

Head 130 - Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 130 - Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government 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 Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government was issued to the Chief Accounting Officer on 30 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 Ministry was issued to the Chief Accounting Officer on 30 May 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.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government as at 31 December 2024 give a true and fair view on the financial position and its financial performance and cash flows and on all the material respects in compliance with the basis of preparation of the financial statements set out in Note 1 related 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 (SLAuSs). My responsibility for the financial statements is 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

I draw attention to Note 1 to the financial statements which describes the basis of preparation of these financial statements. The financial statements have been prepared for the use of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government, General Treasury and Parliament in accordance with the Financial Regulations 150 and 151 and Public 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 Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government , General Treasury and Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibility of the Chief Accounting Officer and Accounting Officer for the Financial Statements

The Chief Accounting Officer is responsible for preparing financial statements that give a true and fair view in all material respects in accordance with Financial Regulations 150 and 151 and Public Accounts Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025, and for determining 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.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Ministry is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable 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 Ministry 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 Responsibility 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:

- 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 the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

I communicate with the Chief 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 the Financial Statements

1.6.1 Accounting Deficiencies

(a) Property Plant and Equipment

	Audit Observation	Comments of the Chief Accounting officer	Recommendation
(i)	After the construction, the construction cost of Rs.588,332,550 of the Gampaha Nila Piyasa building, which was given for use from 14 March 2024, had not been capitalized under buildings and had been included under work in progress.	Provisions had been made for this for the year 2024 as well, but the reason for this was that it was not possible to transfer the asset to the asset account as the construction of the asset had not been completed. I would like to inform you that currently the necessary actions have been taken to account for this value.	Expenses should be capitalized when an asset is put into use.
(ii)	The value of the lands and buildings of 13 bungalows and 15 summit houses belonging to the Ministry, and the value of the lands of 30 bungalows and 65 summit houses, had not been accounted for under non-financial assets. Furthermore, the Arugam Bay tourist bungalow and its land, which had been taken over by the Home Affairs Division, had not been valued and accounted for.	The land and building values of 32 bungalows belonging to the Ministry have been assessed. Actions are being taken to account for them in the future. The Arugam Bay tourist bungalow and its land have been taken over, but further actions are underway to obtain the assessed values.	The values of the lands and buildings on which the official residences of the Ministry are located should be accounted for as non-financial assets.

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| (iii) | 06 vehicles owned by the Home Affairs Division had not been assessed and accounted for. | In this regard, an officer has been informed to be appointed from the Department of Motor Traffic to appoint the committee. It is expected that further action will be taken after receiving the nomination. | Vehicle values should be assessed and accounted for. |
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(b) Non-maintenance of Registers and Books

Audit Observation	Comments of the Chief Accounting officer	Recommendation
A Register of Vehicles		
A vehicle register had not been maintained in accordance with Financial Regulation 1647(e).	As per audit recommendations, a motor vehicle register is maintained in accordance with Schedule VI of the Financial Regulations.	A register of vehicles should be maintained in accordance with financial regulations.

(c) Lack of Audit Evidence

Audit Observation	Comments of the Chief Accounting officer	Recommendation
A detailed schedule for non-financial assets amounting to Rs.15,717,369,276 as at 31 December of the year under review was not submitted for audit.	The Ministry is preparing the fixed asset register for non-financial assets for the year 2024, so the necessary actions will be taken to provide it as soon as it is completed.	The information required for the audit should be provided.

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 Revenue Management

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) Rental income generated from assets such as government buildings and houses should be credited to the revenue code 20.02.01.01, but it was not confirmed that the entire rent of buildings and houses has been correctly accounted for since there is no pre-identified database system containing information on which buildings and houses receive such rental income.	Public Administration Circular 20/2021 has introduced guidelines on the estimation, collection, monitoring and reporting of state revenue, whereby information related to buildings falling under the income code 20.02.01.01 and the crediting of income generated from building and house rentals to the said revenue head are reported to the Ministry.	All ministries, departments, district secretariats and divisional secretariats should maintain a pre-identified data system regarding government buildings and houses to ensure that the revenue is correctly credited to the revenue code.
(b) The outstanding building rent as at 31 December 2024 was Rs. 346,512,987, an increase of Rs. 59,167,654 or 21 percent compared to the previous year, indicating that timely collection of arrears of rent remained poor. Out of this arrears of rent, Rs. 168,499,955 was due from before year 2021. Furthermore, Rs. 30,383,153 of this arrears of rent was due from government bungalows, circuit bungalows and official residences under the control of the Ministry.	Rs. 53,728,880 has been recovered up to 31 March 2025. Also, Rs.5,236,525 has been recovered from government bungalows, circuit bungalows and official residences under control of the Ministry up to 31 March 2025.	Immediate actions should be taken to promptly recover house rent and prevent the increase in arrears rent.
Following observations are also made in this regard.		
(i) During the period 2017-2019, the Public Administration Division of the Ministry failed to collect revenue of Rs.2,102,450 that should have been collected from 07 holiday resorts on 122 occasions.	The information of the persons who stayed at the holiday resorts allocated to the Presidential Secretariat and various ministries and departments during the period 2017-2019 is not recorded properly, resulting in the inability to identify the persons to	Regular reporting on the use of holiday resorts should be maintained and immediate action should be taken to recover this arrears of

whom the revenue should be collected. Further investigation is underway in this regard.

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| <p>(ii) As at 31 December of the year under review, 37 former Ministers and Members of Parliament were owed arrears of Rs.2,714,701 in house rent, including 19 balances totalling Rs.1,478,227 coming from the period 2015-2018.</p> | <p>Former members of parliament and ministers are continuously being informed through letters and telephone calls to recover arrears of income, but their response to this is minimal.</p> | <p>Action should be taken to devise a system whereby arrears in house rent can be recovered from wages.</p> |
| <p>(iii) The unpaid rent of Rs.2,158,417 from 27 Summit houses for the period from 2012 to 2023 and the unpaid rent of Rs. 8,767,895 from 15 Jayawadanagama houses for the period from 2012 to 2021 had not been recovered to date.</p> | <p>An amount of Rs. 137,286 has been recovered from the Summit houses as at 31 March 2025. Accordingly, the arrears for the period from 2012 to 2024 are Rs. 2,064,980. After making every possible effort to recover the arrears of house rent due from the officers residing in the Jayawadanagama houses, the possibility of writing off the arrears in terms of F.R. has been inquired and referred to the Department of Public Finance.</p> | <p>When providing residences to officials, written agreement regarding the charging of rent should be obtained and action should be taken accordingly.</p> |
| <p>(iv) Rs. 6,837,470 due from the year 2012 from a bungalow house allocated to the Land Reforms Commission, had not been recovered to date.</p> | <p>Further actions are being taken to recover the outstanding house rent due from the Land Reform Commission.</p> | <p>Actions should be taken to enter into a written agreement with the relevant institutions regarding the providing of residences.</p> |
| <p>(v) No actions had been taken to recover the relevant rent from 10 houses that had been provided to the Presidential Secretariat to be provided to the Presidential Security Division officers during the period 2009-2016.</p> | <p>Although the Ministry of Public Security and Parliamentary Affairs has announced that house rent payments will be made, but house rent has not been paid to date.</p> | <p>When providing residences to officials, written agreement regarding the charging of rent should be obtained and action should be taken accordingly.</p> |

3.2 Expenditure Management

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) The allocation of Rs.22,900,000 provided for 16 capital and recurrent expenditure codes remained completely unutilized. Out of the allocation of Rs.6,647,850,000 provided for 36 capital and recurrent expenditure codes, Rs.5,936,220,685, that is more than 89 percent, was remained unspent for the intended purposes.	The provisions were remained due to the inability to perform tasks, delays, non-completion of tasks, restriction of training programs due to election-related activities, expenditure control, non-emergence of needs, procurement only for essential works, abolition of state ministerial posts, non-utilization of provisions in the last quarter due to the transfer of the Official Languages Division to the Ministry of Justice and National Integration, holding meetings, workshops, seminars, and training sessions online whenever possible in accordance with the National Budget Circular, and the reduction in the need for provisions with the dissolution of the Department of Multipurpose Development and the transfer of its staff.	Accurate expenditure estimates should be prepared in accordance with Financial Regulation 50(ii) and the provisions made should be spent in a planned manner to carry out the intended tasks.
(b) Out of the allocation of Rs.147,500,000, including supplementary allocations for a capital expenditure code, provided to 05 institutions under the Ministry, Rs. 114,170,019 or 77 percent, and out of the allocation of Rs. 41,000,000 provided to 02 institutions for 03 recurrent expenditure codes, Rs. 34,399,957 or 84 percent, was remained unspent for the intended purposes.	Provisions was remained due to the institutions used their own funds, failed to achieve financial progress as expected, did not receive the consent of Minister for capital expenditures and limitation of releasing of imprest, could not carry out construction work properly due to adverse weather conditions in the country (heavy rain), used their own funds for salaries and other recurring expenses by the institutions, and controlling expenditure.	Accurate expenditure estimates should be prepared in accordance with Financial Regulation 50(ii) and the provisions made should be spent in a planned manner to carry out the intended tasks.

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| (c) | <p>Out of the total provision of Rs. 161,951,376 transferred under Financial Regulation 66/69 for 08 recurrent and capital expenditure codes, provisions of Rs.150,421,599 was remained, and the entire provision of Rs.124,383,923 transferred to settle bills that had not been accounted for as liabilities of the Pibidemu Polonnaruwa Development Program implemented during the period 2016-2020 was remained.</p> | <p>In the third and last quarters of the year, there was a lack of expenditure due to the restriction of overtime, the abolition of state ministerial posts and the disbandment of staff, the failure of contractors to complete construction work within the stipulated time, the lack of requests for payment even though the procurement process had been completed and an order had been placed, and the insufficient imprests allocated for the settlement of outstanding bills of the Pibidemu Polonnaruwa Development Program after receiving the approval of the Cabinet on 31 December 2024, resulted in provisions was remained .</p> | <p>Transfers of provisions should be planned and those provisions should be spent according to those plans.</p> |
| (d) | <p>The variance between the initial expenditure estimate and the revised expenditure estimate for 05 recurrent and capital expenditure codes ranged between 142 percent and 374 percent, resulting in the initial expenditure estimate of Rs. 56,900,000 increased by Rs.193,055,725, that is 339 percent, to Rs.249,955,725. Due to that the estimates had not been prepared correctly.</p> | <p>The transfer of F.R 66 was made to cover additional expenses, the allocated budget provisions were not sufficient to cover the related expenses, The transfer of F.R 66 was made due to the fact that the allocated provisions were not sufficient and the initial expenditure estimate was exceeded.</p> | <p>Accurate expenditure estimates should be prepared in accordance with Financial Regulation 50(ii).</p> |

3.3 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Chief Accounting officer	Recommendation
Rs. 20,281,657 payable to the Sri Lanka Institute of Development Administration for training programs conducted in the year 2024 was shown as a receivable in the financial statements of that institution, but it had not been accounted for as a liability in the financial statements of the Ministry.	Several training programs were in progress as at 31 December 2024, all expenses submitted for the training programs had been settled as at that date. Furthermore, in the report on expenses/receipts for the period 01 November 2024 – 31 March 2025 sent by the said institution on 09 May 2025, the amount to be paid to the said institution for the training programs of our Ministry is Rs. 20,219,918.	Liabilities to be settled in the coming year should be properly identified and accounted for.

3.4 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.

Observation	Comments of the Chief Accounting Officer	Recommendation
Reference to laws, rules and regulations Non-compliance (a) Establishment Code of the Democratic Socialist Republic of Sri Lanka Sections 1.1 and 2.2 of Chapter XIX	Quarters can be constructed and scheduled for posts and according to Public Administration Circular No. 11/2003 dated 17 October 2003, although there are no scheduled houses for any ministries or departments or officers under the control of the Ministry, 06 general houses were scheduled with the approval of the Minister and 16 public houses were	Circular 11/2003 has clarified the situation in the year 2003 and accordingly it has been informed that there were no scheduled houses in that year. After the year 2003, considering the service requirement and exceptional reasons, the official residences belonging to this Ministry have been scheduled and provided in accordance
		Quarter can be constructed and scheduled for posts as per the provisions of the Establishments Code, but the official residences provided cannot be scheduled. Therefore, action should be taken in accordance with the provisions for that.

provided with the approval of the Secretary to the Ministry. with Section 2.2 of Chapter XIX of the Establishments Code for the relevant posts in accordance with the provisions of the Establishments Code.

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

Financial Regulation 104	A full report should have been submitted within three months from the date of the loss or damage, but such action had not been taken in relation to 07 vehicle accidents belonging to the Home Affairs Division.	Further work is underway to submit the full report.	Actions regarding vehicle accidents should be taken in accordance with financial regulations.
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3.5 Irregular Transactions

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) In the years 2023 and 2024, the Investigation Division had taken actions to nominate 21 Development Officers to conduct 56 preliminary investigations in 52 external institutions outside the Ministry and according to the sample investigations, 06 officers who had been nominated and sent, informing to pay an appropriate allowance for conducting 04 investigations in 04 institutions, had received Rs.530,800 as allowance. Although an allowance could be received in terms of Public Administration Circular 14/2014 for conducting a preliminary investigation that did not fall under regular duties, allowances had been received in accordance	The nomination of officers for preliminary investigations submitted by the Presidential Secretariat, the Prime Minister's Office, the Public Accounts Committee, the Public Service Commission, the Public Enterprises Committee and other institutions is made in accordance with the agreements reached after discussions with the predecessor secretaries. Requests for preliminary investigations are made due to the difficulty in finding officers with the skills to conduct preliminary investigations and the need to have such preliminary investigations conducted by an independent external institution. Although some institutions have adopted the Public Administration Circular 14/2014, the majority of institutions pay a fee imposed or determined by themselves for preliminary investigations. The	When appointing officers, notice should also be given of the legal fees they may receive. The relevant client institutions should be informed to pay that fee.

with various circulars, calculated at different rates and requests made for conducting investigations in external institutions during official hours, contrary to the provisions of that circular and Chapter IX of the Establishments Code.

Ministry of Public Administration does not have the power to intervene in the determination of such allowances.

In the future, it will be decided whether or not a certain percentage of money should be paid to the government in accordance with Chapter XXX of the Establishments Code and I would like to inform you that the nomination of officers for requests submitted by such institutions has been suspended currently.

- (b) Limited to the Ministry only, a special allowance was paid to the Board of Survey staff for conducting the annual verification based on the approval given by the Director General of Establishment on 13 December 2013, and it was paid in the amount of Rs.358,000, Rs.225,000 and Rs. 283,500 in the years 2022, 2023 and 2024 respectively.

In addition to official duties, payments have been made to officers for the annual verification activities as per the approval of the Director General of Establishment dated 13 December 2013.

Treasury approval should be obtained to pay allowances for annual verification activities. Payments without formal approval should be considered as illegal payments and action should be taken.

- (c) A benz car had been handed over to the Presidential Secretariat on 28 November 2022, the legal ownership of it, was owned by the Public Administration Division, had met with an accident on the expressway on 19 December 2023, while the driver was going from Colombo to the Galle Government Agent's Office for a personal need. Stating that the accident had occurred during official duties, without taking action in accordance with financial regulations, the Ministry had selected a service provider without calling for quotes and paid Rs. 13,000,000 for repairs under insurance 09 months after the accident.
- The Presidential Secretariat requested that this Ministry intervene as the registered owner and insured of the vehicle to obtain the insurance claim related to the repair work. Accordingly, the Presidential Secretariat was informed that the repair work and obtaining the insurance claim would be carried out by this Ministry and that the Presidential Secretariat, which was in temporary use, would conduct the F.R. 104 investigation related to the accident. The report of the F.R. 104 investigation conducted by the Presidential Secretariat has not been provided yet.
- Investigations should be conducted as per the financial regulations and action should be taken against the culprits based on its recommendations. If any loss has occurred, it should be recovered from the relevant party. The vehicle should be repaired following the procurement procedures and the vehicle should be put into operation.
- With the advice of the Technical Engineer and prices were called with proper approval for the repair of the vehicle and with the recommendations of technical consultant for the lowest price estimate, were assigned to the Presidential Secretariat for further work, with the approval of the Ministerial Procurement Committee.

3.6 Issuance and Settlement of Advances

Audit Observation

Comments of the Chief Accounting officer

Recommendation

The imprest received should be settled within 10 days of completion of the relevant work as per the Finance Regulation 371 as amended by the Public Finance Circular No. 01/2020 dated 28 August 2020, but the period of time taken to settle the advances of Rs. 883,700 issued by the Public Administration Division to 12 officers on 13 occasions and Rs. 457,740 issued by the Home Affairs Division on 14 occasions had been settled between 19 and 53 days after completion of the work. Further more, Rs. 100,000 received by one officer in Pulic Administration Division remained unspent for the work and it had taken 15 days to settle.

I would like to inform you that delays have been avoided as actions have been taken to inform officials about all these matters by now.

If there are irregularities in obtaining and paying advances, action should be taken against the officials.

4. Operating Review

4.1 Non-achievement of expected Output Level

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) According to the sample investigation, in accordance with Public Administration Circular No. 22/93 dated 21 September 1993, in order to obtaine compensation for public officials injured in the course of duty, out of the 24 compensation applications submitted to the Ministry in 2023 and 2024, for the purpose of obtaining decision, 11 had not been submitted to the Compensation Board and a decision had not been given even though a period from 119 to 1297 days had elapsed from the date of receipt by the Ministry. Another 05 applications had taken between from 60 to 217 days to be submitted to the Compensation Board, also in relation to those applications it had taken between 203 - 1008 days to give a decision from the date of receipt by the Ministry. Decision of the Compensation Board given to 08 compensation applications, it had taken between 28 to 42 days from the date of decision to inform the relevant parties.	Due to the large number of compensation letters received daily and the lack of sufficient officers to carry out the duties of the subject, it has been difficult to complete the relevant files quickly. However, I would like to inform you that necessary actions have been taken to send reminder letters for the unpaid compensation requests in the relevant files. Response letters are already being received for the reminder letters sent and decisions are scheduled to be given in respect of 45 completed and finished compensation files.	Necessary measures should be taken to provide compensation decisions without delay.

4.2 Delays in the Execution of Projects

Audit Observation	Comments of the Chief Accounting officer	Recommendation
Rs. 125,863,728 was spent in 2020 on the construction of the Polonnaruwa Official Quarters Complex, but further construction work had not yet commenced and the expenditure had been accounted for as work in progress in non-financial assets.	The Cabinet decision was received on 08 September 2025, for the Cabinet Memorandum submitted to restart the project. Accordingly, approval has been received to select a new contractor, restart the project and complete all construction.	The construction of the housing complex should be begun promptly and the desired objectives should be achieved.

4.3 Foreign Aid Projects

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) Provisions of Rs. 50,000,000 had been made under the capital expenditure object through foreign grants and Rs.15,000,000 under the foreign financing expenditure object for the introduction of a software system to operate a business centre for the Jaffna Incubator, but provisions had not been utilized. The Memorandum of Understanding (MoU) signed between the Government of India and the Government of Sri Lanka 04 years ago to implement the project, had expired on 21 February 2022, but the project had not been implemented.	In accordance with the decision of the Ministry Procurement Committee dated 28 October 2024, in the discussion held under the chairmanship of the Treasury Secretary on 12 December 2024, it was agreed to transfer this project to a ministry appropriate to the scope. The Department of National Budget has also sent copies to this ministry and informed the Department of Foreign Resources to take action in accordance with the agreement of the relevant institutions to transfer the relevant provisions to an appropriate ministry under F.R 208.	The possibility of entering into a new Memorandum of Understanding to transfer this project to an appropriate ministry and implement it should be considered.
(b) Provisions of Rs. 3,000,000,000 had been made under a capital expenditure object in the year under review through a European Investment Bank loan and Rs. 500,000,000 under foreign financing for the implementation of the Greater Colombo Water and Wastewater Management Improvement Program Phase 03, but only Rs. 18,256,008 of the provisions allocated under the	This project was planned to be implemented with a loan from the European Investment Bank (EIB), but this amount of provision has been left over due to the lack of funding from the European Investment Bank.	Provisions should be made considering practical circumstances and actions should be taken to utilize the provisions made available through foreign and local funds for planned activities.

foreign financing expenditure object had been spent in the year under review. Due to the delay in completing the procurement activities and awarding the contract, the total provision of Rs. 1,977,034,807 that had been made in the previous two years was remained.

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| <p>(c) The entire allocation of Rs.2,000,000,000, which had been made available through local funds under a capital expenditure object for the implementation of Part 03 of the Greater Colombo Water and Wastewater Improvement Investment Program, which was jointly implemented by the Government of Sri Lanka and the Asian Development Bank, was remained.</p> | <p>The contract was suspended in 2022 due to non-receipt of money by the contractor and further work is underway to have it performed again by the same contractor after obtaining Cabinet approval.</p> | <p>Provisions should be made considering practical circumstances and actions should be taken to utilize the provisions made for planned activities.</p> |
| <p>(d) A provision of Rs.4,500,000,000 had been made for the implementation of the Rural Infrastructure Development Project in Emerging Regions, comprising Rs. 2,000,000,000 under the Japan International Cooperation Agency (JICA) loan, Rs.2,000,000,000 under the refundable foreign loan under supplementary provisions and Rs. 500,000,000 under the Foreign Financing Expenditure object, but only Rs.1,262,270,284 had been spent, there was a remained provision of Rs.3,237,729,716, or 72 percent of the total provision.</p> | <p>The physical progress of the project had slowed down due to the suspension of JICA funding from June 2022 to August 2024. Furthermore, only a limited amount of money was spent as only a limited number of bills were checked and payments were made for the work done up to that point. Furthermore, since the recruitment of consultants from the two consulting firms has not been completed yet, it has not been possible to commence the civil works.</p> | <p>Provisions should be made considering practical circumstances and actions should be taken to utilize the provisions made available through foreign for planned activities.</p> |
| <p>(e) The entire provision of Rs.200,000,000 provided under the United kingdom loan for the development of infrastructure in the Rural Bridge Construction Project, was remained. The entire provision of Rs.200,000,000 provided for the implementation of this project in the</p> | <p>The provisions of Rs. 200,000,000 made in the year 2024 was remained completely due to the non-release of the retention money of the contractor. Since the contractor has entered into an agreement with a third party, legal advice has been submitted to the Department of Attorney General to</p> | <p>Provisions should be made considering practical circumstances and actions should be taken to utilize the provisions made available through</p> |

previous year also was remained.

release the retention money and further action will be taken according to the decision given by it.

foreign funds and local funds for planned activities.

4.4 Implementation of Projects under Domestic Financing

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) Out of the Rs. 150,000,000 allocation made for the implementation of solid waste management projects through local government institutions, Rs.125,766,145 or 84 percent was remained. The allocation remained due to the fact that the Wennappuwa Pradeshiya Sabha had implemented the projects using council funds and the projects of other local government institutions had not been implemented.	The expenditure incurred by the Wennappuwa Pradeshiya Sabha from the council fund for the construction of the partially completed compost yard approved in the year 2021 is Rs.32,629,754. The cost of the projects has been less than the estimated amount during the implementation of certain projects. The provision was left over due to the difficulty in finding a suitable contractor within the stipulated time for the construction of the non-perishable storage centre project of the Kolonna Pradeshiya Sabha, the lack of sufficient time to implement certain projects in accordance with the approval of the Cabinet of Ministers, etc.	Provisions should be made considering practical circumstances and actions should be taken to utilize the provisions made for planned activities.
(b) Out of the allocation of Rs.600,000,000 provided for the Local Government Institutions Strengthening Development Program, Rs. 390,444,692 had remained, of which Rs.79,039,683 had been transferred to other expenditure objects and spent.	Due to the adverse weather conditions at the end of the year, construction work could not be completed and due to insufficient time for large-scale construction, the provisions allocated for the year 2024 was remained.	Provisions should be made considering practical circumstances and actions should be taken to utilize the provisions made for planned activities.
(c) Out of the remaining 90 percent of the provisions, that is Rs.1,032,579,107, out of the provisions of Rs.1,150,000,000 that had been made available for the implementation of the “e-Grama Niladhari Project”, Rs.124,383,923 had been transferred to other expenditure objects and spent.	Provisions have been left over due to delays in payments from the first payment for providing 2 in 1 computers to Grama Niladharis in the districts where the project is implemented and delays in verification of the work to be carried out according to the contractual time frame. Estimates were prepared for the 07 districts approved for the	Provisions should be made considering practical circumstances and actions should be taken to utilize the provisions made for planned activities.

projects carried out in 04 Divisional Secretariat Divisions at a cost of Rs. 59,940,000 under the pilot phase of the project have been completely inactive, and Rs.355,436,458 had been spent on the projects initiated in 95 Divisional Secretariat Divisions in 07 districts as part of its second phase by the year 2024, but they had failed to achieve the desired targets.

implementation of the project, but based on policy decisions and decisions of the Ministry Procurement Committee, it was decided to implement the project first in Kalutara District and based on its success, the project activities will be implemented in the remaining districts.

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| (d) | <p>Out of the capital allocation of Rs.1,000,000,000 that had been made available for the development of tourism infrastructure in local government areas, Rs.150,000,000 had been transferred to another capital expenditure object, remaining a balance of Rs. 396,893,978. Accordingly, more than 55 percent of the total allocation had not been utilized for the intended purpose.</p> | <p>Under this project, sub-projects worth Rs. 685,200,000 were approved and planned for implementation at the provincial levels. However, the implementation of the projects was hampered due to the presidential election announced on 26 July 2024, the lack of sufficient time left for procurement, and the heavy rainfall in the last five months caused delays in the projects.</p> | <p>Provisions should be made considering practical circumstances and actions should be taken to utilize the provisions made for planned activities.</p> |
| (e) | <p>According to a decision of the Cabinet, out of the provisions of Rs. 600,000,000 that had been made available for the use of government - institutions owned holiday resorts and circuit bungalows for the tourism industry, only Rs.4,550,679 out of the provisions of Rs. 330,152,110 allocated for the development of 12 circuit bungalows under the Ministry and Rs. 64,282,884 out of the provisions provided for the development of 09 circuit bungalows belonging to the Department of Forest Conservation had been spent, resulting in 89 percent of the total provision of Rs. 531,166,437 not being utilized for the intended purpose.</p> | <p>This provision is a direct provision provided by the Department of National Budget. The initial planning and procurement process was completed and the contract was awarded in the latter half of the year, and the project had a limited period of 04 months in year 2024 to implement the project, and government officials had to engage in election work during that period, as well as the rainy weather conditions, it was not possible to complete this project in year 2024.</p> | <p>Provisions should be made considering practical circumstances and actions should be taken to utilize the provisions made for planned activities.</p> |

(f) **Progress of the Pibidemu Polonnaruwa projects**

(i) **Teachers' Hostel of the Faculty of Education at Pulathisi**

44 rooms of the three-storey residential building for male teachers, consisting of 72 rooms, constructed at a cost of Rs.75,330,000, had been lying idle since year 2019 without residents.

Currently, 31 male teachers are staying here to study and 41 rooms are vacant. According to future plans, this building can be put to optimal use when this college becomes a proposed teacher education university.

The constructed building should be utilized for its intended purpose optimally.

(ii) **Construction of the auditorium at Attanakadawala Maha Vidyalaya**

The auditorium was constructed and completed in year 2019 bearing an expense of Rs.27,050,000 under an estimated cost of Rs.18,200,000 but it had not been put into use as an auditorium even by the end of year 2024.

Curtains, a sound system, a stage lighting system, and other equipment are needed to complete the auditorium, and with the existing situation it is currently being used.

The auditorium should be put into use immediately after completing other equipment requirements.

(iii) **Construction of a water tank for Methkusumgama village, Lower Ellewewa**

In year 2018, the construction of a 40,000 litre water tank for Methkusumgama village at an estimated cost of Rs. 2,320,196 had been halted midway after only the construction of concrete pillars was completed at a cost of Rs. 866,848.

Since it has been several years since the construction of this water tank, the District Engineer has been informed to inspect the condition of the concrete in the currently constructed section and submit a report. As there is no provision for the relevant project at present, actions will be taken to complete the relevant work effectively as soon as a source of provision is made.

Provisions should be obtained and necessary activities should be carried out to achieve the objectives of the work that has been initiated.

(iv) **The Kaduruwela Railway official residences and the building constructed for commercial activities**

The two-storey building, which had been constructed for commercial purposes adjacent to the completed railway official residences, had been unused and idle since year 2021. Due

This commercial building was handed over to the Sri Lanka Railways Department by the Urban Development Authority on 30 December 2023. A solar power system has also been prepared for that building and it was handed over to the Sri Lanka Railways Department on 24 October 2024. Hereafter, decisions regarding its management will be taken by the Sri

Actions should be taken through the Railway Department to utilize the idle building for purposeful purposes.

to non-use, the elevator had also been out of service and the salaries paid to the two guards assigned to the building had also gone to waste. Lanka Railways Department.

4.5 Assets Management

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) As at 27 September 2024, 80 vehicles that were not in use in the Public Administration Division of the Ministry and the information could not be verified through books, documents and files were registered in the name of the Ministry. According to information obtained from the Comptroller General's Office, 50 of these vehicles had not been formally handed over to the institutions that would use them, and information was not available regarding the remaining 30 vehicles.	At present, the Ministry has confirmed information on 61 out of 80 vehicles that are not in use but are registered, and information has been requested in writing from the Provincial Council Division and the District Secretariat to confirm the ownership of the remaining vehicles.	Ownership of vehicles handed over to other institutions should be transferred.
(b) The Ministry did not have the registration certificates of 76 vehicles registered in the name of the Ministry of Provincial Councils and Local Government and information was not available regarding 27 of them. Furthermore, although the documents stated that 44 registered vehicles had been handed over to the local government institutions, the date and details of handover were available for only 18 vehicles. Although it was stated that 02 other vehicles had been destroyed during the war, the necessary information was not available to confirm this. In addition, the Home Affairs Division was using four vehicles belonging	Out of the 27 vehicles, 8 have been identified so far. Information is currently being sought regarding the remaining 19 unidentified vehicles. The Ministry has information about the institutions that provided the other vehicles, but transfer of those vehicles has been delayed due to missing registration certificates, non-obtainability of annual revenue licence, etc. The Ministry of Home Affairs is in the process of taking over the vehicles.	When using vehicles owned by other institutions, actions should be taken to transfer and take over those vehicles.

to other departments, but actions had not been taken to take them over.

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| <p>(c) A bulletproof vehicle registered under the name of the Presidential Secretariat, which was brought to the Ministry of Provincial Councils and Local Government in year 2010, had been handed over to the agency for repairs in year 2014. It was informed to pay the bill of Rs.3,237,079 for the repairs and release the vehicle, but due to lack of action, the vehicle had been parked on a land belonging to the agency in an unusable condition.</p> | <p>The bulletproof vehicle bearing number KB-9228 has been referred to the agency, estimates have been obtained and further work has been done, in accordance with the instructions and approvals of the then Minister and Secretary. Requests have been made to the Presidential Secretariat to obtain provisions for the repair. Further work is scheduled to be carried out in accordance with the instructions of the Presidential Secretariat.</p> | <p>Further action should be taken promptly in accordance with the instructions of the Presidential Secretariat.</p> |
| <p>(d) The land acquisition process for 07 holiday resorts owned by the Public Administration Division and 35 circuit bungalows owned by the Home Affairs Division had not been completed.</p> | <p>I would like to inform you that land acquisition activities are currently underway.</p> | <p>Immediate action should be taken to takeover the relevant lands.</p> |
| <p>(e) 02 gondola machines worth Rs.31,050,000 were purchased in year 2021 for the purpose of cleaning the cladding and glass installed on the exterior of the Nilamedura building, but they have not been put into use to date.</p> | <p>Dimo is repairing the gondola machine installed on the 21st floor and has obtained a certificate from a government authorized inspection engineer that the repaired machine installed on the 20th floor is in proper working condition.</p> | <p>Purchased machines should be utilized for the need.</p> |

4.6 Management Weaknesses

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) The transfers of officers in the Combined and all Island Services had not been implemented in a manner that fulfilled the objectives set out in Chapter XVIII, Paragraph 247 of the Procedural Rules of the Extraordinary Gazette No.		

2310/29 dated 14 December 2022, and the transfer policy for officers subject to compulsory transfers had not been formally implemented.

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| <p>(i) Only 222, 275 and 75 officers of the Sri Lanka Administrative Service, Sri Lanka Accounting Service and Sri Lanka Planning Service, respectively, who have been serving in the same place for more than 06 years, have submitted applications for transfers, while only 80, 91 and 32 officers had been transferred.</p> | <p>The Transfer Board is unable to make adjustments to transfers when an annual transfer is applied for, but a successor officer cannot be provided, when serving in a position appointed by the Cabinet due to the fact that the prescribed period of service (minimum 03 years) has not been completed in the current place of work. I would like to inform you that even in the case of annual transfers, it is not possible to make transfers based solely on the requests of the officers.</p> | <p>Transfers should be implemented in a manner that enables the objectives stated in the procedural rules to be achieved and minimizes the possibility of remaining in the same duty station for a long period of time.</p> |
| <p>(ii) According to the information submitted for audit as at 31 December 2024, out of 45,966 officers who had been serving in the same service station for more than 05 years in 07 services belonging to the combined Service, 16,531 officers had applied for transfer in the year 2025, but transfer orders had been issued to only 5,069 of them. Furthermore, 157 Combined Service officers serving in the Ministry have been serving continuously for a period of between 05-10 years and another 44 officers have been serving for a period of between 10-31 years without being transferred.</p> | <p>The annual transfer process of the combined service consisting of 07 services is a very complex process and this process is carried out by paying separate attention to the requests of the officers related to each service. I observe that it is practically difficult to transfer all the officers who have been in the service for more than five years. A point to note here is that the majority of the officers in the public service, especially those holding salary scales from PL to MN-4, fall under the combined services and their scope of duties as well as the transport facilities for those officers to reach their places of work have to be taken into account whenever possible while placing them in a place of work.</p> | <p>Transfers should be implemented in a manner that enables the objectives stated in the procedural rules to be achieved and minimizes the possibility of remaining in the same duty station for a long period of time.</p> |

- (b) The Director General of the Combined Services is the authority responsible for the appointments, promotions and transfers of officers of the 07 services belonging to the Combined Service, but no planned and formal program had been implemented regarding the training of 130,989 officers as at 31 December 2024. The Public Service Training Institute under the Ministry was closed down, the task was assigned to the Sri Lanka Institute of Development Administration, but neither the Ministry nor that institution had paid attention to the training of these officers.
- The function of the Public Service Training Institute under the Ministry was transferred to the Sri Lanka Development Administration Institute, but since the facilities required to conduct training programs for non-staff officers of that institution are not sufficient, that function has not been carried out properly. Once the proposal prepared for the re-establishment of the Public Service Training Institute is formally approved, it will be possible to re-establish the institution and organize and maintain the training programs conducted for all non-staff Combined Service officers on a wider scale.
- Officers of all services belonging to the combined Service should be trained according to a formal plan.
- (c) The Sri Lanka Public Service Sports Association, registered in year 2008 under the Ministry of Sports of the Western Province, the membership consists of government employees and retired government employees, is maintained in a building owned by the Ministry. Although the association is required to comply with the public administration rules and regulations in accordance with the powers granted to the Ministry in accordance with its constitution and the responsibilities of the Ministry regarding public servants, at present this sports association is operating outside the control of the Ministry. The land measuring 0.2437 hectares in Polhengoda, which was handed over to the Ministry in year 2009, was handed over in
- In the year 2018, the 0.2437 hectare land in Polhengoda belonging to this Ministry was given with proper approval for the operation of the Sri Lanka Public Service Sports Association Private Limited. The controversial conditions prevailing in the association currently have been reported to the Ministry. A committee has been appointed to examine this issue and letters have been sent to the institutions proposed by the committee to obtain relevant information. After receiving that information, the committee is scheduled to meet again and action will be taken as per the proposals submitted by the committee and the decisions of the committee.
- The ownership, existence and security of the land and buildings owned by the Ministry where the Sports Association is located should be ensured and the Ministry should intervene and work to achieve the objectives of the Sports Association.

writing in year 2010 for the purpose of maintaining the activities of the sports association, contrary to the conditions of the handover. Even though more than 14 years had passed since the handover, no action had been taken regarding the ownership, existence and security of the land and buildings, the land had not been assessed and accounted for, and unauthorized acquisitions by adjacent residents were also observed.

- (d) The Jaffna holiday resort with 24 rooms owned by the Ministry was given to the Jaffna Superintendent of Police for use as a quarantine centre for police officers for a period of one year in 2020, at the request of the Jaffna Superintendent of Police, without any legal agreement. Due to the damage that had occurred to the holiday resort 05 months after it was handed over, the Ministry had informed the Jaffna Superintendent of Police, the Inspector General of Police and the Secretary to the Ministry of Public Security on several occasions to carry out all repairs, restore the holiday resort to its original condition and hand it over again after 05 months of handover, the holiday resort had not been repaired. It had only been estimated that the repairs would cost Rs. 1,738,000 and Rs. 8,775,000 respectively after 1½ years and 03 years of the damage.
- As per the Cabinet Decision No. 23/Miscellaneous dated 14 November 2023, in order to utilize the holiday resorts and bungalows owned by government institutions in the most effective manner, a Rs.600,000,000 project was implemented, and approval was obtained in year 2024 to carry out the renovation and development of the Jaffna Holiday Resort under those provisions and estimates were called for the same from the Northern Provincial Buildings Department. The final revised estimate was received to this Ministry on 20 August 2024. Although a provision of Rs. 40,000,000 was allocated in relation to that estimate and procurement activities were carried out, due to the fact that no contractor came forward for the renovation and the Presidential and Parliamentary elections were held, the support received from the relevant institutions for this purpose was very low, therefore it was not possible to carry out these renovations.
- The holiday resort should be repaired and put into use immediately.

Although this holiday resort had earned an income of Rs.11,734,000 during the period 2016-2019, it had not been able to earn any income for more than 04 years up to the year under review. However, Rs. 7,931,039 had been spent only on paying employee salaries, water charges and electricity charges. According to a decision of the Cabinet, under the project to utilize government- owned institutions - owned holiday resorts and circuit bungalows in the most effective manner, a provision of Rs. 40,000,000 had been allocated for this purpose in the year under review, but it had not been utilized.

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| <p>(e) Out of the Rs.508,015,904 spent on the payment of salaries to 1231 personal staff officers for 225 Members of Parliament, out of the approved maximum number of personal staff officers of 06, Rs.11,741,387 had been spent on the payment of arrears of salaries to 142 personal staff officers of 85 Members of Parliament for the period between the date of appointment and the date of assuming duties. Although these officers received salaries, they had not signed the salary registers in accordance with F.R. 238(5) and their salaries had been continuously paid into their personal bank accounts.</p> | <p>In view of the non-signature of salary registers in terms of Section 238(5) of the F.R, the then Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government, on the instructions of the Secretary, has formulated a procedure relating to the appointment and termination of appointments of the staff of Members of Parliament and actions have been taken to prevent such omissions from occurring in future.</p> <p>Payments made between the date of appointment and the date of assuming duties should be recovered.</p> |
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- (f) There are 1324 public administration circulars issued by the Ministry from 1970 to 2010 and 19 circulars that were cancelled during the period 1979-2014 on website of the Ministry, but actions had not been taken to update those circulars and resolve the issues that users had regarding the validity of the circulars. Circulars from 1970 to 1988 have been examined one by one to identify the circulars that have been cancelled and amended, and links are being inserted into the identified circulars using a software. As soon as this work is completed, it is planned to hand over the relevant circulars to the Information Division for uploading on the ministerial website. Immediate actions should be taken to update and maintain the circulars available on the website of the Ministry.

5. Human Resource Management

Audit Observation	Comments of the Chief Accounting officer	Recommendation
(a) As per Section 13.3 of Chapter II of the Establishments Code, an acting appointment should be made only as a temporary remedy when a permanent appointment is required. However, an amount of Rs. 4,748,892 was paid as acting allowance to 19 Executive Grade Officers and 46 Management Service Officers who were appointed on an acting basis during the years 2023-2024 to fill vacant posts and to perform the duties of officers who were absent from duty. These officers were appointed to perform the full duties of both posts.	Due to the fact that new recruitments were not made for certain posts during the relevant period and due to vacancies arising from transfers, retirements, etc. of officers serving in those posts, officers have been appointed to act on the basis of the requests and recommendations of the relevant heads of divisions, with the formal approval of the Appointing Authority.	Acting appointments for temporary vacancies should be discontinued.