. Further proceedings can be carried out as per the instructions given regarding the future work of the project.</p>	<p>At the time of taking the decision to temporarily suspend this project, the project completion date had passed. Accordingly, if the project had been completed within the stipulated timeframe, the project would not have been subjected to the decision of temporary suspension. Consequently, as the officers are responsible for this, the disciplinary actions should be taken against them.</p> <p>Further, the actions should be taken to restart the project activities to obtain a benefit on the expenditure incurred to date.</p>
<p>(b) Reconstruction of Kuda Wilachchiya Reservoir</p> <p>The renovations of this reservoir had been scheduled to be started in 2021 and completed in 2023 at an estimated cost of Rs. 6,000 million. As per the said letter, a policy decision has been taken that only the existing industrial estates should be operated further instead of constructing new</p>	<p>The construction activities of this project have been temporarily suspended in accordance with the decisions taken by the Committee of Re-strategizing and Acceleration of Mega Projects. Further proceedings can be carried out as per the</p>	<p>In addition to providing water for the proposed pharmaceutical zone in Anuradhapura, the steps should be taken to inform the Cabinet of Ministers about the other benefits to be derived from the project and to obtain the benefits</p>

industrial estates. Consequently, the committee had recommended to obtain a confirmation from the Ministry of Health to the effect that the Oyamaduwa Pharmaceutical Manufacturing Industrial Estate is operated within next two years, and otherwise to stop the project. Accordingly, no confirmation had been obtained from the Ministry of Health in this connection. However, the entire project had been stopped considering only one of the benefits of implementing this project “Supplying water to the proposed pharmaceutical zone in Anuradhapura”. Accordingly cost of Rs.162.14 million spend from 2021 to 2023 remained idle.

(c) Accelerated Irrigation Development Project of Monaragala District (Wellassa Navodaya)

This project had been initiated in 2016 with an estimated cost of Rs. 2,500 million anticipating to be completed in 2024. As indicated in the above letter, it had been recommended to complete the project in 2022 by accomplishing sustainably only the activities that were in progress at that time in the Detagamuwa Tank, Uraula Tank, Payilegama Tank and Moragolla Tank that belonged to this project. However, the construction had been abandoned from 2024 without proceedings so. Accordingly, a sum of Rs. 1,221.21 million spent on the project from 2016 to 2023 remained idle.

The construction work of this project has been temporarily suspended as per the decision of the Committee of Re-strategizing and Acceleration of Mega Projects (RAMP). The provisions have not been allocated to continue the remaining work of this project.

According to the decision of the committee's, the disciplinary actions should be taken against the officers responsible for abandoning the existing activities without accomplishing those in a sustainable manner so that they can be utilized, and a program should be developed to obtain benefits from the expenses incurred for the project.

(d) Himbilyakada Watte Gedara Irrigation Infrastructure Development

This project had been planned to be started in 2020 and completed in 2024 at an estimated cost of Rs. 7,155 million. As indicated in the above letter, although it had been recommended to complete the construction of the sluice and Wattegedara tank embankments and to temporarily stop the other activities of the project, the construction had been abandoned from March 2024 without accomplishing the said construction. Accordingly, the cost of Rs. 664.40 million incurred for this project from 2020 to March 2024 had been an idle expenditure.

As per the instructions given at the Prime Minister's Secretariat on 03 April 2024 regarding the construction of the Wattegedara Tank, the work of the project has been suspended.

The disciplinary actions should be taken against the officers responsible for abandoning the project without proceeding in line with the decision of the committee, and a program should be developed to obtain benefits from the expenses incurred for the project.

(e) Mahagalgamuwa Feeder Canal Construction Project

The project had been started in 2014 under the Ten-Year Plan on Large/Medium Scale Irrigation Projects proposed to be implemented by the Ministry of Irrigation and Water Resources Management on the approval of the Cabinet of Minister on 11 September 2011, and the estimated cost was Rs. 500 million. Even if a sum of Rs. 374.95 million had been spent on excavation of the 14 km long canal way from place to place from the year 2014 to the year 2023, not even a single part of the canal way had been properly prepared. Since this project had been abandoned from 2024, the expenditure incurred on the project had not been a productive expenditure.

If the approval of the Cabinet of Ministers and additional provisions are received for this, there is a possibility of completing this work. As many persons who worked on this project have now retired, it has been difficult to obtain information regarding the work done. The Secretary to the Ministry of Irrigation has also appointed a committee to look into the work done on this project, and its report has not been received to date.

Since the failure to carry out constructions of development projects in line with a work plan, carrying out the constructions in parts only in some locations without completion and the failure to keep accounts enabling to identify the expenses are a common characteristic of the Department, a work plan should be implemented to correct these shortcomings. As the committee appointed by the Secretary to the Ministry has already taken about a year, the actions should be taken to obtain the report promptly and implement its recommendations and take

steps to obtain the expected benefits of the project.

4.5 Annual Performance Report

Audit Observations	Comments of the Accounting Officer	Recommendation
(a) In setting out future goals under paragraph 2.3 of the performance report, a timeframe had not been presented indicating the tasks expected to be performed under many points and the extent to which they were expected to be achieved in each year.	Only 04 points have been included in the presentation of future goals and it has been acknowledged that these goals are expected to be achieved by the year 2027.	The actions should be taken to present the tasks expected to be accomplished under the future goals of the annual report and a timeframe indicating the extent to which they are expected to be achieved in each year.
(b) The annual performance report submitted for the year 2024 did not include the allocations made under each Object for the year 2024, expenditure and tasks performed thereby for the 14 Offices of Zonal Director of Irrigation, 52 Offices of Regional Engineer of Irrigation and 14 Mechanical Workshops. Consequently, the audit could not verify the achievements, benefits, challenges and progress gained through the tasks performed by each office	It is practically difficult to indicate the allocations made for each of these offices, and to include information enabling to separately identify the achievements, progress and challenges achieved through the tasks performed by each office, and it has never been informed previously that it should be included in the annual performance report of the Department.	The steps should be taken to introduce a methodology to present information on progress so that the achievements, benefits and challenges achieved through the work carried out by each office can be identified separately. Further, the actions should be taken to clearly state the details in the annual report regarding the programs proposed to be implemented during the year, along with the allocated provisions.

4.6 Procurements

Audit Observations	Comments of the Accounting Officer	Recommendation
(a) According to 3.7 of the Procurement Guidelines, the procurement process using own workers and equipment is suitable only if the institution is with sufficient number of workers and adequate machinery. However, 6 Offices of Regional Engineer of	The steps will be taken in the future to inform the relevant offices to conduct an assessment of their own manpower and equipment before using the direct method (Force Account) and obtain only the	A program should be implemented in order to ensure the availability of an adequate number of employees and machinery before granting approval to operate industries under the procurement system

- Irrigation had implemented 39 percent of their operational industries under the procurement process using their own workers and equipment (Force Account) without ensuring the availability of sufficient workers and machinery.
- (b) General instructions and criteria had not been issued regarding the procedures to be followed in procuring labour under this Force Account, the agreement formats to be used for the said purpose, the documents to be maintained regarding arrival, departure and performing works, the basis on which payments were made, etc. Consequently, those activities were being done irregularly by each office of Provincial Engineer of Irrigation.
- (c) As per Section 4.3.2 of the Procurement Guidelines, the total cost estimate was to be approved by the authority mentioned in the Procurement Manual. However, in the construction of the spillway for releasing water from Mudirippu Wewa to Mahanochchikulam Wewa at 8+650 km of the feeder canal carrying water from Eru Wewa to Mahakanadara Wewa with an estimated value of Rs. 15.15 million, the works had been done separating into three parts as basic works including soil and plaster molding, wire work and concrete work and the proceedings had been done under the Divisional Procurement Committees.
- deficient quantity on rental basis.
- It is expected to issue the appropriate updated general criteria to the offices in this regard in the future.
- An 'explanation' in this connection has been requested from the Director of Irrigation (Anuradhapura).
- using its own employees and equipment.
- Circular instructions should be issued to strengthen internal control by introducing procedures to be followed and the forms related to the documents to be used to prevent the irregularities in the operation of industries on a direct labour basis.
- The actions should be taken to conduct disciplinary investigations against the officers who did not follow procurement guidelines.

4.7 Assets Management

	Audit Observations	Comments of the Accounting Officer	Recommendation
(a)	<p>The cost estimates for the repair of 45 vehicles and machinery that had been sent for repair had not been prepared, and the actions had not been taken to repair 32 vehicles for which estimates had been prepared.</p>	<p>Fluctuations in exchange rates due to carrying out repairs by importing spare parts, the need of working according to the priority list, the need of carrying out repairs outside of it on urgent requirements, and the lack of sufficient staff to prepare estimates had affected on that matter.</p>	<p>The steps should be taken to carry out the repairs in a timely manner.</p>
(b)	<p>Purchasing sand for the Himbilyakada Irrigation Infrastructure Facilities Improvement Project</p> <p>Although piling is the most appropriate and convenient method to measure the quantity of sand at the time of supplying large quantities of sand, the quantity of 1,905 cubes of sand for this project had been measured using the load counting sheet method and the measuring the quantity of sand had been done by the temporary hired casual workers.</p> <p>Although the quantity of sand that should be in the custody of the Engineering Assistant was 1,117 cubes after using 788 cubes of this quantity of sand, the project had been stopped and handed over to the Minipe Regional Irrigation Engineering Office in March 2024, and therein the physical stock of the remaining quantity of sand had been 888 cubes. Accordingly, there was a decrease of 229 cubes</p>	<p>The load count method has been followed in purchasing sand and a casual laborer has been employed to measure the height of the sand brought to this place by lorries. Comparing this calculation with the amount of sand brought is not correct at all. This is a mistake made by the officers in the field. The said calculation has been done without understanding any practical situation. The main reason is that the measurement during the purchase of sand has been done by one method and the remaining amount of sand has been measured by another method. At first, the load count method has been followed</p>	<p>The pile method should be used for measuring such large quantities of supplies. However, as the institution should receive a quantity of stock equal to the quantity of stock paid for, an investigation should be conducted to decide the officers responsible for the shortage of sand and the loss should be recovered from the responsible officers.</p>

of sand worth Rs. 3.24 million compared to the balance according to the material records of the Engineering Assistant. during the purchase of sand and the remaining amount of sand has been measured by using the pile measurement method.

4.8 Management Inefficiencies

Audit Observations	Comments of the Accounting Officer	Recommendation
(a) Payment Process of the Irrigation Department		
(i) Although it had been recommended at the meeting of the Committee on Public Accounts held on 07 August 2024 that the Ministry of Irrigation and the Irrigation Department should appoint a committee and have discussions in details regarding which Regional Irrigation Engineering Offices are located close to the work places wherein the Accountants attached to the offices of Zonal Director of Irrigation can certify the payments, and when it is not possible, what are the offices wherein the Chief Management Service Officer can be given the power to certify payments (as a temporary solution until the Accountants are appointed) and that an appropriate methodology should be prepared within a month with the involvement of the Ministry of Finance, and that the Service Minute of the Engineering Assistant Service should be amended and the relevant parties should be informed in this regard through a circular, and that a copy thereof should be sent to the Committee on Public Accounts with a copy to the Auditor General prior to the issuance of the said	A committee had been appointed by the Chief Accounting Officer on 23 February 2025 to establish a proper system to certify the payments and the report of the said committee had been submitted to the Secretary of the Committee on Public Accounts on 04 November 2025.	As per the recommendation given by the Committee on Public Accounts, the duties to be performed by accountants should be removed from the Service Minute of the Engineering Assistant Service, the actions should be taken to prepare a formal procedure regarding the payment process and inform the relevant parties.

circulars, the proceedings had not been made accordingly so far. Further, the Committees on Public Accounts held on 25 August 2006, 24 March 2011, 07 June 2011 and 22 September 2016 had also recommended that this payment process should be rectified as it was contrary to financial regulations.

- (ii) As stated in paragraph 5 of the letter addressed to the Chairman of the Committee on Public Accounts by the Director General of Irrigation on 22 November 2023 through the Secretary to the Ministry of Irrigation regarding the implementation of the directives given by the Committee on Public Accounts held on 24 March 2011, the maximum limit of the expenditure certified by the Divisional Assistant had been limited to Rs. 02 million. It had been stated that the certification of vouchers with a value exceeding the said amount should be done by the Accountant of the Office of the Director of Irrigation. However, payments had been certified exceeding the said limit. As per a sample test, the total value of the payments made in 12 cases exceeding the limit of Rs. 02 million had amounted to Rs. 43.5 million.
- The relevant regional directors of irrigation have been informed to send reminders and responses to take actions in the future paying special attention to this matter.
- A formal investigation should be conducted about the proceeding made contrary to the instructions given by the Director General of Irrigation and the disciplinary actions should be taken against the responsible officers.

(b) Unauthorized Constructions and Cultivations

- (i) At a circumstance where any person obstruct or illegally occupies any canal, canal way, waterway or tank or damages any irrigation construction, it should be legal to order such person by the Government Agent through a
- If it is required to conduct a complete survey and mapping the land disposals and unauthorized settlements occurred over a period of time in the thousands of years old
- In accordance with the provisions of the Irrigation Ordinance regarding the unauthorized activities and Section 2 of the Irrigation (Amendment) Act No. 23 of 1983, the steps should be

written notice to remove the said obstruction or to stop the unlawful acquisition or to repair the damage within a period specified in the notice as per the amendment made to Section 65 of the Irrigation Ordinance No. 32 of 1946 in accordance with Section 2 of the Irrigation (Amendment) Act, No. 23 of 1983. If a person to whom such notice is issued refuses or fails to comply with the terms thereof within the timeframe specified in the notice or if there is any doubt about the right person to be issued the said notice, it should be lawful for the Government Agent to take measures to remove the obstruction immediately or to stop the unlawful acquisition or to repair the damage.

irrigation works scattered throughout the island, it is suggested that deploying a separate group of suitably trained officers who can be fully engaged merely for the said purpose with the necessary physical resources will be the most practical and appropriate method for obtaining all this information.

taken immediately to identify and remove the unauthorized constructions, and a program should be executed to prevent the occurrence of such incidents again.

However, as per the information provided on 17 October 2025, 738 unauthorized constructions were identified and written notices were issued regarding only 123 out of 387 tanks, reservoirs and anicuts being administered under the Irrigation Department, the actions had not been taken to remove them in accordance with sub-section (2) of the Section (2) of the Irrigation (Amendment) Act, No. 23 of 1983.

(ii) The surveys had not been conducted separately on the constructions, business places, buildings and cultivations available within the reserves of each water scheme, tank and reservoir or on the tank bed, and the boundaries had not been marked enabling to identify the unauthorized constructions and cultivations.

The notices were issued as per the Irrigation Ordinance under the State Land (Recovery of Possession) Act for the unauthorized activities identified in the field, and the proceedings are being made to take legal measures.

The proceedings should be made urgently to mark the reserve boundaries of each water scheme, tank and reservoir.

However, if it is required to conduct a complete

survey and mapping the land disposals and unauthorized settlements occurred over a period of time in the thousands of years old irrigation works scattered throughout the island, it is suggested that deploying a separate group of suitably trained officers who can be fully engaged for the said purpose with the necessary physical resources will be the most practical and appropriate method for obtaining all this information.

(c) Official Quarters

- | | | | |
|------|---|--|---|
| (i) | As per the information given to the audit, 14 officers who had been issued the vacation orders because of their transfers from Ratmalana official quarters belonged to the Irrigation Department and two retired officers had not returned their official quarters even as at 30 December 2024. | The letters have already been issued to those whose names are listed in the audit report requesting them to hand over their official quarters, and the legal actions have been taken against those who have retired and not handed over their official quarters. | The legal measures should be taken to remove the officers residing with no permission. |
| (ii) | Although 12.5 percent of the salary should be collected from married officers and 7.5 percent from unmarried officers in accordance with Section 5.2.1 of Chapter Nineteen of the Establishments Code when the rentals of the official quarters belonged to the Irrigation Department are collected from the relevant officers, a lower amount had been collected from many officers. As per the information called by the audit, the government had lost annual revenue of Rs. 860,197.56 only in relation to 25 | All Directors of Irrigation have been informed by the title "Revising the rental of Official Quarters" and accordingly, the steps are being taken to appoint a new committee and take further actions for the said purpose. | The steps should be taken to collect the rents related to the official quarters in accordance with the provisions of the Establishments Code. |

officers in official quarters of the Monaragala and Wellawaya Divisional Irrigation Engineering Offices as the proceedings were not done in line with the above section.

5. Achievement of Sustainable Development Goals

Audit Observations	Comments of the Accounting Officer	Recommendation
Even if the capacity of the reservoirs had been planned to be increased by 1,000 million cubic meters in the year 2030, the method of achieving the said target each year until 2030 and the tanks or reservoirs or irrigation scheme of which the capacity is increased by the said amount had not been specified.	Since the construction of new reservoirs and the suspending the works of the reservoirs which were under construction had been done in accordance with the decisions of the RAMP Committee and the NOR Committee due to the economic situation prevailed in the country, an increase in capacity has not been occurred.	The proceedings should be made to show the way of achieving the targets each year until 2030 and the tanks, reservoirs or irrigation schemes of which the capacity is increased by that amount.

6. Human Resource Management

Audit Observations	Comments of the Accounting Officer	Recommendation
A total of 19 approved cadre in 15 posts out of 36 senior level posts and a total of 86 approved cadre in 10 posts out of 17 tertiary level posts had been vacant as at 25 September 2025.	The approval has been requested from the Public Service Commission to fill the vacancies.	The actions should be taken to fill the vacancies.