

Head - 002 - Prime Minister's Office - 2024

1. Financial Statements

1.1 Opinion

Head 002 The audit of the financial statements of the Prime Minister's Office 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 summary report containing my comments and observations on the financial statements of the Prime Minister's Office was issued to the Chief Accounting Officer on 31 May 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 Office was issued to the Chief Accounting Officer on 24 July 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 Prime Minister's Office 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 Prime Minister's Office 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 Prime Minister's Office, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibilities of the Chief Accounting Officer for 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 Office 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 Office 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 Office’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 Prime Minister's Office had planned to request a imprest of Rs.1,185,000,000 from the Treasury for the year 2024, a maximum of Rs.1,179,610,000 had been requested. Accordingly, a variance of Rs.5,390,000 was observed between the planned and requested imprest value.	Although the monthly imprest application form TOD/IMP 04 was forwarded to the Treasury Operations Department after forecasting the expenditure, it is stated that the General Treasury will only release funds for the vouchers received to the Accounts Division daily after they are entered into the computer system and the above situation had arisen due to the fact that cash was only released for the most realistic cash requirements.	In advance, actions should be taken to plan impress in relation to action plans

3.2 Management of Expenditure

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The total estimated provision made for two expenditure codes, amounting to Rs.2,600,000, had been left completely unspent.	Due to the lack of capital repairs due to the proper use of machinery and equipment, there is a surplus of provisions under this expenditure code.	Realistic estimates should be prepared according to the need.
(b) Out of the net provision of Rs.307,117,366 for 24 expenditure codes, between 20 percent and 95 percent range of the provision were remained unspent.	The use of electronic information technology, non-payment of rent and assessment bills due to lack of imprest, management of water and electricity and reduction of electricity charges, reduction in cleaning services and catering expenses, limitation of the Prime Minister's personal staff and domestic and foreign travel expenses, reduction in maintenance expenses by reducing the vehicle fleet, failure to assign replacement officers for transfers, failure to incur fuel expenses as estimated, no foreign training expenses, no insurance due to security vehicles being handed over to the Presidential Office and other reasons have left the provisions for expenditure codes.	Realistic estimates should be prepared according to the need.
(c) Even after transferring the provision from 10 expenditure codes with an annual estimated allocations of Rs.136,000,000 to another expenditure code through F.R. 66, there were still provisions remaining in the range of 18 percent to 78 percent of the net provision.	Due to the limitation of the private staff, there is a saving in provisions for overtime, local travel expenses and transportation allowances, the use of information technology tools, the provision of bulletproof vehicles to the Presidential Office, the lack of insurance, the surplus of insurance provisions due to the reduction in the vehicle pool, and the limitation of entertainment expenses for meetings and events, which has resulted in the remaining provisions allocated under the expenditure codes.	Arrangements should be made to prepare realistic estimates in accordance with the need and the maximum utilization of estimated allocations.

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| <p>(d) In addition to the annual estimated allocations of Rs.234,500,000 for 09 expenditure codes, an amount of Rs.129,632,000 was provided through F.R. 66 and supplementary estimates, increasing the provisions by a range of 8 percent to 1,175 percent.</p> | <p>Additional provisions have been made from the Treasury and through F.R.66 due to the inadequacy of the provisions for machinery and equipment repairs, rent and assessments, outstanding bills for electricity generator maintenance, festival and banquet expenses, consumables, petty cash advance reimbursement, fuel allowances of staff officers and vehicle repair expenses.</p> | <p>Realistic estimates should be prepared according to the need.</p> |
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3.3 Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka Chapter XXIV, Section 3:7	Although loan instalments should be charged from the month following the month in which a loan was granted, 14 cases were observed which were not complied with according to the festival advance register.	The festive advance money paid to the officers mentioned here in April 2024 has been recovered from the relevant officers since June 2024 and it has been noted that in future to act in accordance with Section 3.7 of Chapter XXIV of the Establishments Code.	Loans should be recovered in accordance with the provisions of the Establishments Code.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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| (i) | 371 (2) (b) and the Secretary to the Prime Minister's Internal Circular 2023/FIN/03 | The sub imprest granted to 07 officers on 16 occasions during the year under review had not been paid immediately after the completion of the relevant work as per the regulations. Furthermore, an advance of Rs.120,000 had been granted to a cameraman on 10 July 2024 without formal approval, exceeding the maximum sub imprest limit. | The heads of departments have been informed that the relevant work should be completed within 14 days from the date of receipt of the “ad hoc” sub imprest and the advance money should be settled along with the balance money. Any advance money not received within the relevant time frame will be recovered from the relevant officer in accordance with the financial regulations. Necessary measures have been taken to ensure that no further advance money is given before an advance is settled. | Actions should be taken in accordance with financial regulations and circular instructions. |
| (c) | Comptroller General's Asset Management Circular No. 04/2018 and Non-Financial Asset Valuation Guidelines dated 31.12.2018 | Although non-financial assets are required to be valued every 5 years, non-financial assets other than vehicles of the Prime Minister's Office had not been valued accordingly. | A request has been made to the Government Valuation Department by letter dated 02.05.2025 to revalue lands and buildings. However, they have informed us on 09.05.2025 that they have not given instructions to revalue non-financial assets for the second round. Actions are being taken to appoint a valuation committee to revalue other office equipment. | Asset valuations should be carried out as per the instructions of the Asset Management Circular. |

4. Operating Review

4.1 Progress in fulfilling activities

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Cabinet Sub-Committee, appointed under the chairmanship of the Prime Minister's Secretary on 23 October 2023 for the restructuring of line institutions related to the National Cooperative Movement, was required to prepare an action plan to be implemented within the next 03 years, but it had not been done by 31 December 2024.	Although the sub-committee report has been submitted to the Prime Minister by the Prime Minister's Secretary, it has not been submitted for approval by the Cabinet. For this reason, no further action has been taken and due to the dissolution of the Cabinet, the committees will have to be reconstituted.	Committees appointed for specific tasks should be carried out the expected tasks.
(b) Although the report of the Cabinet Sub-Committee on the discussion held on 29 April 2024 to fully integrate the Kandyan Tamil community into Sri Lankan society has been forwarded to the Secretary to the Prime Minister, no information was disclosed on the implementation of further actions in this regard by the end of the year under review.	Although the Prime Minister's Secretary has submitted the report of the Cabinet Sub-Committee to the Cabinet through the Prime Minister, the committees have to be reconstituted and further work has to be done following the dissolution of the Cabinet.	-Do-

4.2 Management Weaknesses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) A stock of tissue paper worth Rs.3,282,634 was provided to the Prime Minister's Office as a donation for the 2024 Vesak festival, coordinated by the Chinese Embassy. For this, Rs.1,505,171, or 46 percent of the principal value, was borne by the Prime Minister's Office as taxes and other charges but part of it had not been used for the relevant purpose as at 23 May 2025.	A portion of the tissue paper stock donated to the Prime Minister's Office by a Chinese trading company has been given to the Nuwara Eliya District Secretariat for use in the Vesak festival in the Nuwara Eliya District, where the State Vesak festival will be held in 2025, and the remaining amount has been safely stored at the Prime Minister's Office for future use.	Actions should be taken to distribute the donations to target groups.
(b) 06 vehicles owned by other government institutions had been used by the Prime Minister's Office for a period of between 02 and 09 years without being formally taken over.	06 vehicles owned by other government institutions were used for the Prime Minister's Office's activities, two of which have been removed from service and actions have been taken to dispose of them according to the existing procedure. The remaining 04 vehicles have been assigned for official purposes and requests have been made to hand them over.	Action should be taken to take over ownership of vehicles in accordance with existing laws.

5. Attached staff and actual staff

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The number of approved posts in the office was 555, out of which 299 posts were vacant as at 31 December 2024. This was 54 percent of the total staff. Of the approved posts, 43 percent were vacant at the senior level, 63 percent at the tertiary level, 52 percent at the secondary level and 57 percent at the primary level. No steps had been taken to review the posts and fill the vacancies or to suppress the posts.	No comments were made.	The staff should be revised without compromising the role.

- (b) Considering the period of the last six years, the approved staff of the Prime Minister's Office had been increased significantly, and in the years 2020 and 2021, there were 637 approved employees, which is an increase of 80 percent compared to the approved number of employees of 354 in the year 2018. According to the letters of the Department of Management Services No. DMS/1002/1 dated 30 September, 09 and 16 October 2020, a total of 637 posts were approved, consisting of 147 approved Prime Minister's Personal Staff, 02 departmental posts and 49 temporary posts for the Media Division, and 384 permanent posts and 55 temporary posts for the Prime Minister's Office. Only 256 posts were actually in service as at 31 December 2024.
- Although there are no statutory fixed duties assigned to the Prime Minister's Office, the permanent, temporary and personal staff of the Prime Minister required will vary depending on the nature of the duties assigned to the Prime Minister's Office, depending on the change in the legislature and the nature of the duties assigned to the appointed Prime Ministers. In accordance with the existing arrangements, efforts are being made to manage expenses by covering the maximum amount of duties with the minimum staff, and the actual staff was managed based on service requirements during the year 2024.
- A staff of sufficient qualifications should be approved and maintained to carry out the objectives and functions of the Prime Minister's Office.
- (c) Compared to the actual number of employees in 2018, which was 267, there was a rapid increase of 67 percent and 99 percent in 2020 and 2021 to 446 and 532 respectively. Due to the Covid pandemic, during this period a majority of employees worked from home, and there was no growth or expansion in the operations and activities of the office.
- Considering the need for restructuring services to suit the then organizational structure and existing workload, the Department of Management Services reviewed the staff and the approved staff increased to 561 during the year 2022. In addition, as per the Cabinet decisions issued under the heading "Appointment of the Prime Minister's Personal Staff", a staff of 48 and an additional staff of 34 posts were approved for the personal staff from 09.08.2020, limited to the term of office of the then Hon. Prime Minister. The approved staff increased to 147 during the year 2020 and the actual number of
- The staff should be revised without compromising the role.

employees increased to 532 as per the above review and Cabinet decision, with the staff assignments and recruitments made during the year 2021.