

Head 224 – Sri Lanka Air Force - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 224 – Sri Lanka Air Force 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 including my comments and observations on the financial statements of the Sri Lanka Air Force was issued to the Accounting Officer on 29 May 2025 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018. The Detailed Annual Management Audit Report relating to the Sri Lanka Air Force in terms of Sub-section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 30 May 2025. This report will be presented in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the 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 give a true and fair view of the financial position of the Sri Lanka Air Force as at 31 December 2024, and its financial performance and cash flows and on all the materialities 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 the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). 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 the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of Matter – Basis for preparing Financial Statements

The attention is drawn to the Note 1 related to the Financial Statements which describes the basis of preparing these financial statements. The financial statements have been prepared as per the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 for the requirement of the Sri Lanka Air Force, General Treasury and the Parliament. Consequently, these financial statements may not be suitable for other objectives. My report is only for the use of the Sri Lanka Air Force, General Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Preparation of Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 and for such internal control as Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Sri Lanka Air Force 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of Sri Lanka Air Force exists, 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 report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism 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 internal control of Sri Lanka Air Force.
- 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 Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.6 Comment on Financial Statements

1.6.1 Accounting Deficiencies

a) Property, Plant and Equipment

The following deficiencies were observed in accounting for the Property, Plant and Equipment

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) A sum of Rs. 32.68 billion had been shown in statement of non-financial assets (ACA 6) presented with the financial statements, as the total value of lands at the end of the year. According to the information presented to the Audit, the value of the lands amounted to Rs. 31.18 billion, thus indicating a difference of Rs. 1.5 billion between those values.	The error occurred as the computation had been made based on assessment reports provided by the camps.	Reasons for the difference of Rs. 1.5 billion should be identified, and corrective measures should be taken.
(ii) By the end of the year under review, 43 computer software with a total value of Rs. 53.91 million purchased externally by the Air Force had been in use, and those assets had not been disclosed in the financial statements. Furthermore, the cost of 159 computer software developed in-	Action will be taken in the future to disclose the value of purchased computer software based on the cost and the assessed value of the computer software developed in-house by the Information Technology Division, in the statement of non-financial assets.	The values of relevant intangible assets should be disclosed in the financial statements.

house by the Air Force from the year 2009 up to the year under review, had not been computed and disclosed in the financial statements.

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| <p>(iii) Although the values of work in progress for the years 2022, 2023, and 2024 had been cumulatively added and included in the statements of non-financial assets as the closing balance of each respective year, the cost of works completed in each year had not been capitalized as works done. The Audit had been informed that the value of works done at the Air Force base in Katukurunda alone amounted to Rs. 108.98 million by the end of the year under review; and, the value too had not been capitalized in the year under review. The balance of the value, not capitalized, had not been disclosed to the Audit.</p> | <p>Action has been taken to separately show the costs on works done in the respective years as non-financial assets as has been pointed out.</p> | <p>Works done out of works in progress in each respective year, should be correctly capitalized.</p> |
| <p>(iv) As 60 buildings, with a total floor area of 93,206 square feet, had not been valued up to the end of the year under review, the</p> | <p>There existed a variation in the values of the camp buildings, and necessary corrections will be made based on instructions obtained from the</p> | <p>Those buildings should be valued and brought to accounts.</p> |

value of these buildings had not been included in the financial statements.	Department of State Accounts.	
(v) The land where the Headquarters of the Sri Lanka Air Force had not been accounted for. As such, the net assets of the Sri Lanka Air Force had been understated by that amount.	Legal acquisition/taking over of this land is in progress, and once this process is completed, the land will be brought to accounts.	The building and the land of the Headquarters should be expeditiously acquired and brought to accounts.
(vi) The military equipment held by the Air Force as at the end of the year under review had not been included in the financial statements as non-financial assets. As such, the value of net assets had also been understated by the value of those assets.	Due to the sensitive nature of information relating to national security, such information had not been disclosed in the financial statements, and action will be taken in that connection as soon as instructions are received from the Ministry of Defence.	The value of fixed assets of the institution should be brought to accounts.
(vii) The value of vehicles including motorbikes as at the end of the year under review had been shown as Rs. 5,622.66 million in the statement of non-financial assets presented with the financial statements. According to the information furnished to the Audit, the vehicles had been assessed to the value of Rs. 5,986.96 million by the end of	Corrective measures will be taken in due course to avoid the difference.	Correct values relating to the assets should be brought to accounts.

the year under review, thus indicating a difference of Rs. 364.30 million between those values.

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| <p>(viii) The Audit was informed that the value of buildings owned by the Air Force had been assessed as Rs. 10,715.37 million by the end of the year under review whereas a sum of Rs. 15,252.81 had been shown as the value of buildings as at the end of the year under review in the statement of non-financial assets (ACA 6) presented with the financial statements, thus indicating a difference of Rs. 4,537.44 million.</p> | <p>Measures will be taken in due course to correct the differences in information provided by the camps.</p> | <p>The differences should be identified, and correct values should be brought to accounts.</p> |
| <p>(ix) A sum of Rs. 298.99 million had been shown as purchases relating to the work in progress of the year under review, but according to the information received by the Audit, that value amounted to Rs. 0.52 million thus indicating a difference of Rs. 298.47 million.</p> | <p>Necessary action will be taken to separately show the incurred costs as non-financial assets.</p> | <p>The certified cost on unfinished works as at the end of the year under review, should be shown in the financial statements.</p> |

b) Lack of Evidence for Audit

Evidence for the audit had not been made available with respect to the following transaction.

Audit Observation	Comment of the Accounting Officer	Recommendation
As for the recovery of outstanding loan balances relating to 01-20 years from 579 Air Force officers, recoveries made in excess totalling Rs. 2.14 million had been credited to the Advance "B" account as repayments. Nevertheless, the Audit was not provided with evidence to verify that those repayments were actually made.	Although drafts had been prepared to write off those loan balances recovered in excess from the books in terms of Public Finance Circular, No. 01/2024 relating to correction of accounting errors as per Financial Regulation 113, the values were brought forward in the account as the relevant Committee had not taken the matter into consideration.	Recovery of loan balances and the process accounting should be done correctly.

2. **Report on Other Legal and Regulatory Requirements**

I express the following matters in accordance with 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 following recommendation made by me on the financial statements of the preceding year, had not been implemented.

Reference to the Paragraph of the Report of the Preceding Year	Recommendation not Implemented	Reference to the Paragraph in this Report
(i) 2.5	The advance personal income tax (APIT) should be calculated in accordance with new Inland Revenue Act, No. 24 of 2017.	-
(ii) 2.1 (b)	Aircraft lease rents totaling Rs. 12.67 million remained due over a period of 05-20 years should be recovered.	3.1 (a)
(iii) 3.5	Action should be taken for the prompt recovery of lease rent income amounting to Rs. 420,454 relating to the aircraft hangar and buildings.	3.1 (b)

3. Financial Review

3.1 Revenue Management

Audit Observation	Comment of the Accounting Officer	Recommendation
a) By the end of the year under review, the outstanding flight income relating to a period of 06-21 years totaled Rs. 12.67 million comprising an income totaling Rs. 3.61 million due from 02 private airline companies relating to the years 2004 and 2008.	Discussions were held consecutively on 33 occasions at the meeting of the Audit and Management Committee of the Air Force and necessary directives were issued; and, the progress is reviewed.	Action should be taken for the expeditious recovery of due income.
b) Without entering into a formal agreement, the aircraft hangar and buildings of the Air Force camp at Katukurunda had been given on lease to a private airline company in the year 2021; and, the sum of Rs. 420,454 being the hangar and building lease rent recoverable from that company had not been recovered by the Air Force.	Requests have been made to the Ministry of Defense for writing off the total amount from the books, but no approval has been received thus far in that connection.	Action should be taken for expeditious recovery of the outstanding income.
c) Drone operations had been carried out free of charge from 01 January 2024 to 30 August 2024 by using drones belonging to the Air Force; and, as a result, revenue amounting to Rs. 567,165 had been deprived. It was not revealed to the Audit as to whether proper approval had been obtained for providing such services free of charge.	Those fees related to drones operated for President's media unit of the Air Force, Sri Lanka Rupavahini Corporation and Sri Dalada Maligawa.	Proper approval must be obtained when services are rendered to other institutions free of charge.

3.2 Management of Expenditure

Audit Observation	Comment of the Accounting Officer	Recommendation
a) The provisions amounting to Rs. 250 million and Rs.150 million made for the Objects, 224-1-1-7-2509 and 224-1-1-2-2509 - Income Generated Commercial Projects respectively through the Indian credit line, had been saved by the end of the year under review.	As the said loan scheme was retained following Sri Lanka's declaration of moratorium, the Department of External Resources did not approve making payments thereon, and no operations were conducted for MA-60 aircrafts in the year 2024 thus paving way for saving of provision under those Objects.	Estimates should be prepared correctly in the context where no operations had been conducted.
b) Provision totaling Rs. 4.51 billion out of the total net provision amounting to Rs. 26.05 billion made for 20 recurrent items of expenditure, and provision totaling Rs. 5.19 billion out of the net provision of Rs. 17 billion made for 10 capital items of expenditure, had been saved due to non-utilization. That saving ranged between 5.7 – 99.9 per cent of the net provision made for the items of expenditure.	The saving occurred due to reasons such as, expenses were made economically, failure in completing the relevant procurements, and non-receipt of imprests on time.	Estimated provision should be spent efficiently and productively.
c) A sum totaling Rs. 8.63 million had been transferred from other recurrent Objects to the Object, 224-1-1-0-1402 (post and communication), but the total of the provision so transferred, had been saved by the end of the year under review. Furthermore, a sum of Rs. 513.63 million had been transferred for 05 recurrent Objects, and 20 per cent therefrom equivalent to Rs. 103.82 million had been saved by the end of the year.	The said saving occurred due to reasons such as, delay in collecting the telephone bills of the last month, lack of time for settling bills, shortfall in the distribution of rations, and lack of imprests.	Estimated provision should be spent efficiently and productively.

3.3 Incurring Liability and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
As identified in an audit test check, liabilities totalling Rs. 71.90 million incurred in 16 instances by the end of the year under review , had not been disclosed in the statement of liabilities and commitments (Annexure III) presented with the financial statements.	Failure in including 15 bills to the register of liabilities was a mistake of the budget division of the Air Force.	Liabilities should be correctly identified and disclosed in the financial statements.

3.4 Utilization of Provision Given by Other Ministries and Departments

Audit Observation	Comment of the Accounting Officer	Recommendation
a) Provision amounting to Rs. 2.08 billion granted to the Air Force by the Ministry of Transport and Highways and the Ministry of Ports, Shipping and Aviation in the year under review, had been provided for implementing miscellaneous projects and programs. By the end of the year, provision totalling Rs. 1.55 billion had saved therefrom by the end of the year. Those savings ranged between 65 – 75 per cent. Of the provision amounting to Rs. 02 billion granted for the development of airport in Higurakgoda, 75 per cent had been saved by the end of the year under review thus failing to complete the targeted development works.	The Ministry of Transport and Highways did not furnish the bills for the year 2024 within the specified period, and approval of the Cabinet had been sought on 2024.06.13 for the utilization of provision granted by the Ministry of Ports, Shipping and Aviation. Having received the approval thereon on 2024.07.02, the Air Force continued the project, but only 34 per cent of the physical progress had been achieved even by 2024.12.31.	Provision granted by other Ministries and Departments should be utilized efficiently, and the targeted development works should be completed expeditiously.

3.5 Non-compliances with Laws, Rules, and Regulations

Instances of non-compliances observed in the audit test checks are analyzed as shown below.

Reference to Laws, Rules and Regulations	Value	Non-compliance	Comment of the Accounting Officer	Recommendation
a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka financial regulations – 104(3) and 104 (4)	-	Action had not been taken to furnish preliminary reports relating to losses and damages valued at Rs. 14.89 million occurred in 215 instances during the period 2003-2024 whilst a delay of 01-144 months had occurred in presenting the preliminary reports relating to 65 losses and damages caused to miscellaneous assets of the Air Force during the period 1999-2024 valued at Rs. 2.18 billion. Furthermore, detailed reports had not been presented with respect to losses valued at Rs. 1.9 billion relating to 158 incidents that occurred during 2002-2024.	Every attempt has been made by the Air Force to present the preliminary reports before 07 days since the date of occurrence of the loss and present the final reports within a period of 03 months since the date of loss in terms of Financial Regulation 104(4).	Action should be taken to present the preliminary and detailed reports within the periods specified as per the Financial Regulations.

b)	Paragraph 3.1 of the Public Administration Circular No. 30/2016 dated 29 December 2016.	Fuel consumption tests had not been conducted during the year under review with respect to 56 cars, 22 vans, 92 cabs, 112 jeeps, 46 busses and 17 three wheelers belonging to the Air Force along with 359 cars, 05 vans and 12 cabs obtained on lease. Running charts had been tallied based on amounts of fuel consumed as determined by the transport divisions or amounts of fuel consumed in each travel.	The said test was not conducted for vehicles either withdrawn from normal use temporarily, withdrawn from normal use for the sake of disposal, or obtained on lease.	The fuel consumption test should be conducted in accordance with provisions of the Circular.
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3.6 Irregular Transactions

Audit Observation	Comment of the Accounting Officer	Recommendation
Deposits for constructions are retained in the General Deposits Account No. 6000-0-0-13-097, and deposits valued at Rs. 9.37 million had been paid therefrom to non-statutory funds of the Air Force in 16 instances.	In instances where the relevant goods and services are not supplied on credit basis for construction projects, the only option is to complete the procurements on the basis of settling amounts through the welfare funds abetting thereafter from Government funds.	Deposits should not be paid to the non-statutory funds.

3.7 Issue and Settlement of Advances

Audit Observation	Comment of the Accounting Officer	Recommendation
There existed a distress, property, flood, festival and special advance loan balance totaling Rs. 5,108,666 due over 01-28 years from 81 Air Force and civil officers who had vacated the service or been deceased, or retired. That amount comprised a loan balance of Rs. 4,790,536 recoverable from 59 civil officers who had vacated their services during a period of 01-28 years. The process of recovering those due balances remained unsatisfactory.	Some of the loan balances are being recovered at present, and the Attorney General's Department has been requested to take legal action with respect to loan balances over Rs. 100,000.	Action should be taken for the expeditious recovery of those loan balances in terms of provisions in Section 4.3 of Chapter XXIV of the Establishments Code and Paragraph 04 (III) of the Public Finance Circular, No. 01/2024 dated 29 May 2024.

4. Operating Review

4.1 Failure to Discharge Functions

Audit Observation	Comment of the Accounting Officer	Recommendation
Sixty one activities scheduled to be executed at an expenditure of Rs. 487.30 million in the Action Plan of the year under review, had not been executed even by the end of the year.	Those activities could not be executed as procurement activities could not be done within the year and some of the services had been suspended.	The Action Plan should be considered as a strategy of management thereby achieving the expected performance.

4.2 Failure to Achieve the Expected Outcome

Audit Observation	Comment of the Accounting Officer	Recommendation
The progress of 157 activities scheduled in the Action Plan of the year under review at an expenditure of Rs. 13.40 billion, ranged between 0.52-89 per cent by the end of the year.	The expected progress could not be achieved due to reasons such as, limitation of overtime, non-receipt of imprests on time, projects being abandoned halfway, changes in exchange rates, delays in procurement activities, import restrictions, and changes in some of the plans.	The Action Plan should be considered as a strategy of management thereby achieving the expected performance.

4.3 Procurements

The following matters were observed in an audit test check of the year under review relating to 06 procurements valued at Rs. 112.76 million.

Audit Observation	Comment of the Accounting Officer	Recommendation
a) It was informed that international competitive bidding process had been followed with respect to 05 procurements the expenditure of which amounted to Rs. 98.36 million. Although the minimum period of bidding should have been 42 days in terms of Procurement Guideline 6.2.2, periods of 07 days, 14 days and 21 days only had been allowed for the bidders. Furthermore, it was also informed that national competitive bidding process had been followed in purchasing roofing sheets in 11 instances at an expenditure of Rs. 14.41 million. As per Procurement Guideline 6.2.2, the minimum period of bidding should have been 21 days, but only 07 days had been allowed for the bidders. This practice is observed to be a violation of the said Procurement Guideline and a measure taken to limit the competition for prices.	A bidding period of 07-14 days had been provided based on priority for IOR and AOG (Aircraft On Ground) that required the said items. The Procurement Guidelines are followed at present.	Action should be taken to provide the minimum period for bidding in accordance with the Procurement Guidelines.
b) Technical Evaluation Committees had been appointed after a delay of 20-28 days, thus also delaying the procurement process by the same number of days. Due to this delay, the Procurement Guidelines, 2.6.1 (a) (i), (ii), (iv) and 5.3.1 (d), had been violated.	Appointment of the Technical Evaluation Committees had been done by the Office of the Chief of Staff. Further action will be taken by informing the Committee appointed by the division for observing the procurements.	Action should be taken to expeditiously appoint the Technical Evaluation Committees in accordance with the Procurement Guidelines.
c) It was mentioned in the Procurement Plan and bid documents that international limited bidding process would be followed in purchasing Mess Kit Shoes spending Rs. 19.41 million and 197,700	Bids had been requested from all the suppliers in view of increased competition, and some of the specifications	Evaluation of bids should be done independently and fairly in accordance with Procurement

Braid Materials spending Rs. 17.56 million, but bids had been requested from the local bidders as well. This purchase had been made under international/national limited bidding procedure with the objective of limiting the competition in prices by disregarding the criteria in the Procurement Guideline 3.3. As for the procurement for Mess Kit Shoes, the supplier with higher variation of specifications had been recommended and the purchase had been made. Despite being mentioned that the lowest bidder had been recommended, he would have been the highest bidder considering his Customs and transportation fees. As such, a sum of Rs. 3.81 million would have been saved had the purchase been made from the rejected bidder. Furthermore, it was controversial as to whether the stocks complied with the required standard and quality due to lack of a test report to prove that the specifications for the Braid Materials had been met. Of the 650 Mess Kit Shoes received by the stores on 13 November 2024, a number of 632 Mess Kit Shoes worth Rs. 12.84 million representing 97 per cent, remained in the stores even as at 25 April 2025. Moreover, of the 197,700 Braid Materials received to the stores on 20 June 2024, a number of 139,418 Braid Materials worth Rs. 8.57 million, equivalent to 70 per cent, remained idle at the stores over a period of 10 months without being issued.

- d) A delay of 23 days had occurred in appointing the Technical Evaluation Committee relating to the purchase of Integrated Valve and Filter Assembly for Rebuilding SUH 563 Bell 212 Helicopter incurring a sum of Rs. 27.92 million whilst a delay of 71 days had also occurred before providing their

were beyond the requirements. As such, considering this favorable for the Air Force, the purchase had been made upon recommendations of the Technical Evaluation Committee. The quality assurance committees appointed by the Air Force Headquarters took into consideration the requirements for specifications, thus the items were included in the stocks. The relevant stocks are scheduled to be issued by the year 2026.

The said procurement had been done during the period from 20 December 2023 to 22 March 2024.

Guidelines. Proper examination is necessary to ensure the entire stock complies with the sample. Procurements should be made by properly taking into account the requirements.

Procurements should be made after proper planning in accordance with Procurement Guideline 04.

recommendation. It was informed that the supply could not be made at the agreed price due those delays. As such, bids had been requested again, and the same supply had been obtained from the same supplier by paying an excess amount of US \$ 2,658 equivalent to Rs. 815,670.

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| <p>e) Having disregarded the criteria mentioned in Paragraph 3.3 of the Procurement Guidelines with a view to limiting the competition for prices, the procurement for purchasing 18,250 feet long roofing sheets in 11 instances at an expenditure of Rs. 14.41 million had been made by following the limited national bidding process. However, without taking action to verify that the sheets were made of Aluminium or Zinc with a thickness of 0.47 mm through a formal quality assurance report, the Technical Evaluation Committee had given approval to proceed with the purchase. At the time of inspecting the sheets on 08 February 2024 that had been purchased on 04 December 2023, it was found that the sheets had corroded at the stores.</p> | <p>The purchase had been made by following the international limited budding process based on the suppliers' register. Subject to the period of warranty, the supplier agreed to supply the sheets again, but the supplier informed that no period of warranty would be provided for the sheets to be supplied anew.</p> |
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Purchases should be made after a proper examination in accordance with the Procurement Guidelines.

4.4 Management of Assets

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| <p>a) The Air Force was using 07 buildings and lands in extent of 639.2 hectares in various areas of the island over an extensive period of time without legal rights as at 31 December 2024. The progress in legal acquisition of those properties remained poor. Even without legal rights, the Air Force had made miscellaneous</p> | <p>The process of legal acquisition/takeover of those properties is already in progress. Once this process is completed, assessment will be made and brought to registers.</p> | <p>Legal acquisition of the rights should be expedited.</p> |

- constructions at those properties the value of which had not been disclosed.
- b) Without having an insurance policy, the Air Force had operated 04 cars, 43 vans, 159 cabs, 87 busses, 216 jeeps, 396 motorbikes, 48 three wheels, 260 lorries/trucks, and 16 ambulances in the year under review
- c) The Air Force was using unregistered vehicles such as, 03 cars, 37 vans, 113 motorbikes, 57 cabs, 44 busses, 208 jeeps, 04 three wheels, 103 trucks, 06 prime movers, 04 dump loaders, 129 tractors and 30 ambulances.
- d) An unregistered motor vehicle and a motorbike belonging to the Air Force had been released to the Ministry of Defense without being legally transferred by the end of the year under review. Without taking over the legal rights, 03 water bowzers belonging to the Disaster Management Center and an ambulance owned by the Japan-Sri Lanka Friendship Association were being used by the Air Force.
- e) The extent of the land of the camp in Katukurunda was 85 acres, 02 roods and 21.62 perches, but the extent of that land had been shown as 81 acres, 03 roods and 7.9 perches in year 2015 thus understating 03 acres, 0 rood and 14.53 perches. However, no corrective measures have been taken in that connection. Of the
- Vehicles of the Tri Forces have been exempted from being insured and obtaining revenue licenses in accordance with the Gazette Notification No. 10815 dated 08 July 1955.
- In order to register the vehicles based on priority of the year in which the unregistered vehicles had been purchased, the Department of Motor Traffic had been requested in writing on 05 September 2024.
- The motor vehicle and the motorbike had been released to the Ministry of Defense based on temporary duties, and the maintenance and servicing of those vehicles are done by the Air Force. Documents required for taking over the 03 water bowzers and the ambulance, have been submitted to the Department of Motor Traffic.
- An officer visited and surveyed the entire land belonging to the camp in Katukurunda. A difference in the extent of the land was found, and it was informed that necessary action be taken with the Divisional Secretary, Kalutara with respect to the 02 plots of land in extent of 0.6521 hectares.
- The vehicles should be insured in terms of provisions of the Motor Traffic Act.
- The relevant vehicles should be registered promptly.
- Taking over and releasing of vehicles should be done legally.
- Settlement for those lands should be reached expeditiously, and action should be taken for the eviction of encroachers.

21 plots of land used to expand the runway, 02 plots each in extent of 0.6521 hectares had not been taken over even by the date of audit. Furthermore, the land in extent of 01 acre and 7.9 perches donated to the camp in the year 2001, had been used by several encroachers, but no necessary action had been taken in that connection.

4.5 Losses and Damages

Audit Observation	Comment of the Accounting Officer	Recommendation
As revealed in an audit test check, 02 incidents of losses and damages valued at Rs. 52.39 million occurred in the year 2023 had not been shown in the register of losses and damages. This was also not disclosed as losses and damages in the statement of write-offs from books presented with the financial statements (Annexure ii) of the year under review. Furthermore, there also existed 15 incidents valued at Rs. 70.54 million older than 10 years and 12 incidents valued at Rs. 88.86 million belonging to a period of 5-10 years. The progress in recovering or writing off the loss relating to those incidents remained poor.	Due to a mistake, this was not included in the statement of write-off from books and recoveries under Annexure ii. This will be included in the financial statements of the ensuing year, and action is being taken to recover the losses and damages so observed.	The relevant losses and damages should be registered and disclosed in the financial statements. The process of recovery or write-off should be expedited.

4.6 Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
In order to be used by the officers and for other transport requirements, 359 motor cars, 12 double cabs, and 05 vans had been obtained from external parties on lease ranging from monthly	There are 146 officers entitled to vehicles, and due to reasons such as, differences in the distance from place of service to house, official vehicles running for	When vehicles are obtained on lease, action should be taken to operate them over the maximum number of kilometers that do not

rentals of Rs. 50,000 to Rs. 300,000. As per the agreements, those vehicles could have been operated for a maximum of 3,000 km per month under the said prices. A sum totaling Rs. 574.5 million had been spent on those vehicles during the year under review, and in each month, there existed 57 instances in which the vehicles had been operated for less than 500 km, 141 instances in which the vehicles had been operated for 500-1000 km, 1,206 instances in which the vehicles had been operated for 1000-2000 km, and 2,169 instances in which the vehicles had been operated for 2000-3000 km. Action would have been taken in a manner that brought economic benefits to the Government by utilizing the maximum number of kilometers after decreasing the number of rented vehicles, but attention had not been brought in that connection.

minimum kilometers due to economic use of fuel, and meetings being conducted on-line whenever possible, the number of kilometers has become minimum.

5. Human Resource Management

Audit Observation	Comment of the Accounting Officer	Recommendation
Provision amounting to Rs. 300 million had been made for the Air Force to train the staff in the year under review, and a sum of Rs. 75 million therefrom had been saved by the end of the year under review. It was planned as per the training schedule to conduct 182 training courses locally, but only 167 had been conducted. Although 151 foreign courses had been planned to be conducted, 198 foreign courses had been conducted exceeding the training schedules by 47 courses.	Provision made for local training had not been saved.	Training courses should be organized in accordance with the annual training schedule.