

## **Head 309 Department of Buildings - 2024**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

Head 309-The audit of the financial statements of the Department of Buildings 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 these financial statements was issued to the Accounting officer of Department of Buildings in terms of Section 11(1) of the National Audit Act, No.19 of 2018 on 29 May 2025. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 28 May 2025 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. The report of the Auditor General in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018 is presenting to Parliament.

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 Department of Buildings as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation of the financial statements set out in Note 1 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 are further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Emphasis of matter - Basis of preparation of financial statements**

The attention is drawn to Note 1 to the financial statements, which describes the basis of preparation of these financial statements. The financial statements have been prepared for the use of the Department of Buildings the Treasury and the Parliament in accordance with Government Financial Regulations 150 and 151 and State Accounting Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Accordingly, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Department of Buildings, the 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 Financial Statements**

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

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department 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 Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department 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 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 the Auditor General'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 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 judgment and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## **1.6 Comments on Financial Statements**

### **1.6.1 Accounting Deficiencies**

#### **(a) Imprest Balance**

The following deficiencies were revealed in the accounting of the imprest balance.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
Although the imprest reconciliation statement in Form ACA-7 should be prepared in accordance with paragraph 07.11 of the State Accounts Guide No. 06/2024 dated 16 December 2024, a sum of Rs.2,736,616 was incorrectly stated in the imprest reconciliation statement as income collected by other entities on behalf of the reporting entity.	<p>The total amount collected on behalf of other institutions in the imprest reconciliation statement is shown as deductions of Rs.283,424,916 and the amount refunded from that amount is shown as additions to this statement as Rs.2,736,616.</p> <p>If this statement had been prepared by matching these values, this problem would not have arisen.</p>	The imprest reconciliation statement should be prepared correctly according to the ACA-7 format.

#### **(b) Non-Financial Assets**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
It was observed that the value of lands and buildings shown in the financial statements (ACA-6/SA-82) was not correct due to the absence of assessed values for 18 lands and 26 buildings owned by the department.	The Department has a large number of lands and buildings, and all of these lands and buildings have not been assessed. The Administration Division is working to assess these lands and buildings, and we have entered the values of all lands and buildings valued so far into the CIGAS system.	The value of the lands and buildings owned by the department should be assessed and all assets should be accurately accounted for.

#### **(c) Imprest Management**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
The unsettled imprest balance relating to Imprest Account No.67/24 at the end of the year under review was Rs.1,764,622. The reasons for the	The reason for the unsettled imprest balance of Rs.1,764,622 in Imprest Account No. 67/24 for the year 2024 was the non-settlement	When preparing the financial statements, the reasons for the imprest not being

imprest not being settled were not stated in form ACA-3 of the financial statement.

of the advance funds used for paying the allowances required for the Parliamentary Election. Furthermore, the reason for the non-settlement of the imprest in form ACA-3 of the financial statement could not be recorded due to an omission.

settled should be stated in form ACA-3, and steps should be taken to settle the unsettled imprest.

**(d) Non-maintenance of Registers and Books**

It was observed during sample audits that the Department had not maintained certain registers listed below and that certain registers were not maintained properly and up to date.

**Audit Observation**

**Comment of the Accounting Officer**

**Recommendation**

**i. Official Quarters Waiting List**

A waiting list for official quarters had not been updated and maintained in accordance with Section 4.3.3 of Chapter XIX of the Establishment Code of the Democratic Socialist Republic of Sri Lanka.

The register of official quarters has been updated correctly.

Steps should be taken to keep the official quarters waiting list up to date in accordance with the Establishment Code.

**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 Expenditure Management**

**Audit Observation**

**Comment of the Accounting Officer**

**Recommendation**

(a) Due to the preparation of the annual budget estimates without proper study and care, the provisions of Rs.2,000,000 and Rs.100,000 estimated for Expenditure Object No. 309-1-1-1304 and Expenditure

Although the Information Communication Technology Agency of Sri Lanka requested funds for future support after the warranty expires in accordance with the letter No. ICTA/DS/LG/2023/FA/01 dated 28

The annual budget estimates should be prepared with proper study and the allocated provisions should

Object No. 309-2-2-1703, respectively, were not utilized, resulting in the entire provision remaining.	April 2023, the agency did not require any payment from the expenditure object No.309-1-1-1304 due to the extension of their service period and since there were not enough government officials to conduct second language proficiency training programs, the expenditure object No.309-2-2-1703 remained.	be utilized effectively.
(b) Due to the lack of proper study and planning in the preparation of estimates, there had been a saving of allocations ranging from 55 percent to 83 percent in 04 expenditure Objects.	This is due to the fact that banks have not started providing property loans to the estimated officers, several officers who had obtained property loans in 2024 have left after being transferred, foreign training programs have been limited due to the fact that expenditure control has been established in a number of sectors including foreign travel expenses through the Public Expenditure Management in 2024, and the reduction in fuel and other minor fuel requirements for vehicles of other institutions used for the needs of the regional offices.	The necessary provisions for expenditure Objects should be planned and identified accurately and estimates should be prepared.

## 3.2 Incurring of Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) In the Statement of Commitments and Liabilities in the Financial Statement, liabilities amounting to Rs.81,270 and Rs.300,536, corresponding to Expenditure Item Nos. 309-1-1-1301 and 309-2-2-1301 respectively, were not included.	Since the relevant vehicles have been properly serviced and repaired, the vehicles are being used for official purposes even though the provisions for the relevant year have expired, and since the vehicle repair expenses are being carried out continuously, these values have not been considered in liabilities and commitments.	Action should be taken to accurately reflect liabilities in the Statement of Commitments and Liabilities.
(b) Financial Regulations 94(1) stipulates that no Department shall enter into any expenditure or commitment for any work, service, or supply unless there is an allocation in the annual estimates, but, due to the preparation of estimates without	There has been no over-expenditure of the allocation under 309-01-01-1301 related to continuously provided services.	In accordance with the Financial Regulations, liabilities should not be incurred exceeding the annual estimated allocations, and any excess expenditure

proper study and planning, a liability of Rs.79,743 was incurred, exceeding the remaining allocation of Rs. 1,527 under Expenditure Item No. 309-1-1-1301.

(overruns) must be approved according to the relevant laws and regulations.

### 3.3 Non-compliances with Laws, Rules and Regulations

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

	Reference to Laws, Rules and Regulations	Value Rs.	Observation Non-compliance	Comment of the Accounting Officer	Recommendation
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulation No. 1645	-	Vehicle log books had not been kept up to date.	Instructions have been given to the officer-in-charge to update the vehicle logbooks, and action is being taken accordingly to update them.	Steps should be taken to update vehicle logbooks in accordance with financial regulations.
(b)	Government Procurement Guidelines 8.8.1. (a)	-	The unsuccessful bidders were not informed of the reasons that led to their bid failure, specifically by pointing out their particular shortcomings.	Necessary steps have been taken to implement notification of the reasons for the failure of the bid from the year 2025.	According to the Procurement Guidelines, steps should be taken to inform the reasons for the failure of the bid.
(c)	Circular No. 30/2016 of the Secretary to the Ministry of Public Administration dated 29 December 2016.	-	Although a fuel test should be carried out after every fuel test, after a period of 12 months or after driving a distance of 25,000 km or	Fuel combustion tests are carried out on vehicles of the Building Department with the assistance of the Mechanical Division. Fuel combustion tests are carried out after the vehicles have been repaired and the relevant	Steps should be taken to conduct fuel checks on vehicles as per the circular.

after a major mileage has been engine repair, completed. whichever comes first, no fuel inspection had been carried out on the vehicles accordingly.

### 3.4 Deposit Balances

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Although all expired deposits should be credited to the Government revenue in terms of F.R.571(2), such action had not been taken in respect of deposits amounting to Rs.12,140,274 from the year 2018 to the year 2022 relating to deposit account No.6000-0-0-16-033.	Certain deposit balances could not be credited to Government revenue due to the non-rectification of shortcomings in the construction work. Action will be taken to credit the retention monies to revenue in the future, if they are not claimed.	Action must be taken without delay regarding lapsed deposits in accordance with the Financial Regulations.
(b) Although, in terms of Financial Regulation 571(3), money kept indefinitely in a deposit account should be promptly credited to the relevant account or to Government revenue, or be refunded as appropriate, without allowing it to be treated as lapsed deposits, a sum of Rs.31,228,168 received as deposits for construction projects during the years 2020 and 2021 was held in the General Deposit Account.	Many projects have not been completed due to various reasons and therefore cannot be considered as past due deposits. Furthermore, further inquiries will be made before crediting the Government revenue with the aim of preventing repeated requests as much as possible.	Deposits held in a deposit account for a specific purpose should be used for the relevant purpose and steps should be taken to settle the deposits in accordance with financial regulations.

## 4. Operational Review

### 4.1 Non-achievement of expected Outcome

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) According to Financial Regulation 787, the general rule is that the Department of Public Works, i.e. the Department of Buildings, is responsible for the execution of all government	The validity period of the Apartment ownership Act expires on 18 August 2023, and out of the 2,352 requests received until that time, 2,302 have been certified and sent to the relevant institutions. However, in the Sonders	Appropriate steps should be taken immediately to inspect the remaining houses and issue certificates.

projects and works. Although the Department had a staff of 105 designers and technical officers, including 70 senior engineers and 14 senior architects, as at 31 December 2024, to carry out these and other construction tasks, performance remained poor. The Director General of the Department of Buildings shall issue a written statement at the time of registration of the condominium property, certifying that it is safe for registration in terms of subsection 3.(3)(1) of the Apartment Ownership (Special Provisions) Act, No. 23 of 2018, dated 15 August 2018. Section 2 of the Act stated that this Act should be in force for a period of five years from the date of commencement, and by 18 August 2023, that period had expired and this process had not been completed due to the delay in implementation by the Department.

Place housing complex alone, it has not been possible to complete the inspection of closed houses and provide reports for 50 houses.

## 4.2 Non-achievement of expected Output Level

### (a) Mannar Madu Shrine Complex Transit Housing Construction Project

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>i. Rs.300 million had been obtained under the assistance of the Government of India on 15 November 2018 for the construction of 300 houses at a low cost for the devotees coming for the Madu pilgrimage season. The Department of Buildings had been appointed as the consultant for this project and a</p>	<p>The retention of water on the land where the buildings are being constructed is a temporary inconvenience and this is primarily due to the fact that the natural drainage channels of the work site are blocked by the accumulation of building construction solvents and other waste.</p> <p>The unnecessary cost burden incurred</p>	<p>Action should be taken against those who fail to inspect the land and prepare building plans accordingly.</p>



Memorandum of Understanding had been signed between the Ministry of Tourism Development and Christian Religious Affairs and the Department of Buildings. It was observed that the land where the buildings will be constructed is a muddy land where water is retained and reports had not been submitted that the land had been inspected before construction. Although the original plan was to construct 300 housing units as 25 two-story buildings, each with 12 houses, it was later agreed to complete the work as single-story houses. Consequently, an unnecessary cost burden was incurred for the foundations that had already been laid for the houses that commenced work under the initial plan.

by having to construct single-story buildings on the foundations initially laid for the two-story buildings is being done with the client's knowledge and at their specific request.

**ii.** The Department of Buildings had informed the client institution, the relevant Ministry, that due to the inadequate supply of raw materials, machinery, and labour, the project was at a level where it could not be completed by the agreed date of 31 December 2024; however, the necessary actions were not taken for this.

The Chief Engineer (Region 02) of this Department had duly informed all relevant institutions that this project would not be completed by the scheduled date of 31 December 2024 and the failure to take the necessary steps thereafter would be beyond the control of this Department.

The contractor should be informed and steps should be taken to complete the project within the stipulated time frame and to recover late fees.

**iii.** It was observed in the physical inspection, the sand that was washed and processed from the worksite soil was being used for building construction and for making cement blocks.

The natural soil at the work site is a muddy soil. That soil cannot be used as a raw material for making cement stones. Only river sand approved by this department has been used for the production of cement stones.

It is necessary to regularly monitor whether sub-standard construction materials are being used and to take steps to improve the quality of construction.

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| <p><b>iv.</b> A test conducted by a laboratory at the University of Jaffna on 09 March 2024, confirmed that these hollow cement blocks used for construction did not have the required compressive strength. Accordingly, it was observed that the buildings constructed using these blocks were not of the required standard.</p>   | <p>During the initial stages of producing cement blocks for wall construction at the work site, several suitable sand and cement mixing ratios were tested. A sample of the stone contained in one of the mixtures prepared as a test sample was tested by the University of Jaffna and all the stones contained in that sample were removed as they did not have the required compressive strength and after changing the mixture ratio and testing again, cement stones have been produced with the same successful mixture ratio and houses have been built using those stones.</p> | <p>It is important to ensure that cement stones of approved standards are used for construction and action should be taken against the use of materials that have not been approved by laboratory testing.</p> |
| <p><b>v.</b> The audit observed that although it had been informed that sufficient sand stocks would be provided to the contractor through the intervention of the Divisional Secretary, the sand stocks provided had not been utilized for this construction.</p>   | <p>Although permits were issued for sand mining with the intervention of the Divisional Secretary, there was no sufficient supply of sand for construction. This was due to the lack of a stable financial flow to the contractor to obtain sand at a higher price in addition to the standard price.</p>  | <p>Appropriate grade sand should be used for building construction.</p>  |
| <p><b>vi.</b> During the physical audit inspection, it was observed that the walls of four building units, each consisting of 8 houses, had been constructed up to the lintel level, while only the foundations had been laid for the remaining buildings. The audit observed that as of the date of audit on 05 December 2024, the full-time staff and skilled labourers who were required to be deployed according to the Memorandum of Understanding (MOU) had not yet been deployed to the worksite. Accordingly, the financial progress and the physical progress were 23 percent and 47 percent, respectively.</p> | <p>It is true that the progress of this work was not as expected due to the prevailing adverse weather conditions and the contractor's failure to provide the required raw materials and labor to the work site. However, the necessary arrangements have been made by this department and the Ministry with a recommendation to obtain military labor from the Ministry of Defense after making a payment.</p>  | <p>The contractor must be directed to complete the construction as per the contract agreement.</p>   |

**(b) Project for the Construction of a Palmyra Model Farm**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
<p><b>i.</b> The Palmyra Development Board selected the Department of Buildings as the consulting institution on 31 March 2021, to launch a project for the construction of a Palmyra Model Farm and to diversify the Palmyra industry for use as a tourist centre. The engineering estimate for the project construction was Rs.18,029,000, but the estimated cost in the newspaper advertisement for calling tenders for the project was stated as Rs.23 million.</p>	<p>The engineering estimate for the project is Rs.18,029,000. The total cost estimate (including contingent reserves, etc.) is Rs.22,999,000. This was erroneously stated as Rs.23 million in the newspaper advertisement. Necessary steps will be taken to correct this error.</p>	<p>When inviting bids, efforts should be made to ensure that the estimated values of the projects are accurate and verified.</p>
<p><b>ii.</b> Only two bidders submitted bids and although the bid value of the selected bidder was 21.75 percent higher than the engineering estimate, the difference was later negotiated and reduced to 9.58 percent and the new contract value was Rs.19,756,132. Although the Chief Engineer Zone No. 06 had requested the Director (Engineering Plans) to provide architectural, structural, electrical and water supply plans on 26 July 2021, work on the project had not commenced as the relevant plans had not been provided by 3 November 2021.</p>	<p>The contractor may commence work within 14 days from the date of award of the contract. Accordingly, the contractor commenced work within the relevant period. The fact that some plans were not received by 03 November 2021 did not prevent the commencement of work. Electrical engineering plans etc. are not required at the time of commencement of work on such a project and it would be normal practice to issue such plans within the relevant period.</p>	<p>The engineering plans required for the construction of the project should be provided without delay on the due dates.</p>
<p><b>iii.</b> Although agreements were signed between the Department and the contractor on 23 November 2021, a performance security had to be submitted before signing the agreements as per the acceptance letter, but it had not been submitted.</p>	<p>The contractor submitted a performance bond before signing the contract. The agreements were required to be signed on the same day. Since the documents were completed and the presence of officials was limited during the COVID-19 pandemic, the agreement was signed on the same day that the</p>	<p>Steps should be taken to obtain proper performance guarantees before signing contracts.</p>

first performance guarantee with errors was issued. The corrected performance guarantee was issued to us on 15 December 2021.

- iv. The contractor had abandoned the project since 12 July 2022 and the Chief Engineer of Zone No. 06 had reported that the construction progress was 30 percent as of 15 August 2022. Although the Secretary to the Ministry of Plantation Industries had been informed by the Director General of Buildings' letter No. 2-3-14-382 dated 19 October 2022 that the certified work value of the project was Rs.4,964,868 and that a new contractor was expected to be selected and the project completed following the re-procurement process, the project activities had not resumed until 02 September 2024.

After the termination of the contractor's work, the client institution was informed to prepare a new estimate for the remaining work and approve the estimate and release the remaining provisions. Despite repeated requests, no proper response was received from the client institution. Also, an estimate was prepared only to protect the constructions that had been done at that time, but approval was not received for that either. Therefore, the work on this project has not been resumed.

A new contractor should be selected and project construction should be resumed to minimize the losses incurred.

- v. Out of the funds provided to the Department of Buildings for the construction of the project, an amount of Rs.12,677,762 remained as a cash balance on 30 September 2022. This amount was retained in the Department's deposit account until the audited date, 02 September 2024

This amount has been set aside by the client institution to settle outstanding amounts on two other projects.

Action should be taken to utilize the funds held in the deposit account for more than 02 years without delay and effectively in the relevant project or in another project in accordance with the rules.

**(c) Colombo Urban Traffic Building Construction Project**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
i. Management of the Urban Traffic Building Construction Project was entrusted to the Department of Buildings under the transfer of a portion of the construction and renovation projects of the Sri Lanka Police,	The tender was called by the Ministry and the tender evaluation was carried out by a Technical Evaluation Committee appointed by the Ministry. Furthermore, the bid award was made to the relevant bidder with the approval of the Ministry Procurement	Construction projects should only be awarded to contractors who satisfy the criteria and qualifications included in the bidding documents, and in cases

as per Cabinet Paper No. 16/1676/702/003-XXVII and Cabinet Decision No. 10/08/2016/10 dated 18 August 2016. The total estimated cost of the construction was Rs.376,587,327. The procurement was conducted through the National Competitive Bidding process and only one contractor submitted a bid of Rs.416,589,070. Procurement Committee discussions were held with the contractor in March 2017, and it had been stipulated that the qualification criterion for submitting bids was a C2 grade or higher, which had to be valid even at the time the contract was awarded and However, the Technical Evaluation Committee (TEC) report stated that the contracting firm's CS2 grade was only valid until 18 February 2017. However, the project was awarded to the contractor on 15 September 2017, the date which exceeded the validity period of the above-mentioned qualification. However, this project, valued at Rs. 376 million, was recommended for award to the aforementioned contractor, who had not met the minimum qualifications, by the Technical Evaluation Committee for the Cabinet-Appointed Procurement Committee.

- ii. Although the experience and past performance of bidders on similar contracts, financial resources and the ability and resources of bidders to successfully execute the contract are specified as pre-qualification

Committee and under the approval of the Ministry Secretary. The Director General of Buildings is not empowered to conduct an inquiry into the Technical Evaluation Committee's report or the matters contained in the procurement approval. Therefore, the issue regarding the recommendation of the Technical Evaluation Committee should be referred to the Ministry that made the appointments and inquired about it.

As per 3.12.2 of the Procurement Guidelines, the experience and past performance of the bidders, financial resources etc., which are the criteria for pre-qualification of the bidders in terms of their ability and resources to successfully complete the contract,

where this is not done, formal action must be taken against the responsible officers.

During contract award, the criteria for pre-qualification of contractors should be considered as per the provisions of the

criteria in accordance with 3.12.2 of the Procurement Guidelines, the audit did not reveal evidences that these were taken into account in the bid evaluation process.

are examined by the Technical Evaluation Committee. The Director General of Buildings does not have the authority to question the Technical Evaluation Committee appointed by the Ministry for this purpose or to seek clarification on the decisions made. Therefore, the Department of Buildings believes that this issue should be referred to the institutions that have the authority in this regard.

Procurement Guidelines.

- iii. According to the letter dated 20 February 2020 from the Chief Engineer, Western Region to the Consultant, a different type of reinforcements had been used for slab, beams, columns, lift wall without approval and the concrete work on the seventh floor had already been completed. The approved 25mm bars that were supplied for the work were also stated to be old, corroded stock. The audit was not satisfied with the quality and durability of the building, which was being constructed using unapproved reinforcements.

According to the contract agreement, the approved type of reinforcements should be used as per the advice of the engineering consultant of the contract and only the project management of the contract was done by the Department of Buildings. Since the Department of Buildings, as the Project Manager, observed that the duties of the Project Engineer were not being performed properly, the relevant letter was issued. The contractor had used the reinforcements certified by the engineer for the construction up to the seventh floor and had started using a different type of reinforcements for the floors above the seventh floor, so the purpose of the relevant letter was to ensure that the reinforcements for which the relevant letter was issued was of the proper standard before concreting those places. During the monthly project meeting held at the work site, permission was given to use the relevant reinforcement type as it was of proper standard. Accordingly, only the reinforcements certified by the Engineer have been used for all parts of the building. There has been no reduction in the standard of the building's construction

Arrangements should be made to use approved types of reinforcements that have been tested to the standard.

#### 4.3 Delays in the Execution of Projects

Audit Observation	Comment of the Accounting Officer	Recommendation
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There were delays in the execution of 03 construction contracts worth Rs.1,282 million awarded to the Department of Buildings by government and semi-government institutions over the past 04 years and the construction progress remained poor.

Several construction projects have been delayed for various reasons such as; although the project for the construction of junior police officers' quarters was initiated on 20 August 2019, it was delayed due to the client institution attempted to change the scope of the project at the very beginning after awarding the project, the absence of a consultant due to the delay in payment by the Sri Lanka Police to the consultant institution, the pandemic and the economic downturn, and although the construction of the Transit housing project at Madu Church was initiated on 22 July 2020, it was delayed due to factors such as the Covid pandemic, economic recession, and changes in the scope of the project by the client institution after the project was initiated, Batticaloa Public Library building project was delayed due to out of the estimated cost of Rs.345 million, only Rs.200 million was initially received and the remaining amount was not received on time.

Construction projects should be completed without delay and the causes of delays should be investigated and relevant corrections should be made without delay.

#### 4.4 Annual Performance Report

Audit Observation	Comment of the Accounting Officer	Recommendation
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Although the Annual Performance Report is required to be published 180 days or earlier after the end of the financial year in terms of Sub-section 47(4) of the Public Finance Management Act, No. 44 of 2024, the Annual Performance Report had not been prepared in accordance with paragraph 10(02) of the Public Finance Circular No. 2/2020 dated 28 August 2020 and in accordance with the format specified in Guideline No. 14 issued by the Department of Public Finance and submitted for audit along with the Annual Financial Statement in accordance with Section 16(2) of the National Audit Act No. 19 of 2018.

Performance reports up to 2023 have been tabled in Parliament and the 2024 performance report has been submitted to the Ministry of Urban Development and Housing.

Action should be taken to prepare and submit the performance report along with the annual financial statement as per the circular provisions.

## 4.5 Assets Management

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
i. A portion of the land on which the Nuwara Eliya Circuit Bungalow is located had been occupied by unauthorized persons and no steps had been taken to survey the land and obtain title deeds.	The Supplementary Land Details List dated 08 November 2024 issued by the Survey Department and the Plan No. M.P.N. 2801 have been obtained. Accordingly, the request made by the Director General of Buildings on 05 April 2025 to hand over the land to the Divisional Secretary, Nuwara Eliya, with recommendations from the Secretary of the Ministry of Urban Development, Construction and Housing, was forwarded to the Divisional Secretary by the Secretary of the Ministry on 28 April 2025.	Land surveys should be conducted, title deeds should be obtained, and unauthorized persons should be removed.
ii. The Diyatalawa land owned by the department has been taken over by the Divisional Secretary and although it was announced that a land in the Ibbanara area of Haputale would be provided in return, no steps had been taken to obtain the deeds.	The Divisional Secretary of Haputale has sent the necessary recommendations to the Commissioner General of Lands Department regarding the transfer of the land plot called Ibbanwewapathana in Jayaminipuragama Grama Niladhari Division, Haputale to the Department of Buildings, and therefore, a letter dated 27 August 2024 has been sent to the Commissioner General of Lands to expedite the transfer.	Immediate action should be taken to obtain proper deeds and verify ownership.



#### 4.6 Management Weaknesses

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
<b>(a) Outstanding Advance Balances of Government Officials</b>		
i. Loan balances of Rs. 115,861 and Rs. 151,215 due from two retired officers in the years 2017 and 2022 had not been recovered.	<p>The outstanding loan balance of Rs.115,861 due from the Management Service Officer will be recovered from the pension gratuity. The Ministry of Urban Development, Construction and Housing has been referred to the Ministry of Public Administration for approval of retirement.</p> <p>Since the retired officer had passed away, efforts are being made to recover the outstanding balance of Rs.151,215 from the death gratuity by sending it to the Pension Department. Otherwise, this loan amount will be written off with the approval of the Treasury as per the instructions of Public Finance Circular 01/2024.</p>	Immediate action should be taken to recover the outstanding loan balances of retired officers.
ii. A debt balance of Rs.226,987, which had been outstanding for more than 4 years, was to be recovered from an officer who died in 2021.	At the time of the officer's death in 2021, there was an outstanding loan balance of Rs.226,987 due from him and since there was no other method of recovery, steps were taken to recover it from his guarantor on a monthly basis. Accordingly, the balance of the loan amount recovered monthly as on 31 December 2024 was Rs.144,488 and a sum of Rs.136,998 remained to be recovered on 31 March 2025.	Necessary steps should be taken to recover the outstanding loan balances of deceased officers from the guarantors as per the provisions of the Establishments Code.
iii. Although a debt balance of Rs.330,234 had to be recovered from an officer who was suspended in the year 2023, no action had been taken to recover that debt balance.	An officer who has been suspended has been informed on several occasions to pay the loan amount he has taken. Since the collection process has not been completed, it is problematic to take further action.	The investigation should be completed promptly and appropriate steps should be taken to recover the outstanding loan balances in

accordance with the provisions of the Establishments Code.

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| (b) | It was observed that the Department had not taken steps to take over ownership of 04 vehicles purchased under the lease scheme even though the lease period had expired. | Necessary steps are being taken to take over ownership of vehicles purchased under the leasing method. | Action should be taken to transfer the ownership of those vehicles as soon as possible. |
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## 5. Achieving Sustainable Development Goals

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>In accordance with the United Nations 2030 Agenda for Sustainable Development, every government institution is required to work, and it was observed that during the year under review, with the aim of increasing the share of renewable energy in the world's energy sources by 2030, activities such as all newly constructed and renovated government buildings should be equipped with facilities that generate renewable energy using solar power to meet 25 percent of their energy needs and informing the client institution about meeting a part of the energy requirement of the proposed building, expanding the ease and space of installing solar panels and the activities of formulating criteria as a mandatory part of the basic building design and contributing primarily to the enactment of laws and regulations that a certain proportion of the energy requirement of all government buildings should be met by utilizing solar power had not been implemented by the end of the year under review.</p>	<p>The Department of Buildings completed the preliminary studies, including the design and bidding documents, for the installation of solar panels in 46 government hospitals through a project for the construction of buildings worth about Rs.3,500 million, as requested by the Ministry of Health of the Government in the last quarter of 2023. The Ministry of Health itself had taken steps to call for bids for this project. However, the project has not become operational.</p>	<p>Efforts should be made to specifically identify sustainable development goals and set targets and criteria accordingly.</p>

## **6. Human Resource Management**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
The Department had not taken steps to fill the vacancies of 154 posts or revise the number of posts according to the requirements as at 31 December 2024.	Notifications have been sent to the relevant institutions, informing them that the vacant positions within the Department of Buildings should be filled, and requesting that the filling of those vacancies be carried out. However, so far, no officers have been attached to the vacancies from the relevant institutions and several primary grade posts have been cancelled. The new cadre has also been approved by the Director General of Management Services vide letter No. DMS/C/8/20/1 dated 10 August 2012. Further, as per the letter No. MUDH/HC/AD/103-1 dated 27 March 2025 of the Secretary to the Prime Minister, information has been submitted regarding the vacancies to be filled based on the service requirement of this department.	Steps should be taken to fill vacancies or revise the number of posts as per the requirements and manage the staff.