Head - 001 Presidential Secretariat

1. Financial Statements

1.1 Opinion

Head 001 The audit of the financial statements of the Presidential Secretariat 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 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 provisions of the National Audit Act, No.19 of 2018. The summery report containing my comments and observations on the financial statements of the Presidential Secretariat was issued to the Chief Accounting Officer on 26 June 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Presidential Secretariat was issued to the Chief Accounting Officer on 06 August 2025 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

The financial statements give a true and fair view of the financial position of the Presidential Secretariat as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation of the financial statements set out in Note 1.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor's Responsibilities Section. I believe that the 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

The attention is drawn to Note 1 to the financial statements, which describes the basis of preparation of the financial statements. The financial statements have been prepared for the use of the Treasury and Parliament of the Presidential Secretariat in accordance with Government Financial Regulations 150 and 151 and Public Accounts Guideline No. 6/2024 dated 16 December 2024, as amended on 21 February 2025. Accordingly, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Presidential Secretariat, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Auditor’s Responsibilities for the Audit of the Financial Statements

The Chief Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Government Financial Regulations 150 and 151 and Public Accounts Guideline No. 6/2024 dated 16 December 2024 as amended on 21 February 2025 for the determination of the internal control that 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 the National Audit Act, No.19 of 2018, the Presidential Secretariat is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Presidential Secretariat and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.5 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 summary report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users 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 scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Presidential Secretariat’s internal control.

- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

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 are consistent with the preceding year,

(b) The recommendations made by me on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Management of Imprests

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the Office had planned an imprest of Rs.35,180,492,000 and requested an imprest of Rs.34,968,065,000 for the year under review, the actual imprest received was Rs.3,918,119,000. Accordingly, the imprest received was 11 percent of the planned and requested imprest. Furthermore, the Office had requested more imprest from the Treasury than the planned imprest in four months.	The monthly imprest requirement is planned according to the approved budget estimate and when requesting imprest from the Treasury, only the requirement that is expected to be spent monthly is requested. Since the Treasury releases imprest only for vouchers that are complete in all respects for payment, there is a difference between the amount of imprest requested monthly and the amount of imprest received from the Treasury.	Realistic imprest should be planned identifying the need.

3.2 Management of Expenditure

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Due to the failure to prepare expenditure estimates in accordance with the action plan and allocate adequate and accurate provisions, More allocations were made to the expenditure codes than required and the annual estimates allocation of Rs.1,353,000,000 for five expenditure codes had been completely left without spending.	Provisions have remained due to restrictions on new purchases, non-submission of expenditure within the estimated allocation limit, non-implementation of programs as expected also provisions have been made for the implementation of development tasks but relevant project proposals have not been submitted.	Realistic estimates should be prepared in accordance with the requirements.
(b)	Even after transferring the allocations of 11 expenditure codes to another expenditure code by 66 financial regulations , the net allocation had remained in the range of 20 to 73.	The allocations have been remained due to the reasons such as the limitation of official foreign visits, only minor repairs and maintenance of essential buildings, non-performance of expected expenses, reduction in fuel prices, vehicle usage, entertainment and other expenses, improvement of software using the institution's internal resources, communication activities through electronic technology, reduction in the government's contribution towards the cooperation agreement, adverse weather conditions, officials engaged in election duties, and the suspension of development projects that have not been initiated since the new government was appointed.	- do -

(c)	Out of the estimated allocation of Rs.5,562,000,000 for 23 expenditure codes, allocations ranging from 30 to 98 percent had remained.	The provisions have been left over due to the termination of appointments of temporary staff at the Presidential Secretariat, non-submission of travel vouchers, non-holding of programs, economical utilization of resources, expiry of lease agreements, efficient performance of only essential maintenance activities, closure of departments outside the office premises or relocation within the main office premises, restriction of new purchases, use of internal resources of the institution to improve software, engagement of officials in election duties due to bad weather conditions, cessation of development projects that have not been initiated, non-submission of project proposals for youth development, and non-payment due to deficiencies in vouchers.	- do -
(d)	In addition to the annual estimated allocation, a provision of Rs.1,601,625,118 had been made for 16 expenditure codes through M.R. 66 and had increased the financial allocations in the range of 25 to 400 percent.	Increase in vehicle repair costs, increase in officers receiving transportation allowances, increase in costs of presidential security officers, increase in the price of capital repair spare parts, increase in other supply costs, payment of arrears of house rent on court decisions, insufficient provisions for various services for programs in various provinces, provision of security services for new office premises, implementation of Tamil language training programs, purchase of new office equipment, accounting for a grant related to the year 2023 in the year 2024, additional provisions were also made for receipt of grants for food and other projects under the World Food Program.	- do -

(e)	The annual estimated allocations for Coordination and Monitoring of Development Initiatives under Expenditure code No. 001-2-6-3-2509 was Rs.500,000,000 and additional provisions of Rs.1,000,000,000 through Supplementary estimates and Rs.8,750,000,000 through Parliamentary Additional Provisions had been made. it was totaling Rs.9,750,000,000. The amount of additional provision was 1,950 percent of the estimated provision.	Due to the fact that requests for allocations for rural development projects were submitted exceeding the annual budget estimate allocations, an additional allocation of Rs.1,000 million for Expenditure code No. 001-2-06-003-2509 and Rs. 21,000 million for Expenditure code No. 001-2-006-023-2509 and the remaining allocation of Rs.8,750 million in the allocations allocated for Programme Nos. 024, 025, 026, 027, 028 and 032 under the Presidential Expenditure Head were transferred to Expenditure code No. 001-2-06-003-2509 in accordance with the decisions of the Cabinet of Ministers.	Realistic estimates should be prepared in accordance with the requirements.
(f)	In addition to the annual estimated allocation, between 44 and 49 percent of the 3 expenditure codes for which additional allocations of Rs.8,767,500,000 were made through F.R.66, the Supplementary Estimates and Parliamentary Additional Provisions were saved without spending.	Although additional provisions were made to purchase equipment for the new commission offices, provisions remained due to the release of goods from closed sectors to sectors with needs and the restriction of purchases as per Budget Circular 01/2024. Due to the holding of elections in the year 2024, public officials were engaged in election duties and acting in accordance with election laws and the adverse weather conditions prevailing in the year 2024, which had hindered the implementation of projects by the relevant institutions as planned. Since the new administration decided not to delay any project, the institutions have taken steps to implement only those projects that can be completed in the year 2024.	- do -

3.3 Non-compliance with Laws, Rules and Regulations

Observation		Comments of the Chief Accounting Officer	Recommendation
Reference to Laws, Rules and Regulations	**Non-compliance**		
Section 3(2) of the Presidents' Rights Act No. 04 of 1986	Exceeding the maximum number of official vehicles that could be provided to four former presidents, a total of 38 vehicles were provided to each person, ranging from 03 to 14, up to January 2025.	One vehicle has been provided as per the Executive Order of the Eighth Executive President. The Presidential Secretariat had assigned 52 vehicles to 04 retired Presidents and widowed First Ladies. However, as per the Presidential Secretary's Circular No. PS/CSA/00/1/4/12 and the Circular dated 21.01. 2025 only the maximum number of vehicles currently owned by them, namely 02 vehicles, has been assigned to retired Presidents and widowed First Ladies.	Action should be taken to act in accordance with the instructions of the Act.

4. Operating Review

4.1 Non- performance of Functions

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Under the Development Initiative Coordination and Monitoring (001-2-06-003-2509), 11,234 projects had been approved, and as at 31	Due to the Presidential and Parliamentary elections, public officials are engaged in election duties, work in accordance with election laws, and adverse weather conditions such as heavy rain, the projects were not implemented as planned, and the	Action should be taken to complete development projects as planned.

	December 2024, out of this 3,544 projects, or 32 percent of the approved projects, had been canceled. More than 50 percent of the approved projects in seven districts had been canceled.	remaining provisions have been transferred to the Presidential Secretariat after the projects were implemented. According to the letter dated 11.11. 2024 of the Secretary to the President, since the physical progress of all projects in the year 2024 must be completed before 30.11.2024 and all bill payments must be completed before 15.12.2024 the implementing institutions have taken steps to cancel projects that do not have sufficient time to implement. Since the new administration of the Presidential Secretariat has decided that no project should be left uncompleted, only projects that can be completed in the year 2024 have been implemented.	
(b)	As per the progress reports as at 31 December 2024, work on 04 projects with an approved allocation of Rs.24,572,787 in Mullaitivu District for the Coordination and Monitoring of Development Initiatives had been commenced and suspended.	- do -	- do -
(c)	According to the progress summary as at 31 December 2024 for the provision of land ownership to the people in the plantation sector (expenditure code 001-2-06-022-2509), work on 748 projects, ranging between 61 and 86 percent of the approved projects in six districts, had not been completed.	- do -	- do -

(d)	The projects approved for the Anuradhapura and Ratnapura districts under the Youth Development Program (expenditure code 001-2-06-29-2504) had not been completed by the end of the year under review. Provisions of Rs.25.4 million and Rs.32.45 million respectively had been approved for them. In the Ampara district, 156 projects out of 248 approved projects or 63 percent of the approved projects had not been completed.	- do -	- do -
(e)	Although there were no approved projects for the Nuwara Eliya District for the Youth Development Program, a provision of Rs.29 million was provided for that district and Rs.0.335 million was spent on publishing newspaper advertisements to obtain sports goods and sports equipment for sports clubs in the Nuwara Eliya District. No money had been allocated for youth development.	The Presidential Secretariat issued a provision of Rs.29,142,145 to the Nuwara Eliya District for the implementation of the project to provide sports equipment to registered sports clubs in the estates proposed to be implemented under the Youth Development Program approved by the National Planning Department. A newspaper advertisement was published to carry out procurement activities to purchase the necessary equipment using the provided provisions. The Nuwara Eliya District Secretariat has also verbally informed that due to the two elections held in the year 2024, it was not possible to carry out the remaining activities related to it.	- do -

(f)	Out of the total allocation of Rs.58,354,990 provided to 04 District Secretariats, the entire allocation amount had been left without implementing any youth development programs.	Although provisions were allocated for these District Secretariats, development projects had not been initiated as they had to be completed within the year without interruption due to elections, bad weather and development projects.	- do -

4.2 Activities contrary to Key Functions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although there are no expenditure codes for the functions of the President's Fund in the expenditure estimates of the Presidential Secretariat, the Office had paid a total of Rs.51,128,078 in salaries and allowances to the permanent and temporary staff of the Fund during the year under review, including Rs.47,373,717 as salaries and allowances, Rs.16,490 as administrative expenses, Rs.963,808 as maintenance expenses and Rs.2,774,063 as other expenses.	The funds available to provide relief to the people through the President's Fund are limited. Accordingly, the Presidential Secretariat has borne the administrative expenses related to the President's Fund with the aim of providing maximum welfare facilities to the public.	Expenses should be incurred after identifying cost units accurately.

4.3 Assets Management

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	There were 29 vehicles registered in the name of the Presidential Secretariat but whose physical existence could not be verified as at 09 June 2025. No written evidence was presented to the audit that these vehicles had disappeared or been handed over to any institution/individual.	The Criminal Investigation Department is conducting investigations to verify the physical existence of the 29 vehicles in question. The investigations have not yet been completed.	Actions should be taken to ensure the physical existence of assets.

(b)	The total expenditure incurred on vehicle repairs at the Presidential Secretariat during the year 2024 was Rs.645,336,774 and 53 instances of repairs were observed during that year, ranging from 10 to 17 times for the same vehicle. Furthermore, according to the information received by the audit, expenses were incurred for repairs in the range of Rs.01-28 million per vehicle during the year 2024 for 189 vehicles with an assessed value between Rs.1-40 million.	Most of the vehicles owned by the Presidential Secretariat are manufactured before 2016, and these vehicles are now 10 years old or more and have been in use for a long time, and these vehicles need to be used continuously for duty purposes. Since it is essential to repair their defects promptly considering the safety of the officers using these vehicles, all maintenance work is carried out following the procurement guidelines based on mechanical engineering and technical recommendations. The maintenance cost has increased due to the exceeding of the life span of the vehicles and their constant use due to the abundance of duties.	Maintaining an optimal vehicle fleet and minimizing its maintenance costs

4.4 Management Weaknesses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
27 vehicles that had been taken over by the Ministry of Buddhasasana, Religious and Cultural Affairs were further listed as vehicles owned by the Presidential Secretariat.	The necessary actions to remove the vehicles of the Presidential Secretariat from the list and hand them over to the temples are being taken with the intervention of the Ministry of Buddhasasana. All the documents have been handed over to the Ministry of Buddhasasana at the time of handing over the vehicles to the temples. In order to complete these steps expeditiously, instructions had been given on 14.03.2025 to discuss with the officials of the Ministry of Buddhasasana and complete the transfer process expeditiously.	Information on the ownership and existence of assets should be kept up to date.

4.5 Financial irregularities in the form of transactions

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	The office had provided a Benz vehicle for the duties of the Special Projects Division and according to the records of the Transport Division, this vehicle can travel 6 km on one liter of fuel. From November 2022 to September 2024, this vehicle had traveled 30,689 km, thus requiring approximately 5,150 liters of fuel, but using the office's fuel coupons, this vehicle had obtained 7,425 liters of fuel, that is 2,300 liters more than the normal requirement.	Based on audit observations, a preliminary investigation is conducted to determine whether there has been any misuse of state property and to act in accordance with financial regulations.	Compliance with existing fuel usage regulations is required.
(b)	In 2013, the Office had purchased a Mercedes Benz G63 AMG model car from a foreign supplier for the use of a former President and it was not confirmed that the procurement guidelines were followed for this purchase and the Office had remitted Rs. 16,489,711 to the British supplier through letters of credit dated 14 November 2013. In addition, on 07 March 2014 and 09 May 2014, Rs. 16,250,000 had been paid back to a private party and the relevant private party had informed that the amount had been paid as fees to the foreign supplier. However, it was not confirmed that such payment was made and the basis for the payment of government funds to a third party while the letters of credit had been opened by the Office was not revealed during the audit. It was not confirmed that the private	As per the information of the Chief of Staff of the President, the price lists for the purchase of this Mercedes Benz G63 AMG vehicle were obtained from the local representative office of a company located in London, England and, including them and other relevant information, were forwarded to the Secretary to the President on 08.10.2013 and approval was obtained for the purchase of this vehicle. According to the information submitted by the local representative, the value of this vehicle is Rs. 32,000,000 and the institution has paid Rs.1,643,975 in relation to the notice issued on 01.10.2013 to pay 50% of the purchase price, that is Rs.16,250,000 as an advance to purchase the	Asset purchases should be made in accordance with existing laws and regulations.

party had imported this motor vehicle and given it to the office, and according to the customs register, the vehicle, which had been received in Sri Lanka on 21 November 2013, had been registered with the Department of Motor Transport on 10 December 2019, that is six years later. According to the customs register, the approval of the relevant authorities to release the import duty of Rs. 45,982,438 payable on this vehicle without payment was not confirmed for the audit, and the payment vouchers and other documents related to the payments had not been submitted for the audit.

This vehicle had been driven only 49,950 kilometers in a period of 10 years from 24.07.2015 to 17.03.2025 and according to the information received for the audit, a total of Rs.14,506,876 had been incurred as repair, maintenance and seasonal service expenses during that period.

vehicle. It is observed from the information available at the Presidential Secretariat that the said institution has paid an advance of 76,500 Sterling Pounds to purchase the above vehicle and 77,000 Sterling Pounds has been issued on 14.11.2013 to the institution in England through a letter of credit to purchase the above vehicle.

The Presidential Secretariat does not have any approval or other information regarding the payment or exemption of taxes for this vehicle.

Also a cost of Rs.14,506,876 has been incurred for the repairs, periodic services and battery replacement of the vehicle from 24.07.2015 to 17.03.2025 and all such expenses have been incurred following the procurement guidelines based on industrial engineering and technical recommendations.