

Central Provincial Council – Year 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Central Provincial Council for the year ended 31 December 2024 comprising the Statement of Financial Position as at 31 December 2024, Statement of Financial Performance, Cash flow Statement, significant accounting policies and the summary of other explanatory information was carried out, for the year then ended, under my direction in pursuance of provisions in Article 154 (3) of the constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 23(1) of the Provincial Council Act No. 42 of 1987 and Provisions of the National Audit Act No. 19 of 2018. The summary report was issued on 23 June 2025 in accordance with the provisions of Section 23(2) of the Provincial Council Act and sub-section 11(1) of the National Audit Act No. 19 of 2018 and the detailed management audit report was issued on 30 May 2025 in terms of sub-section 11(2) of the National Audit Act. This report is submitted to the Parliament in terms of Article 154(6) of the Constitution and sub-section 10(1) of the National Audit Act and a copy of the report is submitted to the Governor for tabling at the Provincial Council under Section 23(2) of the Provincial Councils Act No. 42 of 1987.

In my opinion, except for the effects of the matters described in paragraph of Basis for Qualified Opinion of this report, the accompanying financial statements give a true and fair view of the financial position of the Central Provincial Council as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with Generally accepted Accounting Principles.

1.2 Basis for Qualified Opinion

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to sections 02, 03 of the Public Accounts Circular No. 265/2018 of the Secretary to the Treasury dated 10 May 2018, it has been stated that the quality financial accounting and reporting in the public sector is provided by using the accrual basis accounting method in accordance with the Sri Lanka Public Sector Accounting Standards, but almost 07 years have passed since this circular was issued, but all institutions of the Central Provincial Council have not followed the Sri	It is informed that as soon as these changes are made by the Department of Public Accounts of the Treasury, action will be taken to do the relevant changes in the Central Province.	Action should be taken as per the circulars.

Lanka Public Sector Accounting Standards for financial accounting and reporting yet now.

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| (b) | Although a total of Rs. 190,432,857 was spent under the General Education Modernization Project (GEMP) during the year under review as Rs. 162,134,972 for the construction of school buildings and Rs. 28,297,885 for the purchase of computers and other equipment, it was not disclosed under acquisitions in the statement of non-financial assets. | It is informed that action will be taken to account accurately in future. | The property and assets belonging to the department should be identified, assessed them and accounted. |
| (c) | The values of the assets of the sport complex owned by the Provincial Department of Sports, indoor stadium, main visual room, playground, dining hall, swimming pool, fitness center, values of the lands and buildings of the 15 Zonal Education Offices and 40 Divisional Education Offices of the Central Provincial Department of Education, the value of lands, buildings and official residences of 1461 Provincial Council schools and 02 official residences owned by the department had not been assessed and accounted as non-financial assets. | It is informed tht the necessary action will be taken to do the relevant assessment works and account. | Action should be taken to assess and account the property and assets belonging to the departments. |
| (d) | Although the value of the emergency fund as at the end of the year under review was Rs. 26,456,313, due to it was stated as Rs. 173,057,518 in the statement of financial position of the final account of the Central Provincial Council, the non-financial assets reserve fund and operating surplus were overstated by Rs. 146,601,205. | It is informed that there was an error while recording transactions. | Action should be taken to account the correct value. |

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| (e) | A land worth Rs. 104,936,000 in the Provincial Cooperative Development Department had not been accounted under property, plant and equipment. | Action is being taken to acquisition. | Assets should be accounted in accordance with Sri Lanka Public Sector Accounting Standards. |
| (f) | Action had not been taken to assess and account the lands of 28 acres and 02 perches belonging to 29 regional hospitals, which were taken over the office of the Kandy Regional Health Services Director and the value of the lands belonging to 88 regional hospitals, which were not acquired and the value of the land related to the office of the Nuwaraeliya Regional Health Services Director and 62 affiliated hospitals and the value of buildings and constructions related to the Kandy, Matale and Nuwaraeliya offices of the Regional Health Services Directors and 216 affiliated hospitals. | A committee has been appointed to assess the lands and buildings and plans have been made to complete the assessment work and it is mentioned that the necessary basic information for this is being collected from hospitals and health institutions in the district. | Assets should be accounted in accordance with Sri Lanka Public Sector Accounting Standards. |
| (g) | Out of the total of Rs. 15 million as Rs. 11.25 million received to the Provincial Housing Department under the provincial specific development grants and Rs. 3.75 million received from the Regional Development Bank, there was a total balance of Rs. 13,125,177 in the fund as the bank balance of Rs. 5,693,721 as at 31 December 2024 in the “Sahan Piyasa” revolving fund, which was opened in the Regional Development Bank in the year 2025, and the loan balance of Rs. 7,431,456. Accordingly, although the balance of revolving fund should have increased gradually in annually, the reasons for the decrease of Rs. 1,874,823 were not submitted to the audit. | It is stated that the evidence related to the accounts will be submitted to the audit as soon as it is provided by the bank in future and it is informed that action will be taken to submit the financial statements for audit as separately in specified times in future. | Evidences should be submitted to the audit for relevant confirmations. |

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| (h) | The value of the 45 kilo watt capacity grid connected solar power generation system installed at the Provincial Council Complex at an expenditure of Rs. 8,875,040 in the year 2014 had not been accounted under property, plant and equipment in the CIGAS programme and the CSCA-6 report. | After obtaining proper confirmation through a committee about what are the all components under this system, it has been noted to take actions regarding the accounting of this system in future. | Assets should be accounted in accordance with Sri Lanka Public Sector Accounting Standards. |
| (i) | The value of non-financial assets was Rs. 163,611,453 according to the CIGAS programme of the Personnel and Training Division and the statement of non-financial assets of CSCA-6, but that balance of the property, plant and equipment in the statement of financial position was understated by Rs. 123,165,453 due to the balance of the property, plant and equipment was stated as Rs. 40,446,000 in the statement of financial position. | Accepted. | Action should be taken to account the correct value. |
| (j) | The lands and buildings maintained by 19 sub-institutions of the Provincial Ayurveda Department had not been identified, assessed and accounted. | Action will be taken to account. | Assets should be accounted in accordance with Sri Lanka Public Sector Accounting Standards. |
| (k) | Although two solar energy panel systems with a capacity of 25 kW and 5 kW were installed at an expenditure of Rs. 4,479,000 and Rs. 1,075,657 respectively in the building of the Ministry of Provincial Road Development, Transport, Power and Energy and Housing and Construction, it was not accounted in the financial statements as an asset. | It is informed that action will be taken to include it in the financial statements in future. | Assets should be accounted in accordance with Sri Lanka Public Sector Accounting Standards. |

(l)	Although the outstanding loan balance from the “Sahan Piyasa” revolving fund was submitted for audit as Rs. 7,431,456, the list of individual loan balances, loan period analysis, details of outstanding loans and cut-off loans were not submitted for audit.	It has not been reported about a cut-off loan yet now and it has been informed that a time analysis of the debtor balance will be submitted to the bank party in future by taking necessary financial data.	Information on relevant loan balances should be submitted to the audit.
(m)	Although the value of passenger vehicles as at the last date of the year under review was stated as Rs. 71,600,000 in the statement of non-financial assets of the Provincial Chief and Education Ministry, there was a discrepancy of Rs. 25,941,963 due to it was Rs. 45,658,037 according to the description of the vehicles submitted to the audit.	It is informed that there has been a difference due to the removal of the previous values and account the new assessed values of the 2 passenger vehicles.	Action should be taken to account the correct value.
(n)	A charter or set of rules approved by the Provincial Council to regulate the Provincial Cooperative Development Fund maintained under the Department of Cooperative Development had not been prepared until 18 March 2025 and annual financial statements had not been prepared and submitted to the audit regarding the balance of Rs. 20,090,181 according to the cash book as at 31 December 2024 of that fund and the transactions and events related to the loans of Rs. 40,000,000 provided by this fund to cooperate societies and disclosure has not been made yet now regarding this fund in the annual financial statements prepared by the Provincial Council.	It is informed that action will be taken to submit to the Secretary of the Central Provincial Council and the Secretary to the Governor of the Central Province and get the approval.	Action should be taken to prepare a charter or set of rules approved by the Provincial Council to regulate the Provincial Cooperative Development Fund and to prepare the annual financial statements on the transactions and events of that fund.
(o)	Although the value of Rs.45,845,985 spent on school buildings and constructions by the Provincial Chief	It is informed that action will be taken to accurately account in future.	Assets should be accounted in accordance with Sri Lanka Public Sector

and Education Ministry under the expenditure subject of buildings and constructions should be accounted under acquisitions of school buildings (Code No. 6111202) in the statement of non-financial assets (CSCA 6), the balance of property, plant and equipment for the year under review was understated by that amount due to not recorded accordingly.

Accounting Standards.

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| (p) | The value of 14 buildings, including official residences, owned by the Chief Secretariat and the land of which those buildings are located had not been assessed and accounted under property, plant and equipment in the CSCA-6 report and the CIGAS programme. | It is informed that after the acquisition of assets that have not been acquired, the assets will be assessed and entered into the CIGAS software in future. | Assets should be accounted in accordance with Sri Lanka Public Sector Accounting Standards. |
| (q) | Action had not been assessed and accounted the land of 0.1000 hectares, which is the land located the head office in Palkelele and occupied by the Early Childhood Development Unit, the Matale district office land of 0.1292 hectares and the Deiyawela land of 01 acres, 01 rood and 23.8 perches where the Bogambara district office is located. | Action will be taken to prepare the financial statements in accordance with Sri Lanka Public Sector Accounting Standards. | Assets should be accounted in accordance with Sri Lanka Public Sector Accounting Standards. |
| (r) | According to paragraph 14(a) of Sri Lanka Public Sector Accounting Standard No. 07 , although an asset should be recognized as an asset when it is probable that future benefits or service potential associated with an asset will flow of the entity, the values of the lands and buildings of the 15 Zonal Education Offices and 40 Divisional Education Offices, the values of the lands, buildings and official residences of 1461 Provincial Council schools and | It is informed that the necessary action will be taken to conduct the relevant assessment works and account. | The property and assets belonging to the department should be identified, assessed and accurately accounted. |

the value of the 02 official residences owned by the Department of Education had not been assessed and accounted.

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| (s) | Although the value of the vehicles in the statement of non-financial assets of the Provincial Education Department as at 31 December of the year under review was stated as Rs. 364,037,288, there was a discrepancy of Rs. 45,007,288 due to that value was Rs. 319,030,000 according to the vehicle description submitted to the audit. | It is informed that the necessary action will be taken to correct this situation in future. | Action should be taken to solve discrepancies. |
| (t) | The lands of 0.0256 hectares bearing No. 55 and 0.0203 hectares bearing No. 57 and the two official residencies constructed in there, which was taken over by the Provincial Engineering Services Department and located in Hospital Lane, Nuwaraeliya, which is an area of high economic value, had not been assessed and accounted until the end of the year under review. | Requests have been made to the Valuation Department to assess those assets. | Assets should be accounted in accordance with Sri Lanka Public Sector Accounting Standards. |
| (u) | The 13 official residencies and a total area of 0.4323 hectares of land that was used by the Provincial Engineering Services Department, but failure to taken over, had not been taken over, assessed and accounted until the end of the year under review. | Action is being taken to take over the official residences by the department and there were 04 official residences, that are being having legal cases. | Assets should be accounted in accordance with Sri Lanka Public Sector Accounting Standards. |
| (v) | Since the value of Rs. 203,784,975 relating to 40 vehicles used by other institutions was included in the vehicle value of Rs.231,130,975 identified in the financial statements of the Provincial Ministry of Health for the year under review, the value of property, plant and equipment was | Since the transfer of ownership of 06 vehicles has been completed, the value of those vehicles has been removed from the data. Transfer the ownership of other vehciels is being carried out. | Action should be taken to account the correct values of the vehicles. |

overstated by Rs. 203,784,975 in the financial statements.

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| (w) | The land maintained by the Provincial Ministry of Health had not been assessed and accounted in the financial statements until 31 December 2024. | It is informed that once the ownership of the land is acquired, action will be taken to include it into the assets. | Action should be taken to take over the ownership of the land, assess and account them. |
| (x) | The value of the lands of 28 acres, 0 roods 02 perches of the 29 Regional Hospitals, which are owned to the Office of the Kandy Regional Health Services Director, and the land values in relation to 88 Regional Hospitals, which have not been taken over the ownership of the lands, had not been assessed and accounted. | Head of the Institutions have been informed to contact the relevant institutions and take necessary action immediately. | Action should be taken to take over the ownership of the land, assess and account them. |
| (y) | The value of buildings and constructions related to 216 hospitals affiliated with the Offices of the Health Services Directors of Kandy, Matale and Nuwaraeliya had not been assessed and accounted. | It is mentioned that the necessary basic information are being collected from hospitals and health institutions in the district. | Action should be taken to assess and account the value of buildings and constructions. |
| (z) | Although 04 lands with 19 acres, 02 roods, 26.5 perches, where the Provincial Ayurveda Department and its sub-institutions are located, had been formally assigned to the Central Provincial Ayurveda Department, action had not been taken to assess and account those lands. | Actions are being taken to assess the land in this regard. | Action should be taken to assess and account the land. |
| (aa) | The value of 07 lands with an area of 1.758 hectares occupied by the Ministry of Provincial Road Development had not been assessed and accounted. | 06 Plots of land have now been included in the accounts of the Central Provincial Road Development Authority and it is stated that further steps will be done and reported regarding the problematic situation of the remaining plot of land. | Action should be taken to assess and account the assets. |

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| (ab) | Out of the 163 plots of land located in the existing textile centers in Kandy, Matale and Nuwaraeliya districts under the Provincial Department of Textiles, the legal ownership of 129 plots of land had not been taken over to the Department and the value had not been assessed and accounted. | Actions are being taken to do the take over proceedings. | Action should be taken to take over the ownership of the lands, assess their values and account them. |
| (ac) | The number of buildings used by the Provincial Department of Textiles is 175 and although 43 out of these buildings were acquired and accounted for Rs. 178,900,600, the remaining 132 buildings had not been assessed and included into the accounts. | After taken over the ownership of the non-taken over lands, actions have been taken to assess and account. | Action should be taken to take over the ownership of the lands, assess their values and account them. |
| (ad) | The total lands taken over by the Provincial Department of Agriculture until 31 December of the year under review was 10.9725 hectares and the total value of 20 buildings including the Office of the Land and Provincial Director, 2 offices of Deputy Directors of Agriculture, 3 offices of Assistant Directors of Agriculture, 3 District Training Centers, a Tissue Culture Laboratory, 9 official residences and a building had not been assessed and accounted. | It is informed that the action will be taken to account as soon as the assessed values of the buildings are received. | Action should be taken to assess and account the assets. |
| (ae) | Action had not been taken to take over the ownership, assess and account the value of lands of the Provincial Director's Office used by the Provincial Animal Production and Health Department, 02 Deputy Director offices, 02 veterinary hospitals and 15 veterinary offices and land and buildings of 04 veterinary offices. | Action will be taken to assess the value of lands and buildings, account and take over the ownership. | Action should be taken to take over the ownership, assess the value and account them. |

- (af) The 0.0991 hectare land located at No. 230/3, S.W.R.D. Bandaranayake Mawatha, Kandy, belonging to the Provincial Engineering Services Department, and the buildings on that land had not been assessed and accounted as property, plant and equipment until 31 December of the year under review.
- Requests have been made to the Valuation Department to assess those assets.
- Assets should be assessed and accounted.

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 Responsibility Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibility of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with generally accepted accounting principles, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management of the respective institutions including the Provincial Treasury is responsible for the financial reporting process of the Provincial Council.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Central Provincial Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable to prepare annual and periodic financial statements.

1.4 Responsibility of the Auditor 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 an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintain professional skepticism 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 of the Provincial Council 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 its 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 those charged with governance regarding significant audit findings, significant deficiencies in internal control and other matters that were identified during my audit.

1.5 Comments on Financial Statements

1.5.1 Head 540 – Governor’s Secretariat Office

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) While an official residence with all facilities has been provided for the Provincial Governor at the Palace Square, King Street, Kandy according to the entitlement to be paid the equal monthly salary and allowances as a Minister of the Central Government Cabinet of Ministers and the entitlement to one official residence as per the Circular No. 10/2007 (1) of the Secretary of the Ministry of Public Administration and Home Affairs on the providing of housing facilities dated 05 March 2009, letter bearing reference No. CPC/LC/LD/09/32/85 dated 18	It is informed that overtime allowances will be given to this officer from now on only for the period actually worked on the days when special guests visited the Galpalama bungalow.	Action should be taken as per the circular provisions.

September 2023, the Galpalama tourist bungalow, which had been handed over to the Governor's Secretariat, had been used as an additional official residence by governors appointed in time to time, had been used as a tourist bungalow until now and an amount of Rs. 491,503 was spent on electricity bills, telephone bills, television connection expenses and providing inventory items in the year 2023 and as at 31 October 2024. Rs. 495,480 had been paid as salary and overtime to the bungalow keeper of the tourist bungalow in the year 2023 and Rs. 421,100 had been paid as at 31 October of the year under review.

- (b) According to paragraph 3.1 of the Public Expenditure Management Circular No. PS/CSA/11-18 dated 12 October 2018, in addition to the two official vehicles allocated for the Provincial Governor, the fuel expenditure could have been saved by providing fuel for the security vehicle, which had not been provided specific provisions in the circular, but a total fuel allowance of Rs. 3,702,530 was paid as Rs. 2,057,220 in the year 2023 by 495 fuel liter per month and the total of Rs. 1,645,310 from January to October 2024 to the Governor of the Central Province along with his salary in addition to allowed fuel allowance.

It is informed that the former Hon. Governor of the Central Province has been given a fuel allowance for the security vehicle used by him for the years 2023 and 2024 in accordance with the instructions in the circular.

Action should be taken as per the circular provisions.

1.5.2 Head 542 – Central Provincial Chief Secretariat

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Due to the failure of the relevant company to install a solar power generation system in the Provincial Council complex and to maintain the system as per the agreement and breach the contract, a loss of Rs. 6,292,843 had been incurred as at 28 February 2023 due to the inability to reduce the electricity bill as the decrease in the expected number of electricity generation units and action had not been taken to calculate the loss incurred from that date to the last date of the year under review.	It is kindly informed that action will be taken in accordance with legal instructions given in future regarding the recovery of the relevant loss.	Action should be taken to recover the losses incurred and to repair and utilize the assets.

1.5.3 Head 545 - Central Provincial Chief Secretariat (Finance)

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Action had not been taken to collect the revenue arrears of Rs. 211,380,607 in 04 revenue subjects as at 31 December 2024 in accordance with Financial Regulation 128(2) (e) and the revenue arrears of transfer charges and rent (Revenue Head 2002-01-05) of Rs. 36,372,513 under the Government Land Act had not collected from more than 05 years.	It is informed that various actions are being taken to recover the arrears of tax.	Action should be taken to recover the arrears of tax.

1.5.4 Head 546 - Central Provincial Revenue Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the section 104(I) (a) of the Finance Charter 17 of 1990 and section 04 of the 104 Amendment to the Charter of 1992, a fund had not been established regarding the incentives paid to the officers of the institution and the accounts of that fund had not been submitted to the Auditor General until the audited date of 13 December 2024.	It is informed that an incentive fund account will be established and the accounts will be submitted to the Auditor General for audit.	Action should be taken in accordance with the provisions of the Charter.
(b) The Provincial Revenue Department has been ordered to immediately collect the outstanding turnover tax balance of Rs. 17,279,654 as per the order of the Central Provincial Committee on Accounts dated 30 August 2016 and submit a report to the Committee on Account and the audit and although almost 08 years have passed since that date, the balance of the 2024 turnover tax arrears had not been collected in accordance with the Central Province Finance Charter No. 17 of 1990 and the Central Province Amendment Finance Charter No. 01 of 1992 and a report was sent to the Chief Secretary with the recommendations of the Provincial Revenue Commissioner to cut-off	59 Files have been included in the cut-off list because that the reasons such as businesses have closed due to bankruptcy, business owners leave from their residences, some business owners are deceased or in bad health condition and haven't any other source of income. Actions are being taken to recover the files that are in the recovery process by obtaining information from various sources and calling the relevant persons for discussions.	Action should be taken in accordance with the order of the Provincial Committee on Accounts.

from the arrears turnover tax revenue of Rs. 7,469,542 related to 59 files requiring special provisions regarding collect the arrears of revenue to be received to the government by the Accounting Officers who are act to collect the public revenue according to the Financial regulation 128 (2).

1.5.5 Central Provincial Regional Economic Development Institute

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Although more than 6-8 years have passed since the audit fees of Rs. 734,803 allocated for the years from 2016 to 2019, action had not been taken to solve them.	It is informed that a decision will be taken in future after inquiring about the outstanding balances.	Action should be taken to pay the all outstanding audit fees.
(b)	The payable rental tax to the Kandy Municipal Council for 17 months of the years 2023 and 2024 on behalf of the Kandy Tourist Information Center, amounting to Rs. 1,697,025, had not been accounted as a payable expense.	It is informed that corrections will be done in preparation of the 2025 accounts.	All payable rental taxes should be accounted.
(c)	The case filed in the Kandy District Court to recover the outstanding tax amount of Rs. 3,167,023 from Green Park Holdings and the case filed by a labor of the cleaning service at the Labor Tribunal regarding the dismissal from service had not been disclosed in the financial statements.	It is informed that this will be record in the preparation of accounts in further years.	All matters should be disclosed in the financial statements.
(d)	The ownership of 7 vehicles used by the Regional Economic Development Agency with an assessed value of	It is informed that 06 vehicles have not been taken over and only 01 vehicle has been taken	Assets should be taken over and accounted in accordance with Sri Lanka

Rs. 24,280,000 as at 31 December over.
2023 had not been transferred to the
institute and accounted.

Public Sector Accounting
Standards.

1.5.6 Head - 550 – Central Provincial Chief Ministry

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The service of 19 employees working as School Assistants and security guards were terminated due to the submission of false certificates. However, according to the section 59 of the Code of Procurement rules published in the Extraordinary Gazette No. 2310/29 dated 14 December 2022, it has been stated that in cases where it is revealed that false information or false documents have been submitted, the appointment should be cancelled and action should be taken to recover all the money paid to them by the government or the Provincial Council as salaries and allowances, but such action had not been taken against these employees.	Salaries have been paid to the 17 employees, whose appointments were terminate before 01.01.2023, for the services received from them and the government has not incurred any loss or damage in this regard, but since the appointments of the two employees under numbers 17 and 18 have been terminated after 01.01.2023, it is informed that information regarding the recovery of the money to be paid to the government by them will be submitted to you as soon as received it from the Provincial Director of Education.	As the appointments obtained on the basis of false certificates are also illegal, the payments under illegally should be recovered.
(b) Although it had been taken a time period from 01 to 05 years for the disciplinary actions against the officers of the Department of Education, the officers of the Principal Service and the Education Administrative Service under the Chief and Education Ministry, it was observed 07 cases which had not been completed.	It is pointed out that the investigation works are being done at each stage.	The investigation works should be completed immediately.
(c) Although a complete report should be submitted within three months from the date of the investigation of the loss/damage, investigation boards	Investigation works are being done.	Action should be taken in accordance with the provisions of the Financial

had been appointed to conduct investigations for the F.R. 104 (4) of the Criminal Procedure Code in relation to 05 cases, but those investigations had been delayed from 01 year to 06 years.

Regulations.

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| (d) | Although 02 vehicles worth Rs. 14,478,826 owned by the Ministry of Chief and Education had been provided for the use of the Presidential Secretariat, action had not been taken to hand over those assets correctly. | It is informed that this has been forwarded to the Chief Secretary for further action. | Action should be taken to hand over the assets correctly. |
| (e) | It was observed that 420 Acting Principals are in the Central Province according to the information submitted to the audit and 454 Graded Principals were worked as excess in schools. Accordingly, action had not been taken to properly place Graded Principals and balance in these positions in all zones of the province. | The appointment of officers from Sri Lanka Teachers Service to act in the post of Principal of a school in cases where has been a vacancy in that position was stopped and Graded officers of the Sri Lanka Principals Service are appointed. It is kindly informed that arrangements are being taken to place according to a method of Sri Lanka Principals Service for the schools that currently have Acting Principals. | Principals should take action to ensure that they are properly placed. |
| (f) | There were 504 Principal vacancies, 137 Deputy Principal vacancies and 10 redundancies and 11 Assistant Principal vacancies and 444 redundancies in the staff of the Central Province. Out of that, it was observed that 09 Deputy Principals and 125 Assistant Principals were working in excess in the Kandy zone. The number of Assistant Principal vacancies in also Galewela and Wilgamuwa zones was 07 and 04 respectively. Although there were 40 vacancies for Graded Principals in | It is informed that actions are being taken to balance the Graded Principals by the annual transfers. | Action should be taken to maintain the approved staff and to properly place the graded persons for the relevant posts. |

the Wilgamuwa zone, any officer had not been placed when placing new Graded Principals.

1.5.7 Head 551 – Central Provincial Department of Local Government

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the reports of the investigation committees were to be submitted within three months from the date of their appointment according to the terms of Financial Regulation 104(4), it was beyond the time from 03 months to 02 years after the appointment of investigation committees by the Department of Local Government as at 31 August 2024, but there were 33 cases of the non-submission of committee report.	It is mentioned that they have been given a targeted time frame to obtain the relevant reports immediately and accordingly, that relevant follow-up activities will be carried out continuously.	Investigations should be completed in accordance with Financial Regulations and without a delay.
(b) According to the sections 06, 07 and 08 of Public Administration Circular No. 14/2014 dated 30 May 2014, although the relevant committees were appointed to conduct initial investigations for the irregularities that have occurred in the local government institutions in the Kandy, Matale and Nuwaraeliya districts and a period of between 1-7 years has been spent, initial investigation reports had not been submitted in relation to 02 incidents.	It is hereby informed that the District Local Government Commissioners have been informed to submit the initial investigation reports before 31 May 2025.	Action should be taken as per the circulars.
(c) Action had not been taken to recover a surcharge of Rs. 9,523,301 until the last date of the year under review in relation to 14 surcharge certificates issued by the Auditor General between the time frame from 2013 to 2022 regarding surcharges in local government institutions in the Central Province.	It is kindly informed that an amount of Rs. 9,288,299.78 has to be collected from 07 Local Government Institutions.	Action should be taken to recover the amount that has been surcharged.

1.5.8 Head 552 – Central Provincial Department of Education

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although there were 7,781 vacancies in 23 posts and excess of 3,509 in 13 posts in the Provincial Education Department, zonal offices and Provincial schools, the administration authority had not taken action to fill the vacancies or to place excess officers in vacant positions.	Information regarding vacancies and redundancies in these positions are referred to the Ministry of Chief and Education when submitting monthly staff reports.	Action should be taken to fill the vacancies and to place officers in excess to the vacant places.
(b) According to the statement of losses and omissions (Note-i) submitted with the financial statements, 104 cases with a total value of Rs. 23,966,124 had not been further recovered or cut-off as at the end of the year under review.	Investigations have been conducted for these cases and informed to the zonal officers to recover the surcharges. The Secretary of the Chief and Education Ministry has appointed an inquiry board yet now to conduct the investigations again and that investigations are being done until now.	Formal actions should be taken immediately.
(c) Although investigation boards have been appointed for 10 Zonal Education Offices regarding 751 complaints and petitions received in the previous year and the year under review, the investigation work has not been completed and reports have not been submitted.	It is kindly informed that the submission of these investigation reports has been delayed due to the inadequacy of the available human resources to investigate these complaints and the inconvenience of having 3 officers due to the busy working schedule.	Investigations regarding the complaints and petitions should be completed immediately.
(d) A loan balance of Rs. 78,769,816 had to be recovered until 31 December of the year under review from transferred, deceased, retired, suspended, and other and officers left from the service and out of that, the outstanding loan balance value beyond 05 years was Rs. 57,961,525.	Based on the recommendations of the investigation committees appointed for the Provincial Office and the 15 Zonal Offices and the approval of the Ministry, action was taken to cut-off the loan balances of 261 officers worth Rs.	Action should be taken to settle the receivable loan balances in advance accounts.

8,006,847.75 and problems have arisen in the settlement of loan balances of transferred officers due to the lack of sufficient confirmations.

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| (e) | The total outstanding loan balances of transferred officers was Rs. 12,693,632 until 31 December of the year under review and the loan balance that exceeded 05 years out of that was Rs. 10,734,533. | All these loan balances have been investigated by the investigation boards and these are not recommended for adjustment due to insufficient evidence to settle. | Action should be taken to settle the payable loan balances in advance accounts. |
| (f) | Although the Principal should approve the payment for vouchers from the school development society account and the Deputy Principal/ Assistant Principal should certify the vouchers according to the paragraph 14:1:8 of circular No. 54/2023 dated 29 December 2023, payments of 32 vouchers amounting to Rs. 964,557 made during the year under review at KD/Thel/Rambukwella Junior College, CP/Denu/ Heramitigala Sri Dheerananda College and CP/ Gam/ Jinaraja Boys School had not been approved or certified. | Action have been taken to correct the deficiencies of approval and certification in vouchers | Action should be taken as per the circular instructions. |
| (g) | According to paragraphs 14:1:3 and 14.1.5 of Circular No. 54/2023 dated 29 December 2023, the relevant certificates were not attached to confirm the payments of Rs. 1,138,530 on 13 instances from the School Development Society account of CP/Denu/Haramitigala Sri Dhirananda Maha Vidyalaya, were made without submission of the bills or documents related to the payments and to confirm payments for goods worth Rs. 477,000 purchased on 07 instances. | A Board of Inquiry has been appointed to conduct an inquiry in accordance with F.R. 104(03). It is informed that further action will be taken and reported after receiving that inquiry report. | Action should be taken as per the circular instructions. |

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| (h) | A teacher who had received an appointment of S.L.T.S. class 3 1(A) for Graphic Design (Sinhala medium), a subject in the Thirteen-year Continuing Education Programme at the CP/Maha/Peradeniya Central College, had assumed duty on 23 July 2018. As students have not requested this subject since the year 2021, this teacher had received Rs. 1,547,142 as salary from 2021 to 2024 without doing any service. | A request has been made to conduct an investigation about this matter and submit a report. | Teachers should be engaged in teaching activities related to the subject. |
| (i) | An amount of Rs. 767,213 was still to be recovered in relation to the salary irregularities that had occurred in the preparation of salary at the Hanguranketha Zonal Education Office and action had not been taken to recover the amount and action had not been taken to implement the recommendations of the board of inquiry report regarding this financial irregularity. | Since Mr. D.M.A. Dissanayake, who is liable to pay the amount of Rs. 767,215.75 to be recovered, has died on 15.08.2024, information regarding his Widow's Pension has been submitted to the Chief Ministry for recommendations to recover the said surcharge amount. | Action should be taken to recover the recoverable money in accordance with the provisions of Establishment Code. |
| (j) | As per the recommendations of the F.R. 104(4), Rs. 2,148,225 had not been recovered until the end of the year under review in relation to the identified damages of the Provincial Education Department and regarding 12 cases of damages surcharged in accordance with Financial Regulations 119 (Provincial Financial Rule 68). | Out of the surcharge amount of Rs. 2,148,225 that was to be collected, Rs. 149,862.80 has been collected yet now and further action will be taken to recover the surcharge money that is still to be recovered. | Action should be taken to recover the surcharged amount. |
| (k) | According to the performance report published by the Department of Examinations, out of 42,970 students who appeared for the Grade 5 Scholarship Examination from the Central Province during the year under review, 5,469 students or 12.75 percent exceeded the cut-off marks | The shortage of primary school teachers has severely affected the primary education learning and teaching process in the Central Province, which shows the greatest disparity according to the medium, income status, school location and facilities | Action should be taken to achieve the goals established annually and to improve performance levels. |

and that percentage was lower than the overall island percentage of 16.05 percent. When compared with the 09 provinces of the island, the Central Province is in 9th place and when compared with the 25 districts in the island, Matale, Nuwaraeliya and Kandy districts were taken 17th, 21st and 22nd positions respectively. When compared with the percentage of students who exceeded the cut-off mark with the 100 zones in the island, 12 out of the 15 zones in the Central Province were ranked below 50th place and Nuwaraeliya zone was in 96th place out of that. Accordingly, the Central Province was at a very low level when compared to the results of the all island in the Grade five Scholarship Examination.

among the provinces in the island. There is also a huge shortage of primary education teacher consultants and resource persons in the Central Province. The lack of human resources to provide the necessary guidance to teachers engaged to the primary education learning and teaching process is a problem under these circumstances.

- (1) According to the performance report published by the Department of Examinations, 41,737 students from the Central Province appeared for the 2023 G.C.E. (Ordinary Level) Examination held in May 2024 and 31,380 students or 75.19 percent were qualified to study for the G.C.E. Advanced Level. The number of students who qualified to study Advanced Level by obtaining 03 awards including Mathematics was 27,372 or 65.58 percent and 766 students were failed all subjects. The Central Province had taken 5th place out of 9 provinces in the island according to the percentage of students who qualified to study Advanced Level. The overall percentage of students qualified to study Advanced Level in the island was 75.72 percent and the Matale and Nuwaraeliya districts in the

Our attention is to improve the results each year over the previous year. Accordingly, in addition to schools, identified the problems in zones and organized provincial level programmes and implemented for increasing provisions in further years.

Action should be taken to achieve the goals established annually and to improve performance levels.

Central Province had not reached that percentage. When comparing the percentage of passing the examination within 03 Credits including Mathematics, the percentage was less than 60 percent in the Gampola, Galewela and Nuwaraeliya zones and when compared to the 100 zones in the island, 8 out of 15 zones in the Central Province were ranked below 50th place. Out of that, Gampola zone had dropped to 88th place.

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| <p>(m) According to the performance report published by the Department of Examinations, 30,366 students from the Central Province appeared for the G.C.E. (Advanced Level) Examination held in the year 2024 regarding the year 2023 and 19,255 students or 63.41 percent were qualified for university admission and this was lower than the overall island percentage of 66.07 percent. The number of students who obtained excellent passes in all subjects under all subject streams was 904 and in comparison to that, the number of students who failed all subjects was as high as 2,915. According to the percentage of students who qualified for university admission under the streams of Engineering Technology, Bio systems Technology, Biology, Physics, Commerce and Arts among the 9 provinces of the island, the Central Province was ranked 03,05,07,08,08 and 08 respectively. In comparison to other provinces of the island, the Central Province was at a lower level in the results of the subject streams of Biology, Physics,</p> | <p>Factors that limit the growth of results are also unique to the province. These include that teachers are not for some subjects in according to the medium, parents' insistence on student participation for economic activities and students' non-attendance of schools. The Central Province has taken action to develop quality outcomes with considering these factors.</p> | <p>Action should be taken to achieve the goals established annually and to improve performance levels.</p> |
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Commerce and Arts. Furthermore, out of the 25 districts in the country, the districts of Nuwaraeliya, Matale and Kandy in the Central Province were taken 18th, 20th and 22nd positions respectively according to the percentage of students who qualified for university entrance.

1.5.9 Head 553 – Central Provincial Department of Land

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although a 20 perches land was leased for commercial purposes to the relevant occupant residing in the Ketawala Grama Niladhari Division for a period of 30 years from 23 July 2003, the total amount of Rs.5,000,320 of the tax and premium to be charged from the year 2003 to the year under review had not been charged and action had not been taken to identify that tax amount as arrears of tax and recorded in the arrears tax register.	It is informed that action will be taken to refer the matter to the Land Commissioner for legal action in accordance with the provisions of the Land Ordinance.	Action should be taken to record and recover the arrears of revenue.
(b) It had been provided 47 perches for commercial purposes and 40 perches for agriculture purposes in the Ragala Grama Niladhari Division to the relevant occupants on a long-term lease basis and a tax revenue of Rs. 21,447,200 was to be charged at the end of the year under review.	The Divisional Secretary has sent a final notice to the tax payer on 23.06.2025 for non-payment of outstanding taxes.	Action should be taken to recover the revenues.
(c) According to the arrears tax revenue records maintained by the Provincial Department of Land at the end of the year under review, arrears tax revenue of Rs. 122,693,096 was to be charged from the relevant tax payers in relation of 31 Divisional	Due to the revision of the arrears tax estimates, the amount has increased to Rs. 143,666,724.29 as at 30.06.2025 and Rs. 22,542,119.10 has been recovered from that amount as	Action should be taken to recover the arrears of revenue.

Secretariat Divisions in the Central Province. A total of Rs. 115,299,115 from that in arrears of tax revenue was to be recovered from the tax payers of 9 Divisional Secretariat Divisions, which was 94 percent of the total arrears of tax revenue. According to the revenue time analysis as at 31 December 2024, 45 percent of the total outstanding tax revenue or Rs. 54,967,929 had been outstanding from more than 3 years.

at 30.06.2025 and a further amount of Rs. 121,124,605.19 is to be collected from those 10 DS Divisions.

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| (d) | An area of 0.253 hectares of land in the Nuwaraeliya Divisional Secretariat had been provided to the relevant occupant for a residential purpose on a long-term lease basis for a period of 30 years from 2012. Tax amounts of Rs. 900,000 to be charged from the year 2012 to the year under review had not been recovered. | Although the current situation has been asked and forwarded to the Divisional Secretary on 16.05.2025, response has not been received. | Action should be taken to recover the revenue. |
| (e) | Action had not been taken to recover the total arrears of tax revenue amounting to Rs. 2,240,000 as Rs. 1,280,000 as the tax premiums from the land, which is the Matale training centre owned by the Sri Lanka St. John Ambulance Service is located, and Rs. 960,000 as interest arrears from the year 2009 to the year under review and that tax amount had not been identified as arrears of tax and recorded in the arrears tax register. | It is informed that observations are being made regarding tax payers have been informed and defaulted tax and after receiving the final notification, action will be taken to refer the matter to the Land Commissioner for legal action in accordance with the provisions of the Land Ordinance. | Action should be taken to record and recover the arrears of revenue. |

1.5.10 Head - 557 – Central Provincial Department of Cooperative Development

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Out of the 15 decision files referred to the Provincial Committee on Accounts regarding the C/S Central Provincial Vehicle Trading Cooperative Society, the value of 08 pending arbitration cases as at 31 December 2024 was Rs. 27,415,860.	07 Arbitration issues have been competed. Action is being taken to complete the remaining 08 files.	Action should be done to finalize the remaining outstanding issues.
(b)	Out of the cooperative societies registered with the Provincial Department of Cooperative Development, 43,657 customers of 09 cooperative societies identified as problematic/ with risk had not been able to repay deposits amounting to Rs. 1,468,597,306 until the end of the transition year and the intervention of the Department of Cooperative Development regarding the settlement of these deposits was very weak.	Court proceedings have been initiated to surcharge from those responsible for the financial crisis of societies that are in high-risk situation regarding the payment of deposits and until then, a payment plan has been prepared for the payment of the society's deposits and plans have been made to pay the depositors' money in installments as that court fines can be collected.	Action should be taken regarding the payment and settlement of deposits.
(c)	Although 18 societies had issued surcharge certificates of total worth Rs. 344,440,916 in relation to the 46(1) inspections carried out by the Department on Cooperative societies by the end of the transition year as 06 cooperative societies in the Kandy district had issued surcharge certificates worth Rs. 25,937,012 and societies in Matale district had issued surcharge certificates worth Rs. 240,213,723 and 05 societies in Nuwaraeliya district had issued surcharge certificates worth Rs. 78,290,181, action had not been taken to recover those losses.	Court cases are being examined in 03 societies in relation to 03 districts and it is informed that the surcharge process is being implemented at various stages to initiate legal action to recover losses related to the 46(1) investigations of other societies.	Action should be taken to recover the surcharged amount.

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| (d) | A loan balance of Rs. 73,591,580 had been unrecovered from 74 cooperative societies as at 31 December 2024 out of the loans provided by the Cooperative Development Fund and according to the time analysis, 70 societies between 0-03 years had outstanding loan balance of Rs. 72,234,672, 4 societies between 03-06 years had outstanding loan balance of Rs. 881,423 and 2 societies above 18 years had outstanding loan balance of Rs. 475,485. | It is stated that Rs. 73,591,579.69 is yet to be charged from 74 societies as at 31 December 2024 from the loans provided by the Cooperative Fund. | Action should be taken to recover the loans in timely. |
| (e) | Out of the 1692 cooperative societies registered with the Provincial Department of Cooperative Development, 1212 societies had become inactive societies and although the Department planned to audit 490 societies during the year under review, 36 percent or 179 societies had not been audited by the end of the year. | It is kindly informed that there are 129 societies remaining to be audited in the year 2024. | Audits should be carried out in all planned societies. |
| (f) | A total contribution of Rs. 262,489,589 remained unclaimed to the Cooperative Development Fund as at the last date of the year under review as Rs. 159,603,797 from 229 cooperative societies in the Kandy district, Rs. 48,442,481 from 92 cooperative societies in Nuwaraeliya district and Rs.54,443,311 from 159 cooperative societies in Matale district. | It is informed that the progress of fund collection is being discussed and necessary actions are being taken to recover the contribution. | Necessary action should be taken to recover contributions to the Cooperative Development Fund. |

1.5.11 Head 561 – Central Provincial Department of Health Services

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the Swastha Drugs Management system, which was introduced with the aim of regulating drugs and managing the distribution of drugs, is in operation, expired medicines worth Rs. 788,471,201 were observed in 16 hospitals and the Kandy Regional Medicine Supplies Division. Also, 332 expired drugs of unknown value were observed in 10 hospitals.	Further action will be taken to refer to the investigation committees of F.R. 104(4).	Drugs regulation and drugs distribution should be managed.
(b) 1,265,294 Units of 426 types of drugs worth Rs. 14,557,718 had expired in 06 regional hospitals and the regional medical supplies unit in 03 districts under the Provincial Department of Health Services.	It is kindly informed that the F.R. 104(3) reports related to expired medicines in health institutions, which have been prepared by the Offices of the Regional Health Services Directors, will be referred to the relevant F.R. 104(4) inspection committees according to their value and further action will be taken immediately.	Action should be taken as per the Financial Regulations.
(c) There were 144,034 quality failure drug stocks of 66 types of drugs worth Rs. 5,017,350 in the 02 regional hospitals and regional medical supplies units in 02 districts belonging to the Provincial Department of Health Services.	The relevant information requested by the Colombo main Medical Supplies Division regarding the quality failure drugs are providing and further action will be carried out by the Colombo Main Medical Supplies Division.	Drugs regulations and drugs distribution should be managed.
(d) Out of the amount of Rs. 3,114,905 that had been paid in false for the painting of health equipment by the office of the Kandy District Director	The money to be charged from 09 officers has been fully recovered. A lawsuit has been filed to recover the amount to	Action should be taken to recover the money to be charged from the relevant officers.

office of the Health Services, which the Chief Secretary of the Central Province recommended the recovery from 14 officers on 09 May 2019, Rs. 1,432,562.35 had not been recovered from 06 officers as at 31.12.2024.

be surcharged from one officer and the Pension Department has been informed to recover the amount to be surcharged from the pensions of the other 04 officers.

- (e) The relevant authorities had not taken action to conduct a formal investigation in accordance with Financial Regulation 104(4) and recover the amount of Rs. 50,440,089 from the relevant responsible parties regarding the salary fraud committed by the incorrect remittance of a total amount of Rs. 53,038,638 as Rs. 51,961,088 transferred by two officers who performed salary duties to 14 personal bank accounts of themselves and their relatives and Rs. 1,077,550 of non-confirmed bank account numbers in the salary preparation of the Regional Health Services Office of the Director during the period from 2016 to 2021. It has also not yet been possible to accurately identify the total amount of money defrauded during that period due to reasons such as failure to submit a formal and complete backup of files and documents related to salary packages and inability to access the backups of 02 computers due to forgetting passwords and technical errors.
- Formal disciplinary actions are being done against the two main accusers. The Chief Secretary has appointed a committee in relation to disciplinary actions regarding another officer and its activities are being carried out by the Chief Ministry. The relevant information has been forwarded to the appointing authority to take action regarding the Regional Health Services Director and Deputy Regional Health Services Director related to this fraud in accordance with the recommendations of the F.R. 104(4) investigation report.
- The relevant amount should be recovered from those responsible parties in accordance with F.R. 104(4).
- (f) It was observed that 09 expired drugs worth Rs. 919,541 were in the drugs stores in the physical stock inspection of the Marassana Regional Hospital until the audited date of 22 January 2025 and due to the expiry of 302,306 units of 141
- It is stated that a committee has been appointed to conduct an initial investigation and necessary further action will be taken based on the recommendations of the report
- Action should be taken as per the Financial Regulations.

types of drugs worth Rs. 2,161,205 of the committee.
at the Marassana Regional Hospital
for the period from May 2019 to
August 2024 , the drugs were stored
unprotected in the residence of the
Medical officer in Charge of the
institutions and in the residence of
the midwife, allowing them to get
wet in from the rain and damage
from insects.

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| (g) | It was observed during the sample inspection that 1,256,294 units of 426 types of drugs worth Rs.14,557,718 were expired in 06 regional hospitals and the Regional Medical Supplies Units in 03 districts. | It is kindly inform that the matter will be referred to the F.R. 104(4) investigation committee and further action will be taken immediately. | Action should be taken as per the Financial Regulations. |
| (h) | Although it is stated that a complete report should be submitted within three months from the date of accident/ loss and damage according to the Financial Regulation 104(4), a period of time from 04 months to 13 years has elapsed in relation to 05 vehicle accidents, but a complete report had not been submitted. | It is informed that investigations are being conducted under F.R. 104(4) regarding all vehicle accidents. | Action should be taken as per the Financial Regulation 104(4). |

1.5.12 Central Provincial Passenger Transport Services Authority

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	Rs. 8,821,200 of shop rent to be received from 79 shops in the Ragala bus depot, which had not yet been physically constructed until the end of the year under review and Rs. 441,560 of surcharge had not been indicated in the accounts.	It is informed that action will be taken to report to the Board of Directors regarding the receivable rentals of the shops which are not physically constructed and take necessary actions.	The charging of rent for non-constructed shops should be corrected.
(b)	According to the Memorandum of Understanding (MoU) signed between the Metropolitan and Western Development Project and	Action will be taken to manage funds according to the contract agreement of the project.	Funds should be managed to achieve the objectives of the project.

the Passenger Transport Services Authority for a period of 03 years from 28 September 2018 at Rs. 174,172,025 under the first phase of the World Bank assistance project for the operation and management planning of the multimodal transport terminal to be implemented centered around the Good Shed bus stand in Kandy city as a new step in restructuring the Central Provincial Transport Services Authority, which is currently operating with a sustainable development vision that focuses on obtaining and analyzing information using new technology to overcome the weaknesses in public transport and provide public-centric public services with proper control and supervision, with the aims of providing a new look and new energy with a new experience to the existing bus terminal operation in Kandy city, Rs. 128,186,579 had been spent by the end of the year under review until 05 years after the agreement was signed, but Rs. 95,829,962 from that or 74.75 percent had been paid for salary and wages and maintenance and due to that the remaining 25.24 percent had been spent on achieving the objectives of the project, the Authority had failed to achieve the objectives of the project.

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| (c) | The money of Rs. 3,531,774 of the Authority had been allocated for welfare programmes in the year under review and a bag of dry food was provided to 7 members of the Board of Directors including Chairman of the Passenger Transport Services Authority and 230 other officers/ employees including all the | Action will be taken to prevent such situations in future. | Expenses should be incurred for the purposes stated in the charter. |
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executive level officers for the 2024
Sinhala – Hindu New Year.

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| (d) | Although nearly 06 years have passed until the end of the year under review regarding the financial fraud of Rs. 253,400 committed by 03 officers of the Management Assistant Service working at the Kandy District Office of the Provincial Transport Services Authority, action had not been taken to conduct F.R. 104(4) investigations and recover the loss. | Action will be taken to conduct F.R. 104(4) investigations immediately. | Action should be taken to do the investigations immediately. |
| (e) | The Provincial Passenger Transport Authority had been given 2366 GPS units to install to Engnee Lanka institute and that company had not installed 561 GPS devices worth Rs. 6,645,045 and the relevant responsible officers had not taken any action regarding the uninstalled GPS device until the end of the year under review. | It is stated that a complaint has been filed with the police regarding this matter and further actions are being taken. | Appropriate action should be taken immediately regarding uninstalled GPS devices. |
| (f) | Although 1158 out of 1650 ticket machines received by the Authority in relation to the Strategic City Development Project were issued to bus owners, 143 machines out of that have been returned for repair. 218 and 274 ticket machines from the remaining were inoperative and remaining tickets had been retained in stores respectively from almost 4 years without being used. Its value was Rs. 22,623,424. | The bus owners have registered to issue the remaining ticket machines. Accordingly, it is stated that ticket machines are being issued. | Ticket machines should be used immediately. |
| (g) | Although the bid submitted by Weliana Construction Company, the selected bidder for the construction of 36 passenger shelters under the 2024 provincial specific development grants under procurement | The amount submitted by Weliana Construction (Selected bidder) for 36 passenger shelters under BOQ is Rs. 8,540,942. The prices of items 1.5 and 1.6 were | The prices submitted by the bidder cannot be changed and the amount of Rs. 578,320 overpaid for 40 passenger shelters should be recovered from the |

No. CPC/TA/P/2024/13 was valued at Rs. 8,540,942, the Technical Evaluation Committee had awarded the contract to the relevant contractor at a higher price of Rs. 9,498,938, using the price submitted by the bidder as Rs. 9,498,938 or adding an additional value of Rs. 957,996 during the bid evaluation process. It was observed that during further inspections carried out by the audit, 40 passenger shelters have been constructed under the relevant contract and the Rs.578,320 had been overpaid to the contractor for 40 passenger shelters at Rs. 14,458 per the constructed passenger shelter.

corrected during the bid evaluation by the Technical Evaluation Committee. The contractor has not been paid more money as per the technical evaluation for BOQ 01 was Rs. 9,498,938.

responsible parties as per the contractor's invoice.

1.5.13 Central Provincial Road Development Authority

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a)	The outstanding revenue to be charged from the year 2010 to 16 December 2024 in relation to vehicles repaired by the Ambathenna Mechanical Engineering Office was Rs. 12,815,841 and the outstanding machine rental income receivable from the year 2014 to 18 December 2024 was Rs. 7,129,842.	It is pointed out that letters have been sent to the relevant institutions.	The arrears of revenue should be recovered.
(b)	Rs. 5,211,000 was paid to the contractor for 965 cubic meters (Cu.m) with stating that the flooring was done with an average thickness of 150 millimeters without calculating level measurements during the wearing of the ABC (Aggregate Base Course) of the Thalathuoya Kandakeputhena road (5+300-6+300 Km), which was	If in order to carry out the relevant work by taking measurements of the levels of the relevant road, level measurements should be taken and carried out from the time of preparing the estimate. Also, it takes more than 03 months to complete the process and a price escalation	Estimates should be prepared accurately and action should be taken to recover overpayments.

completed on 27 November 2023 with a length of 1000 meters. But it was observed during the field inspection that the average thickness of the ABC layer was 111.3 mm. Accordingly, Rs. 1,337,580 for 247.7 cubic meters (Cu.m) had been overpaid to the contractor.

should be prepared for it. An additional charges will be charged for this. It is also informed that the necessary actions have been taken to ensure that all road constructions are carried out by level from the year 2025 onwards.

- (c) Payments were made stating that the asphalt wearing had been done with a thickness of 40 mm and Rs. 7,601,951 had been paid to the supplier for 443.78 Metric Tons (MT) of asphalt wearing for this road during the asphalt wearing of the Thalathuoya Kandakeputhenna road (5+300-6+300 km). Due to the average thick ness of the tested Core thickness was 33.125 mm as per the laboratory report dated 02 January 2024, Rs. 1,520,390 had been overpaid for Asphalt wearing as per ICTAD Publication No- SCA/5/506.6 (a) (i).

The road will be wearing after the entire quantity of asphalt was received for the road in this and due to the difficulties that arose at those times, it was not possible to maintain the required thickness, which was a mistake caused by mechanical defects and weather conditions and also pointed out that there has not been misused of public funds as actions have been taken to maintain proper standards to the maximum extent possible.

Payments should be made in accordance with 506.6 (a) (i) of ICTAD publication No.- SCA/5.

- (d) Rs. 4,174,500 was paid to the contractor for 759 Cubic meters (Cu.m) during the wearing of the ABC (Aggregate Base Course) on the Hagala Giriella Gomaraya road (0+000-1+000 km), which has been constructed with a length of 1000 meters with stating the wearing was done with an average thickness of 150 millimeters without any level measurements being taken. However, according to field inspections, Rs. 651,315 had been overpaid to the contractor for 118.4 Cubic meters (Cu.m) of ABC due to the average thickness of the ABC layer being 126.3 mm.

The supply of materials was checked by taking a file measurement without taking levels with considering the contract period (39 Days) in this. Here, the relevant file measurements were taken jointly by the contractor, the executive engineering office and the chief engineering office. Such measurements are taken because the relevant ABC quantity cannot be determined through on-site inspections of the road. The only method to determine the ABC quantity through an on-site inspection is to use a

Before wearing roads, level measurements should be taken, made estimates and made payments accordingly.

leveling instrument before and after the road is constructed and taking levels at 20 mm distance and calculating the size for the relevant radius. But, since there were a significant number of potholes on the road, it was not possible to determine the ABC quantity required for the potholes in between even by measuring the distance of 20 m along the relevant road. Therefore, the most reasonable method for determining the extent of this heavily rutted road is to take field measurements. The relevant ABC wearing is carried out in this under the supervision of the Work Administrator and Technical Officer.

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| (e) | Although the iron parts of the Pera wanguwa and Galaha bridge were counted before the bridge was dismantled and accordingly, although it is stated that there were quantity of 10,525 kilos of iron, action had not been taken accordingly to assess the loss incurred based on the assessment reports about the cut and removed kilos of iron and the prices of that iron and recover from the responsible parties or to file charge sheets against all relevant parties and conduct the necessary formal disciplinary investigations. | It is kindly informed that appropriate disciplinary action will be taken against those involved in the recovery of money from the government based on these committee reports. | Investigations should be conducted in accordance with Financial Regulations and action should be taken to recover from the responsible parties. |
| (f) | According to the paragraph 3.2 of the Operations Manual for Public Enterprises No. 10/2013 dated 26 June 2013 of the Department of Management Services, although requests from allowances by all | The approval given by the Board of Directors regarding the provision of this allowance has been forwarded to the Chief Secretary of the Central Province with the | Approval should be obtained from the Director General of the Department of Management Services. |

institutions should be submitted for approval to the Director General of the Department of Management Services with the approval of the Board of Directors of the relevant institution and the recommendation of the line ministry with a copy to the Director General of the Department of Public Enterprises, the Road Development Authority had paid an amount of Rs. 1,300,000 as executive allowances to 13 executive grade officers from June to September, without obtaining the relevant approvals and with the approval of the Board of Directors.

recommendations of the Secretary of the Ministry of Road Development. Also, after issuance of this circular dated 27.06.2024, the Chief Secretary of the Central Province has informed the institutions of the Central Province through the letter No. CPC/CS/01/24/01/02/01 (I) dated 16.07.2024.

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| (g) | The balance of Rs. 12,815,841 in the receivable vehicle repair account as at 31 December 2024 included with Rs. 4,321,577, Rs. 130,019 and Rs. 551,386 as uncollected balances from above 5 years, above 3 years and above one year respectively, but the management had not taken action to recover it. | Letters have been sent to the relevant institutions to recover the receivable income that has not been collected. | Action should be taken to recover the uncollected balances. |
| (h) | Rs. 8,910,000 had been paid to the contractor irregularity with stating that 3564 square meters (sq.m) of asphalt wearing had been laid on Hagala Giriella Gomaraya road (0+000-1+000 km) in the bill, but without conducting a Marshall Density Test or any other test to check the density of the asphalt wearing before the payment. | <ul style="list-style-type: none"> • The equipment for the relevant tests are not in the laboratory. • The Work Administrator and Technical Officer will check the required temperature for compacting asphalt and the compactors to be used (PTR and Static Roller and the frequency of their compaction) | Before the payments, the relevant Marshall Density Test or any other test should be done and made payment. |
| (i) | <ul style="list-style-type: none"> • Payments had been made with stating that the asphalt was laid with a thickness of 50 mm wearing asphalt and an average thickness of 32.5 mm asphalt | The above industry was carried out in the year 2022 and core samples were obtained during the process of industry and due to that many | Action should be done as per 506.6 (i) of ICTAD Publication No-ScA/S, 506-5. |

binder during the laying of asphalt on the (6+100-7+630 km) and (5+520-6+100 km) sections of the 2150 meter long Kolabissa Pattiyaagama road. A payment of Rs. 25,957,286 was paid to the supplier for 979.89 Metric Tons (MT) of asphalt wearing for this road. As the core thickness of the field tested asphalt wearing was Rs. 42.68 mm, an overpayment of Rs. 5,191,457 was made for asphalt wearing as per the payable percentage as per table 506-5 of 506.6 (i) of ICTAD publication No-ScA/S.

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| | <p>buses, lorries and other vehicles are driven daily to many villages such as Kolabissa- Pattiyaagama, Delthota – Wadiyagoda, Galaha, Akiriya and since the above road was constructed in the year 2022, the Executive Engineer has pointed out that since the above road is currently heavily trafficked road, due to the asphalt layer has depreciated timely to a certain extent and it has become over-compacted.</p> | |
| <ul style="list-style-type: none"> Rs. 15,916,517 had been paid to the supplier for 600.85 Metric Tons (MT) of Asphalt Binder for this road. Level measurement was not carried out when wearing the asphalt binder on the road and the payment was made by stating in the survey sheet that the average thickness of the asphalt binder for the entire road was 32.5 millimetres. However, due to the average thickness of the asphalt binder was found to be 22.31 millimetres during the conducted core cutting test, Rs. 4,132,504 had been over paid for asphalt binder. | <p>When making payments to ABB, payments have been made by confirming the quantity according to the weight as per ICTAD Publication No-506.2 of SCA/S. Also, since the above road is used by many of buses, lorries and other vehicles daily to many villages such as Kolabissa- Pattiyaagama, Delthota – Wadiyagoda, Galaha, Akiriya and since the above road was constructed in the year 2022, the Executive Engineer has pointed out that since the above road is currently heavily trafficked road, due to the asphalt layer has depreciated timely to a certain extent and it has become over-compacted.</p> | <p>Payment should be made in accordance with the measurement results of the relevant inspections before the payment.</p> |
| <p>(j) The construction of the (6+100-7+630 km) and (5+520-6+100 km) sections of the Kolabissa Pattiyaagama road is scheduled in</p> | <p>There were numerous public requests to wear the relevant road with asphalt and requests had also been submitted on</p> | <p>Appropriate roads should be selected with proper study and maintenance should be carried out on</p> |

October 2022 and this road was observed to be in good condition and not in need of development according to photos taken for Google Maps in September 2022. Accordingly, the amount of Rs. 48,967,365 spent on this industry is an inactive expenditure.

many occasions to the those roads. Delthota Regional Development Committee. Considering public requests, it was decided to proceed under the provision of 2022 from the section where asphalt was used at that time and the road had deteriorated in the section from 7+630 km to 5+500 km and the road had a bumpy nature and an uneven surface.

- (k) Action had been organized to provide 560 dry bags of foods worth Rs. 9,710 per bags of food for the Sinhala-Hindu New Year 2024 as welfare programmes with spending Rs. 5,437,600 and 17 bags of foods worth Rs. 165,070 were given to 06 officers including the Secretary of the Provincial Ministry of Road Development, 04 officers including the Chief Secretary of the Chief Secretariat, 03 officers including the Governor of the Governor's office and 04 officers including the Chairman of the Board of Directors of the Authority. In addition, although the names of the officers/employees who distributed the other 543 bags of foods had been submitted for audit, it was not submitted systematically and formally. As the total number of permanent, casual, substitute and contract staff was 368, 192 bags of foods were obtained in excess and the value of those bags was Rs. 1,864,320.
- It is informed that action will be taken after re-considering about which party should receive the benefits when providing goods in future.
- Expenses should be incurred for the purposes specified in the charter.

1.5.14 Head 580 - Central Provincial Ministry of Industries

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the section 02. I of Public Administration Circular No. 30/2019 and sub-section 13:2 of chapter XLVIII of the Establishment Code part II, although the relevant party shall ensure that all initial investigations are carried out without a delay, the investigation regarding 02 initial investigations referred to the Provincial Ministry of Industries had not been completed even after 05 and 10 years had passed.	It is pointed out that further actions are being taken in this regard.	Action should be taken in accordance with the circulars and sections of the Establishment Code.

1.5.15 Head 581202 – Commercial Advance Account for the Establishment and Administration of Textile Workshop

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the statement of financial position submitted by the Provincial Department of Textiles as at 31 December 2024, the total debtor balance of Rs. 11,933,833, which was over 05 years, had not been settled. Action had not been taken in the year 2024 to recover any amount from the outstanding debtor balance of Rs. 11,729,885 from the year 2011 to the year 2017.	An investigation is being done in accordance with F.R. 104(4) regarding debtor balances prior to the year 2010 and further action will be taken in accordance with the recommendations of that investigation.	Action should be taken to settle the debtor balances.
(b) According to the statement of financial position submitted by the Provincial Department of textiles as at 31 December 2024, the total creditor balance of Rs. 944,002, which was over 05 years, had not been settled and action had not been taken to settle any amount from that creditor balance in the year 2024.	Action will be taken to pay the identifiable amounts and credit the government revenue from the remaining amount.	Action should be taken to settle the creditor balances.

1.5.16 Head 591 – Central Provincial Department of Agriculture

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although laboratory equipment and materials worth Rs. 17,876,476 were provided to the Nalanda District Agricultural Research and Training Center under the Department of Agriculture for an organic fertilizer production project in the year 2021, almost 03 years had passed without using those equipment and materials until the year under review.	According to the government policy programme to avoid from chemical fertilizers and focus on use of organic fertilizers, equipment and chemicals has been received and it is informed that use and sale of compost has decreased due to changes of government policies.	Assets should be utilized effectively.
(b) A GAP village programme had been implemented from the year 2023 under the programme of promoting healthy and quality agricultural products in the Central Province and the Provincial Department of Agriculture had decided to pay to the relevant farmer for the purchased materials and equipment according to the Technical Committee specifications by the selected farmers under the 50 percent of the value of that equipment or the maximum of Rs. 50,000 to the relevant farmer. Accordingly, although a year had been passed since 126 farmers purchased the relevant materials and equipment in the year 2023, Rs. 3,842,272 had not been paid to the relevant farmers as government contribution.	It is informed that Rs.10 lacks of that amount has been credited to the farmers' accounts until now. Accordingly, it is kindly informed that a further amount of Rs. 2,842,271.87 remained to be paid to the farmers.	Action should be taken to pay money to the farmers.

1.5.17 Head 592 – Central Provincial Department of Animal Production and Health

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the total number of registered cattle/ buffalo in the Kandy district as at 31 December 2023 was 24,126, as 6,480 were active farms from that and 17,646 farms or 73 percent were inactive. The number of cattle, buffalo, goat and sheep farms in the year 2022 was 24,008 and due to it was 11,112 in the year 2023, that number of farms had been decreased by 12,896 in the year 2023. Also, the number of cattle and buffalo farms, which make a major contribution to local milk production, was 11,338 in the year 2022 and due to it was 7,239 in the year 2023, that number of farms had been decreased by 4,099 or 36 percent.	Animal husbandry is a private entrepreneurship. The trend towards animal husbandry naturally occurs when economic conditions become more profitable. This department provides services to farms engaged in animal husbandry and it is hereby informed that there is a severe shortage of officers to provide those services efficiently.	An appropriate programme should be developed and implemented to retain farmers involved in animal husbandry in that industry.
(b) The Oxfam Private Company had constructed laboratory buildings and provided laboratory equipment to the vaternity offices in Hatton and Thalawakele in the Ambagamuwa Divisional Secretariat. Although 4 years had passed since the 787.44 square feet building that was constructed for the Hatton vaternity office with an expenditure of Rs. 4,152,631, laboratory services had not been conducted. 16 Out of 24 laboratory equipment provided on 18 August 2020 to conduct chemical tests milk and dung in this building were not being used.	It is hereby informed that provision was not made for proper drainage of water during the construction of the building and that the building will be maintained as much as possible and appropriate institutions will be selected to provide laboratory equipment and unused items.	The security of assets should be ensured and action should be taken to utilize equipment.

1.5.18 Head 593 – Central Provincial Department of Irrigation

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although 7 years have passed since the Central Provincial Irrigation Ordinance No. 05 of 2017, which was published by the Extraordinary gazette No. 2091/51 dated 04 October 2018, the irrigation methods under the scope of the Provincial Department of Irrigation had not been identified and gazette under the level of Agricultural Services or Grama Niladhari Divisions according to the paragraph 7(5) of part II of the Ordinance.	The review report and draft gazette notification have been forwarded to the Secretary of the Ministry of Agriculture of the Central Province for approval and it is scheduled to be published in the gazette immediately after receiving the approval.	Action should be taken as stated in the Irrigation Ordinance.