

පාර්ලිමේන්තු ප්‍රකාශන මාලාවේ අංකය: 79

ආයතනයේ නම: ආරක්ෂක අමාත්‍යාංශය

පාර්ලිමේන්තුවේ රජයේ ගිණුම් පිළිබඳ කාරක සභාව විසින් සභාගත කරන ලද වාර්තා සම්බන්ධයෙන් ස්ථාවර නියෝග අංක 119(4) යටතේ ගරු අමාත්‍යවරයාගේ නිරීක්ෂණ හා ගනු ලබන පියවර පාර්ලිමේන්තුව වෙත ඉදිරිපත් කිරීම.

පාරාලුමන්හත්තීන් වෙළුමිට්ටුත් තොඳර් ඉලක්කම 79

නිලවනත්තීන් පෙයාර්: පාතූකාප්පු අමෙස්ස

පාරාලුමන්හත්තීන් අරස කණක්කු තුමුවිනාල් මුන්වෙක්කප්ප්ට්ටු අහික්කෙ තොඳර්පාක නිලෙයියිහ් කට්ටලෙ ඉලක්කම 119(4) ඉන් කීඞ් කෙළරව අමෙස්සරීන් අවතානිප්පුක්කලුම් මහ්හුම් අතු තොඳර්පාක ආඳුක්කප්ප්ට්ටු ත්ට්ටුක්කෙකලුම් පාරාලුමන්හත්තීන් සමර්ප්පිත්තල්.

Parliamentary Series No: 79

Name of the Institution: Ministry of Defence

Submission of Observations of Hon. Minister and Steps Taken with Regard to the Reports Tabled by the Committee on Public Accounts in Terms of Standing Order No:119(4)

පටුන/பக்கம்/Contents

භාෂාව/மொழி/Language	පිටු අංකය/பக்க இலக்கம்/ Page Number
සිංහල/சிங்களம்/Sinhala	01-51
දෙමළ/தமிழ்/Tamil	52-104
ඉංග්‍රීසි/ஆங்கிலம்/English	105-150

Table

Sub No.	Name of Institution / Department Page No.	Page No. containing observations related to Institutions / Departments and actions taken in connection therewith
1	Ministry of Defence	105-121
2	Sri Lanka Army	122-129
3	Sri Lanka Navy	130-134
4	Sri Lanka Air Force	135-139
5	Civil Security Department	140-143
6	Department of Sri Lanka Coast Guard	144-148
7	Department of Meteorology	149-150

Submission of Observations of the Honourable Minister of Defence to Parliament under the Standing Order No.119(4) regarding the matters pointed out by Parliamentary Statements No.290 tabled in Parliament by the Committee on Public Accounts, and the measures to be taken. Financial year 2021.

1. Ministry of Defence

Shortcomings identified / Guidelines provided by the Committee	Actions taken by the entity to rectify the shortcomings / Current status
Part One	
1. Answers were not provided within a month for every audit query submitted by the Auditor General.	It is practically difficult to provide responses to such audit queries within a month, as it is necessary to obtain answers for audit queries from each institution/division belonging to this ministry and other departments, and to pay attention to all those matters and provide answers as a ministry. However, when it is not possible to provide answers within the expected time frame, steps are taken to extend the time required to provide answers to audit queries from the National Audit Office. By the year 2023/2024, the percentage of responses submitted within a month for audit queries has increased from 25% in 2022 to 80%. All divisions of the ministry, as well as its officials and staff, have been informed to further improve this situation and to ensure that such observations do not occur again.
2. There were Instances where responses to internal audit queries were not provided within a month.	
3. The meetings of the Audit and Management Committee were not conducted as scheduled during the year under review.	Due to the fuel crisis that occurred in the country during the year 2022, only 03 meetings of the Audit and Management Committees were held for that year and 04 management committee meetings were held in the year 2023.
4. The recommendations regarding surpluses and deficits revealed by the annual stores verification, as well as other recommendations, were not implemented within the stipulated timeframes	Regarding the surplus and deficits identified by the 2022 Audit Committee, practical challenges led to delays in implementing the recommendations within the suggested timeframes. However, all the actions were completed within the year 2022, and all reports have been submitted to the Auditor General at present.

5. A vehicle was not disposed of within a period of less than 8 months of its condemnation.	No vehicle disposal was carried out by this Ministry in the year 2022. However, in 2023, the motorcycle bearing registration number VC-2392 was sold for Rs. 35,800, and the proceeds were credited to the account under Revenue Head No. 20.66.02.01. Furthermore, in accordance with the decision made at the Cabinet meeting held on 02 December 2024, as per the Cabinet Memorandum No. 24/2096/801/004, the circular No. 05/2024, issued on 18.12. 2024, on asset management, notifies that the heads of all government institutions must take necessary steps to dispose of vehicles belonging to their respective institutions in accordance with the prescribed disposal procedure. Accordingly, as per the foregoing circular, 15 vehicles under our Ministry (Annex 01) have been identified, and a valuation board has already been appointed to proceed with the necessary disposal process of the vehicles.																												
6. There existed outstanding loan balances persisting for over a year.	Accordingly, the progress of settling the outstanding loan balances exceeding the year held in Advances to Public Officers 'B' Account, as of 30.07.2024 is as follows. <table><tr><th>Period</th><th>Balance as at 01.01.2024</th><th>Balance as at 30.07.2024</th><th>Recovery</th></tr><tr><td>Over 5 Years</td><td>1,297,832.00</td><td>934,604.00</td><td>363,228.00</td></tr><tr><td>4 to 5 Years</td><td>215,059.00</td><td>215,059.00</td><td>-</td></tr><tr><td>3 to 4 Years</td><td>313,713.00</td><td>313,713.00</td><td>-</td></tr><tr><td>2 to 3 Years</td><td>828,189.00</td><td>526,165.00</td><td>302,024.00</td></tr><tr><td>1 to 2 Years</td><td>683,878.00</td><td>497,234.00</td><td>186,644.00</td></tr><tr><td>Total</td><td>3,338,671.00</td><td>2,486,775.00</td><td>851,896.00</td></tr></table> <u>Transfers - Rs.590,703.00</u> The loan balance of Rs. 590,703.00, due from three officers who have been transferred, has remained outstanding for more than 20 years. • Requests have been made to the Department of Public Finance to write off the loan balances of Rs. 452,853.00 due from two officers, E.M.E.C. Karunaseena and P.G. Gunapala, who have been transferred.	Period	Balance as at 01.01.2024	Balance as at 30.07.2024	Recovery	Over 5 Years	1,297,832.00	934,604.00	363,228.00	4 to 5 Years	215,059.00	215,059.00	-	3 to 4 Years	313,713.00	313,713.00	-	2 to 3 Years	828,189.00	526,165.00	302,024.00	1 to 2 Years	683,878.00	497,234.00	186,644.00	Total	3,338,671.00	2,486,775.00	851,896.00
Period	Balance as at 01.01.2024	Balance as at 30.07.2024	Recovery																										
Over 5 Years	1,297,832.00	934,604.00	363,228.00																										
4 to 5 Years	215,059.00	215,059.00	-																										
3 to 4 Years	313,713.00	313,713.00	-																										
2 to 3 Years	828,189.00	526,165.00	302,024.00																										
1 to 2 Years	683,878.00	497,234.00	186,644.00																										
Total	3,338,671.00	2,486,775.00	851,896.00																										

- A request has been submitted to the Department of Public Finance to write off the loan balance of Rs. 137,850.00 due from K.A.S.K. Jayawardena. However, it has been advised to inquire about this matter through the relevant Divisional Secretariat Office. Therefore, inquiries have been made through the Divisional Secretariat Office regarding this officer and the outstanding loan balance.

Deceased Officers - Rs. 161,918.00

- The amount of Rs. 45,440.00 due from D.D. Rupawathi has been written off from the books according to the State Finance Circular No. 01/2024.
- The loan balance of Rs. 116,478.00 due from M.S.S.R. Silva is being pursued for settlement through the guarantor to clear the outstanding balance.

Retirement - Rs. 1,329,341.00

- Legal action has been taken by the Attorney General's Department regarding the loan balance of Rs. 133,612.00 due from R.A.K. Sudath.
- The loan balance of Rs. 167,130.00 due from two officers, C.M.N. Nandalaal and K.A. Nimal, has been written off from the books according to the State Finance Circular No. 01/2024.
- An amount of Rs. 406,918.00 due from U.W. Wanigavitharana, U.N. Padmasiri, K.W.G.S. Bandara, and K.L.R. Perera has been settled by now.
- The National Cadet Corps has been informed to take steps to settle the loan balance of Rs. 292,829.00 due from H.A.S. Banda and M.S. Perera, and the necessary steps are being taken by that institution.
- The loan balance of Rs. 328,852.00 due from D.G. Dahanayake and H.D.S. Rupasinghe is being pursued for settlement through the Disaster Management Division, and the necessary steps are being taken by that

institution.

Interdicted Officers - Rs. 244,967.00

- The matter relating to the loan balance of Rs. 100,680.00 due from R.S. Godamunna has been referred to the legal division for legal action.
- A payment of Rs. 10,000/- has been made in April 2024 from the loan balance of Rs. 40,562.00 due from L.A. Abeyrathna. However, as the loan has not been settled further, it has been instructed that actions be taken to settle the balance before proceeding with legal action.
- A request has been made for the approval of monthly payments of Rs. 1,000/- for the loan amount of Rs. 103,725.00 due from D.N. De Soysa, and the necessary approval has been granted

Officers who have vacated the service - Rs. 1,011,742.00

- Regarding the loan balance of Rs. 217,459.00 due from M.D. Saman Kumara, he has been notified on several occasions, but no response has been received. Therefore, the relevant Grama Niladhari office has been informed through the Divisional Secretariat, and reminder letters have also been sent.
- For taking legal actions regarding the loan balance of Rs. 138,400.00 due from I.G.S.K. Priyadarshana, the matter has been referred to the Legal Department.
- The loan balance of Rs. 81,750.00 due from K.P.C. Madhushanka has been settled.
- The loan balance of Rs. 21,152.00 due from A. Ajith Kumara is being repaid in monthly installments of Rs. 1,000.00.
- The loan balances of Rs. 88,658.00 due from T.A. Dharmabandhu and H.A.P.N. Bandara have been written off in accordance with State Finance Circular No. 01/2024.
- The loan balance of Rs. 373,600.00 due from D.C. Kumararatne, A.S.A. Hemanta, and H.A. Disanayake is being continuously pursued for recovery through the National Cadet Corps.
- The loan balance of Rs. 93,023.00 due from T.A. Dharmasena is being repaid in installments, with Rs.

	45,000.00 paid to date.
7. The actions regarding the lapsed deposits in the general deposit account were not taken in accordance with F.R. 571.	Actions have been taken to prepare an analysis report of the lapsed deposits and submit it to the National Audit Office every half-year.
8. The ad hoc sub-imprest issued in accordance with Circular No. 371 were settled within one month after the completion of the relevant work.	The Payments Division, when issuing the authorization application for the ad hoc imprests obtained with the applicant's signature, has communicated on the settlement of imprests within the stipulated timeframe as per the relevant Financial Regulation. Furthermore, steps have been taken to inquire in writing from the relevant parties regarding delays in settling these imprests and to provide necessary instructions to expedite the settlement process. However, it has been observed that delays occur in settling advances issued on behalf of affiliated institutions located outside the Ministry premises. These delays are largely attributed to the time taken to prepare vouchers and submit them to the Payments Division, as well as the process of depositing the remaining funds back to the Ministry's Shroff Office and obtaining General 172 receipts, after which the details are included in the vouchers. Further delays occur when the submitted vouchers are referred back to the respective divisions for correcting errors and subsequently resubmitted after rectification. Nevertheless, steps will be taken to again inform the relevant divisions and institutions to minimize such situations as much as possible. Measures are also being implemented to adopt the necessary internal control mechanisms to prevent such occurrences in the future. It is further informed that, for vouchers submitted after the stipulated timeframe, action will be taken to obtain written reasons for such delays.
9. The collected income was not directly credited to the revenue account or deposited into the revenue account within a period of less than one month after retaining it in the deposit account.	The funds are now being credited to the revenue account correctly without delays.
10. The staff was recruited beyond the approved limit.	According to Extraordinary Gazette No. 2300/24 dated 05.10.2022 and Extraordinary Gazette No. 2303/17 dated 26.10.2022, the reorganization of the work structure of this Ministry brought the then-existing State Security and Disaster Management Division under the purview of this Ministry. Upon confirmation of the graduate trainees assigned to this Ministry for training in the Development Officer Service, due to

	their assignment to positions within the Ministry irrespective of the approved staff cadre, an excess of the relevant officers was indicated. Since these officers currently fulfill duties required by vacant positions in the Management Services Officers' Service based on exigencies of service needs, the Ministry's staff cadre now aligns with the approved limits.
Part Two	
1. The citizen/client charter, as per the Ministry of Public Administration and Management Circular No. 05/2008 dated 06.02.2008 as amended by Circular No. 05/2018 dated 24.01.2018 had not been properly prepared and implemented.	Information regarding the services provided to citizens/clients by the Ministry of Defence has been prepared in accordance with the Citizen/Client Charter and published on the Ministry's official website.
2. A procedure for monitoring or evaluating the implementation of the citizen/client charter within the institution was not established.	The monitoring of the proper implementation of the Citizen/Client Charter within the institution is carried out by the respective division heads of the Ministry responsible for such services and arrangements have been made to review the progress in tasks related to service delivery either as required or quarterly by the Ministry's Planning Division. Accordingly, any identified needs/ changes are implemented through the respective division heads.
3. Performance agreements for the entire staff were not prepared and executed.	In addition to the Public Administration Circular 02/2018 (10), titled "Development of Human Resources in the Public Sector," issued on 24.01.2018, through a letter dated 30.11. 2023, from the Secretary of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government, an amendment was made to paragraph 1 of Public Administration Circular 2/2018, indicating that the signing of annual performance agreements is no longer required.
4. The recommendations/directives of the Committee on Public Accounts were not implemented.	At the meeting of the Committee on Public Accounts held in the Parliament of Sri Lanka on 28.11.2023, three directives were issued to the Ministry of Defense. The directives and their current status are as follows: 01. <u>Amendment of the Firearms (Amendment) Act No. 22 of 1996 and the Explosives (Amendment) Act.</u> The necessary actions are being taken to present the Cabinet Memorandum for the amendment of the Explosives Ordinance No. 21 of 1956 to the signature of the Minister of Defense. The Cabinet Memorandum for the amendment of the Explosives Ordinance No. 33 of 1916 (Cap. 182), which was last amended by Act No. 22 of 1996, has been forwarded for submission to the Cabinet.

02. Revenue earned through services provided by the Armed Forces to external parties

The Secretary of Defense, via letter number MOD/DEF/HRM/GEN/OTHERS/88/(11) dated 03.11.2023, has informed the Tri-Forces about the percentage of revenue from income sources earned by the Tri-Forces for services provided to external parties that should be credited to the Consolidated Fund. (Annex-02).

In accordance with the Committee on Public Accounts letter No. 9/4/2023 dated 02.12.2023, regarding the bank accounts opened by the Armed Forces, excluding defense accounts, detailed reports prepared in three languages on such accounts were forwarded to the Sri Lankan Parliament through my letter No. MOD/DEF/HRM/GEN/OTHERS/88/(11) dated 10.01.2024 (Annex 03).

Similarly, as the Committee on Public Accounts has instructed to obtain the agreement of the Ministry of Finance, Economic Stabilization and National Policies for determining the revenue distribution percentage, the requested information was forwarded to the Director General of State Accounts through my letter No. MOD/DEF/HRM/GEN/OTHERS/88/(11) dated 18.04.2024, in response to the request made by the Department of Public Finance, through the letter No. PFD/RED/REG/F&C/2024/DEF, dated 21.02.2024 (Annex 04).

To further discuss the percentage of income to be credited to the Consolidated Fund from the revenue earned through services provided by the Armed Forces to external parties, meetings were held on 14.05.2024 and 28.08.2024, at the Ministry of Finance, Economic Stabilization and National Policies with the participation of officials from the Armed Forces and this Ministry.

Furthermore, following discussions held regarding the information provided to the Department of Public Finance under this Ministry's letter No. MOD/DEF/HRM/GEN/OTHERS/88/(11) dated 27.01.2025, it has been communicated to this Ministry via the Department of Public Finance's letter No. PFD/RED/REG/F7C/2025/DEF dated 05.03.2025, that the percentage to be credited to the Consolidated Fund from the net revenue earned through these services has been revised. (Annex 05)

Furthermore, the letter also states that the percentage to be credited to the Consolidated Fund from the net revenue earned through these charges should be accounted for under revenue

	heading 2003-99-00. It also directs that necessary actions be taken concerning several issues related to the provision of these services. It has also been conveyed that it is not appropriate for the Armed Forces to engage in non-military businesses and services, and therefore, these services should be obtained from the private sector. Additionally, it has been noted that members of the Armed Forces have been observed engaging in other extra activities, and further instructions have been given to take measures to minimize this situation. <u>03. Development of an Information Management System involving all institutions related to the food procurement process for the Armed Forces.</u> The current status for this observation has been obtained from the Directorate of Army Supplies and Transport, and the reply is presented herewith as Annex-06.
05. The opinion regarding the institution's accounts was at the disclaimer of opinion level or at an adverse level. Due to the following audit observations, a qualified opinion was issued for the Ministry of Defence regarding the 2022 financial statements. <u>Audit Observation</u> I. Although revenue totaling USD 19,177,125.83 had been collected under the Revenue Code 20.03.06.00 during the year under review, including USD 8,211,373.98 and USD 10,965,751.85 collected by Sri Lanka Army and Sri Lanka Air Force, respectively, in respect of performing duties in the United Nations peacekeeping operations, USD 7,506,868.47 or Rs. 2,447,153,974 only had been stated as the revenue for the year under review according to the revenue statement ACA-1. Furthermore, USD 8,057,402.58 of this revenue had been credited to the Government	The revenue that remained outstanding under the revenue code 20.03.06.00, related to the United Nations Peacekeeping Operations, amounted to a USD 9,954,774. According to the ACA 1 format of the financial statement, the audit observed that no collection of outstanding revenue or write off of the outstanding revenue occurred during the year under review. A value of USD 9,610,215 from this outstanding revenue had been collected by the Sri Lanka Army and the Air Force by 31.12.2022. This collection was not shown under the outstanding revenue collection (3) in the ACA I format, but instead, it was recorded under collection 2(ii) in the relevant year. In the future, actions will be taken to properly present the outstanding revenue collected during the year in financial statements. An amount of USD 344,559 is yet to be collected by the Sri Lanka Air Force, and the Air Force has informed that, through the Ministry of Defence, it has notified the United Nations Headquarters about the collection of this outstanding revenue. According to the ACEA-1 format, the audit observed that the opening outstanding balance for the year 2022 was USD 9,610,215. However, while that amount has been recovered as stated above, the actual opening outstanding balance attributable to the year 2021 is only USD 344,559. This amount represents the outstanding balance recoverable for peacekeeping operations in South Sudan.

Revenue after 31 December 2022 and USD 3,612,804.78 had been retained in a foreign currency account of the Sri Lanka Army with the concurrence of the Treasury for the convenience of opening Letters of Credit. Accordingly, revenue of USD 11,670,207.36 out of the revenue related to the year under review was not shown in the accounts. That value was Rs. 4,205,942,733 according to the exchange rate as at 31 December 2022. Furthermore, this retained revenue had not been disclosed in the financial statements. Similarly, although the Army and Air Force collected the arrears of income related to the previous year during the year under review, the income receipts related to the previous year had not been presented under the correct classifications when submitting the accounts.	Due to the significant fluctuation of the exchange rate during the year 2022, the value of the Sri Lankan Rupee fluctuated relative to the US Dollar. The audit has calculated the value of revenue collected during the year as USD 6,790,105, using an exchange rate of Rs. 360.40 per US Dollar. However, according to the Treasury printouts, the revenue from peacekeeping operations for the year 2022 has been accounted for as Rs. 2,447,153,974, calculated based on the exchange rates of Rs. 198.50 per US Dollar for January and February 2022, and Rs. 359.20 per US Dollar for September 2022. Furthermore, the revenue is retained in the Non-resident Foreign Currency Accounts (NRFC) of the Sri Lanka Army and Air Force until it is transferred to the Treasury. With the approval of the Ministry of Finance, the retained revenue is credited to the revenue head 20.03.06.00 and utilized to cover dollar expenses incurred on behalf of the two forces. Therefore, although the said revenue was not accounted for during the year 2022, it has not been reported as outstanding revenue since it was received into the relevant Foreign Currency Accounts (NRFC) for peacekeeping operations. Furthermore, the revenue credited to the Foreign Currency Accounts is utilized to cover the salaries and wages of the respective peacekeeping forces. At no point is the dollar value of this revenue credited to the relevant revenue head through the Ministry of Finance. Due to the aforementioned reasons, although the revenue of Rs. 2,447,153,974 received for the year did not account for all outstanding revenue collected for the year 2021, as you have observed, all outstanding revenue except for an amount of USD 344,559 has been recovered. It is also highlighted that, hereinafter, any such variations in the preparation of revenue accounts will be documented with a note providing the necessary explanations.
II. A difference of Rs. 626,500 was observed between the statement of outstanding revenue as at 31 December 2022 submitted to the Auditor General in terms of Financial Regulation 128 (2)(c) and the Public Finance Policy Circular No.1/2015, and the revenue in the Format ACA-(i). The failure to state the outstanding licence fees as at 31 December 2019 in the Format ACA-(i) had attributed to this difference.	Regarding the revenue head 10.03.07.05, the audit has observed a discrepancy of Rs. 626,500 between the outstanding revenue statement as of 31.12.2022 and the outstanding revenue in the financial statement, as per the form ACA-1(i). The audit has pointed out that the absence of the outstanding license fee revenue as at 31.12.2019 in the ACA-1(i) form is the cause of this discrepancy. Officials have been instructed to include the outstanding balances from previous years when calculating this value in the future.

III. Although the net revenue collected during the year 2019 was Rs. 21,372,185,188, when stating the net revenue collected during the past 03 years in the Format ACA-1 (i), the net revenue collected in the year 2019 had been stated as Rs. 2,802,302,525.	Although the net revenue collected in the year 2019 amounted to Rs. 21,372,185,188, the audit has observed that when reporting the net revenue collected for the past three years in the ACA-1(i) format, the net revenue collected in 2019 was shown as Rs. 2,802,302,525. In the ACA-1(i) format of the financial statements for 2020, 2021, and 2022, the net revenue collected for the past three years reported the net revenue for 2019 as Rs. 2,802,302,525. However, the audit has observed that the actual net revenue collected in 2019 was Rs. 21,372,185,188, which is also confirmed by the Ministry of Defence’s 2019 financial statement. The net revenue of Rs. 2,802,302,525, reported as the revenue collected for the year 2019 in the financial statements from 2020 onwards, was due to an error, and this amount represents the outstanding revenue for 2019. However, since the net revenue for the past three years is reported under the final account statement, this revenue has not been included for the year 2023. Based on the data presented in the final accounts for 2020, the final accounts for 2021 and 2022 were prepared. As a result, this error occurred, and steps have been taken to prepare the final accounts based on correct information in the future.												
IV. When comparing the books maintained by the Ministry regarding the Advances to Public Officers Account with the treasury records (SA-52), it was observed that there was a difference of Rs. 6,750 in the advance receipts (0-0-103-0-11-0) and a difference of Rs. 231,174 in the advance payments (0-0-103-0-11-0).	The reason for the difference between the deposit receipts as per the statement of financial performance and the cash flow statement is as follows. <table><tr><th></th><th>Deposit receipts (Rs.)</th><th>Deposit payments (Rs.)</th></tr><tr><td>According to the statement of financial performance</td><td>599,770,908.00</td><td>173,252,157.00</td></tr><tr><td>According to the Cash flow statement</td><td>571.627,250.00</td><td>168,694,868.00</td></tr><tr><td>Difference</td><td>28,143,658.00</td><td>4,557,289.00</td></tr></table> According to State Accounts Guidelines No. 2022/05 3.1, guidelines have been issued stating that the final financial statements should be prepared using the trial balance produced through the CIGAS desktop application and the final treasury printouts. Accordingly, the cash flow statement prepared by the Ministry of Defence as of 31.12.2022 was based on the trial balance produced by CIGAS. According to the consolidated trial balance as of 31.12.2022, deposit receipts and payments have		Deposit receipts (Rs.)	Deposit payments (Rs.)	According to the statement of financial performance	599,770,908.00	173,252,157.00	According to the Cash flow statement	571.627,250.00	168,694,868.00	Difference	28,143,658.00	4,557,289.00
	Deposit receipts (Rs.)	Deposit payments (Rs.)											
According to the statement of financial performance	599,770,908.00	173,252,157.00											
According to the Cash flow statement	571.627,250.00	168,694,868.00											
Difference	28,143,658.00	4,557,289.00											

	been reported as Rs. 571,627,250.00 and Rs. 168,694,868.00, respectively. However, in the statement of financial performance, deposit receipts and deposit payments are reported as Rs. 599,770,908.00 and Rs. 173,252,157.00, respectively. These values are the values indicated by ACA 4 as per the guidelines, and these amounts are reflected in the treasury printouts as of 31.12.2022. The difference of Rs. 23,586,369.00 indicated in the observation is due to the impact on the deposit account from another department, and this amount is reflected in the imprest reconciliation statement.																																																																																						
V. Although non-financial assets should be valued in terms of Paragraph 06 of the Assets Management Circular No.04/2018 dated 31 December 2018, the 21.0437 hectares of land on which the Security Headquarters Complex is situated and vested in the Ministry of Defence, and the 1.4164 hectares of land on which the Suhurupaya building is located had not been valued and brought to account.	The differences noted during the comparison of the records maintained by the Ministry of Defence and the Treasury printouts are as follows. Reasons for the difference in total debits under 103-0-11. <table border="1"> <thead> <tr> <th>Month</th><th>According to the Ministry Records</th><th>According to the Treasury Printouts</th><th>Difference</th></tr> </thead> <tbody> <tr><td>January</td><td>1,072,600</td><td>1,072,600</td><td></td></tr> <tr><td>February</td><td>306,142</td><td>326,142</td><td>(20,000)</td></tr> <tr><td>March</td><td>2,933,785</td><td>2,933,785</td><td>20,000</td></tr> <tr><td>April</td><td>19,718,754</td><td>19,718,754</td><td></td></tr> <tr><td>May</td><td>401,029</td><td>401,029</td><td></td></tr> <tr><td>June</td><td>2,428,658</td><td>2,428,633</td><td>25</td></tr> <tr><td>July</td><td>384,210</td><td>384,210</td><td></td></tr> <tr><td>August</td><td>3,632,011</td><td>3,632,011</td><td></td></tr> <tr><td>September</td><td>1,122,572</td><td>1,122,572</td><td></td></tr> <tr><td>October</td><td>2,877,288</td><td>2,877,288</td><td></td></tr> <tr><td>November</td><td>4,949,449</td><td>4,959,449</td><td>(10,000)</td></tr> <tr><td>December</td><td>19,021,122</td><td>19,030,373</td><td>(9,250)</td></tr> <tr><td colspan="3">The difference according to the Treasury printouts and the Ministry's records.</td><td>(19,225)</td></tr> <tr><td colspan="3">Failure to take over the loan installment that was to be taken over, due to an error.</td><td>12,500</td></tr> <tr><td colspan="3"></td><td>(6,725)</td></tr> <tr><td colspan="3">Correction of errors revealed through the final accounts.</td><td>(25)</td></tr> <tr><td colspan="3"></td><td>(6,750)</td></tr> <tr><td colspan="3"></td><td></td></tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Month</th><th>Head</th><th>Debit Difference</th><th>Reason</th></tr> </thead> <tbody> <tr> <td>October</td><td>103-011</td><td>(12,500)</td><td>A distress loan installment balance of Rs. 12,500.00, related to the</td></tr> </tbody> </table>			Month	According to the Ministry Records	According to the Treasury Printouts	Difference	January	1,072,600	1,072,600		February	306,142	326,142	(20,000)	March	2,933,785	2,933,785	20,000	April	19,718,754	19,718,754		May	401,029	401,029		June	2,428,658	2,428,633	25	July	384,210	384,210		August	3,632,011	3,632,011		September	1,122,572	1,122,572		October	2,877,288	2,877,288		November	4,949,449	4,959,449	(10,000)	December	19,021,122	19,030,373	(9,250)	The difference according to the Treasury printouts and the Ministry's records.			(19,225)	Failure to take over the loan installment that was to be taken over, due to an error.			12,500				(6,725)	Correction of errors revealed through the final accounts.			(25)				(6,750)					Month	Head	Debit Difference	Reason	October	103-011	(12,500)	A distress loan installment balance of Rs. 12,500.00, related to the
Month	According to the Ministry Records	According to the Treasury Printouts	Difference																																																																																				
January	1,072,600	1,072,600																																																																																					
February	306,142	326,142	(20,000)																																																																																				
March	2,933,785	2,933,785	20,000																																																																																				
April	19,718,754	19,718,754																																																																																					
May	401,029	401,029																																																																																					
June	2,428,658	2,428,633	25																																																																																				
July	384,210	384,210																																																																																					
August	3,632,011	3,632,011																																																																																					
September	1,122,572	1,122,572																																																																																					
October	2,877,288	2,877,288																																																																																					
November	4,949,449	4,959,449	(10,000)																																																																																				
December	19,021,122	19,030,373	(9,250)																																																																																				
The difference according to the Treasury printouts and the Ministry's records.			(19,225)																																																																																				
Failure to take over the loan installment that was to be taken over, due to an error.			12,500																																																																																				
			(6,725)																																																																																				
Correction of errors revealed through the final accounts.			(25)																																																																																				
			(6,750)																																																																																				
Month	Head	Debit Difference	Reason																																																																																				
October	103-011	(12,500)	A distress loan installment balance of Rs. 12,500.00, related to the																																																																																				

			officer attached to the Disaster Management Center and credited by the Anuradhapura District Secretariat, was mistakenly considered as an unrelated installment and handed over to them in October. However, upon further verification, it was revealed that the installment belonged to a disaster relief service officer, and the amount was recovered back in November.
November	103-011	10,000	Taking over the loan balance of Mr. R.E.U.I. Rathugama, attached to the Disaster Management Center.
December	103-011	3,000	Correction of the erroneous crediting of Rs. 3,000.00 by the Dehiwala Divisional Secretariat in November, related to the Disaster Management Center.
		6,250	Correction of the erroneous crediting made by the Alapatha Divisional Secretariat related to the Disaster Management Center.
Total		6,750	

Reasons for the difference in total debits under 103-0-11

Month	According to the Ministry Records	According to the Treasury Printouts	Difference
January	3,759,187.48	3,761,787.91	(2,600.43)
February	4,135,050.50	4,137,650.93	(2,600.43)
March	3,816,657.60	3,819,258.03	(2,600.43)
April	4,181,590.66	4,184,191.09	(2,600.43)
May	5,913,802.88	5,916,294.74	(2,491.86)
June	6,010,257.48	6,024,251.64	(13,994.16)
July	5,898,588.48	5,901,339.39	(2,750.91)
August	6,103,117.48	6,105,837.16	(2,719.68)
September	6,855,627.10	6,858,380.53	(2,753.43)
October	7,538,153.89	7,586,614.00	(48,460.11)
November	7,693,210.04	7,759,566.69	(66,356.65)
December	16,522,400.00	16,612,705.17	(90,305.17)
The difference according to the Treasury printouts and the Ministry's records.			(240,233.69)

Taking over the distress loan installment that was not taken over due to an error.			12,500.00
			(227,733.69)
Correction of errors revealed through the final accounts.			(3,441.00)
			(231,174.69)
Month	Head	Debit Difference	Reason
January	112	2,600.43	A.F.M. Faizkan, - Since salary payments during temporary foreign duties are managed through the Ministry of Foreign Affairs, the distress loan installments recovered from those officials have been credited via Treasury printouts.
February	112	2,600.43	- Do -
March	112	2,600.43	- Do -
April	112	2,600.43	- Do -
May	112	2,491.86	- Do -
June	112	13,994.16	K.D.Kumara - Since salary payments during temporary foreign duties are managed through the Ministry of Foreign Affairs, the distress loan installments recovered from those officials have been credited via Treasury printouts.
July	112	2,750.91	- Do -
August	112	2,719.68	- Do -
September	112	2,753.43	- Do -
October	103-11	45,709	The total of the credits made through the Treasury printouts for the distress loan installments of the officers attached to the divisional secretariat offices related to the Disaster Relief Service Center.
		2,751.11	K.D.Kumara - Since the salary payment for those temporarily working overseas is made by the Ministry of Foreign Affairs, the distress loan installment collected from those officers.
November	103-11	(12,500.00)	A distress loan installment

				balance of Rs. 12,500.00, related to the officer attached to the Disaster Management Center and credited by the Anuradhapura District Secretariat, was mistakenly considered as an unrelated installment and handed over to them in October. However, upon further verification, it was revealed that the installment belonged to a disaster relief service officer, and the amount was recovered back in November.
			63,604.00	The total of the credits made through the Treasury printouts for the distress loan installments of the officers attached to the divisional secretariat offices related to the Disaster Relief Service Center.
			2,752.65	K.D.Kumara - Since the salary payment for those temporarily working overseas is made by the Ministry of Foreign Affairs, the distress loan installment collected from those officers.
	December	103-11	87,554.00	The total of the credits made through the Treasury printouts for the distress loan installments of the officers attached to the divisional secretariat offices related to the Disaster Relief Service Center.
			2,751.17	K.D.Kumara - Since the salary payment for those temporarily working overseas is made by the Ministry of Foreign Affairs, the distress loan installment collected from those officers.
			3,441.00	The distress loan installment erroneously credited by the Galigamuwa Divisional Secretariat.

Total	231,174.69	-
--------------	-------------------	----------

Information regarding the loan installment relating to Rs. 45,709/- for the month of October.

Credited Head	Total	Name of the Officer
255	8,737	K.A. Gunasena 2482 + U.O.S.Priyadarshani 2905 + L.A.A.N. Gunasena 3350
256	2500/=	H.S. Mallawarachchi 1250 + S.A.D.K.K.Kumara 1250
257	3,149	S.P.Kumara 3149
258	2,850	W.M.I. Dissanayake 2850
260	1,250	A.A.M.K.S.Gandhi 1250
262	4,373	W.D.R.Malkanathi 1873 + S.A.R.Udayanga 2500
263	1,250	K.R.Rathnakumara 1250
272	10,350	R.J.Thamara 1250 + Y.H.A.S.Karunaratne 2850 + S.M.T.K.Samarakoon 1250 + M.B.L.Harischandra 1250 + R.M.W.Lankathilaka 1250 + H.M.N.L.Herath 1250 + H.M.C.Herath 1250
274	2,500	G.A.K.Sandamali 1250 + M.H.M. Malshani 1250
276	5,000	A.M.Prasanna 1250 + R.M.J.Ranjan 1250 + S.B.S.K. Priyadarshani 250
278	2500	J.A.S.Madhuka 1250 + K.N.U.R.Kumara 1250
279	1,250	D.G.D.R Karunasena 1250
	45,709	

Information regarding the loan installment relating to Rs.63,604 for the month of November

Credited Head	Total	Name of the Officer
255	8,832	K.A.Gunasena 2482 + Dehiwala D.S. 3000 (wrong crediting)+L.A.A.N.Gunasena 3350
256	2,500	H.S. Mallawarachchi 1250 + S.A.D.K.K.Kumara 1250
257	3,149	S.P.Kumara 3149
258	2,850	W.M.I.Dissanayake 2850
260	6,250	A.A.M.K.S.Gandhi 6250
262	4,373	W.D.R.Malkanathi 1873 + S.A.R.Udayanga 2500
263	1,250	K.R.Rathnakumara 1250
269	4,050	M.S.Kumara 4050
271	2,500	S.Azad 2500

272	10,350	R.J.Thamara 1250 + Y.H.A.S. Karunaratne 2850 + S.M.T.K.Samarakoon 1250 + M.B.L.Harischandra 1250 + R.M.W.Lankathilaka 1250 + H.M.N.L.Herath 1250 + H.M.C.Herath 1250
274	2,500	G.A.K. Sandamali 1250 + M.H.M.Malshani 1250
276	5,000	A.M.Prasanna 1250 + R.M.J.Ranjan 1250 + S.B.S.K.Priyadarshani 2500
278	2,500	J.A.S.Madhuka 1250 + K.N.U.Kumara 1250
279	2,500	D.G.D.R.Karunasena 1250 + R.E.U.I.Rathugama 1250
270	5,000	S. Sivakathan 5000
	63,604	

Information regarding the loan installment relating to Rs.87,554 for the month of December

Credited Head	Total	Name of the Officer
255	37,782	K.A.Gunasena 2482 + M.S.H.Fernando 31,950 + L.A.A.N.Gunasena 3350
256	2,500	H.S. Mallawarachchi 1250 + S.A.D.K.K.Kumara 1250
257	3,149	S.P.Kumara 3149
258	2,850	W.M.I.Disanayake 2850
262	1,873	W.D.R.Malkanthi 1873
263	1250	K.R.Rathnakumara 1250
269	4,050	M.S.Kumara 4050
270	5,000	S.Sivakathan 5000
271	1,250	S.Azad 1250
272	10,350	R.J.Thamara 1250 + Y.H.A.S. Karunaratne 2850 + S.M.T.K.Samarakoon 1250 + M.B.L.Harischandra 1250 + R.M.W.Lankathilaka 1250 + H.M.N.L.Herath 1250 + H.M.C.Herath 1250
274	2,500	G.A.K.Sandamali 1250 + M.H.M.Malshani 1250
276	5,000	A.M.Prasanna 1250 + R.M.J.Ranjan 1250 + S.B.S.K.Priyadarshani 2500
278	8,750	J.A.S.Madhuka 1250 + K.N.U.Kumara 1250 + Alapatha D.S. (wrong crediting) 6250
279	1,250	D.G.D.R. Karunasena 1250
Tptal	87,554	

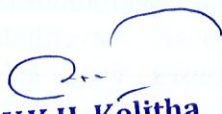
VI. Although the imprest received from the General Treasury stood at Rs. 11,578,631,743 according to the statement of

In the format of the cash flow statement, when calculating the cash flow generated from investment activities, expenditures should be recorded under the categories of physical asset construction, purchases, or other investment acquisitions.

imprest accounts, a sum of Rs. 12,066,410,675 had been stated as imprest receipts under the cash flow generated from the operating activities in the cash flow statement. Accordingly, the imprest receipts had been overstated by Rs. 487,778,932. Furthermore, the value of imprest settled to the General Treasury was Rs. 10,371,888 according to the aforesaid statement, whereas it had been stated as Rs. 498,150,820 in the cash flow statement, thus overstating by Rs. 487,778,932. Accordingly, it was observed that the cash flow statement had not been prepared based on the correct values.

Additionally, under cash outflows from operating activities, expenses should be shown under the classification of personal emoluments and operating costs.

In this case, since the expenses incurred under Object Nos. 2001, 2002, and 2003 result in an increase in the asset's useful life, improvement in asset utilization efficiency, and an increase in asset value, the value of expenditure of those Objects was recorded under the cash outflow under the investment activities. The expenses incurred under Object No. 2401 for staff training lead to the development of human resources skills and an increase in efficiency. Therefore, the capital expenditure incurred under Object No. 2401 was recorded under cash outflows from investment activities. Additionally, the transfer of capital expenses for government institutions was also recognized as capital expenditure and was shown under cash outflows from investment activities.


V.K.H. Kolitha
Chief Financial Officer
Ministry of Defence
Defence Headquarters Complex
Sri Jayawardenepura
Kotte

02. Sri Lanka Army

Shortcomings identified / Guidelines provided by the Committee	Actions taken by the entity to rectify the shortcomings / Current status
01. In terms of State Account Circular No. 171/2004 of 11.05.2004 the first password related to the government payroll software package was not used only by the accountant or by an authorized staff officer.	The initial password of the Payroll Computer Software is in the custody of a Staff Officer (Staff Officer 1 - IT).
02. Answers had not been sent to all the audit queries of the Auditor General within one month after receiving such audit queries	According to the response provided by the Army regarding the relevant observation in Parliamentary Publication Series No. 79, they have made maximum efforts to provide answers to the National Audit Office's audit queries within the stipulated time frame. However, due to factors such as the complexity of the information requested by certain audit inquiries, the large volume of transactions involved, and the need to coordinate responses across multiple institutions/departments, delays occurred in providing responses. Nevertheless, for the majority of audit inquiries, responses were submitted within the prescribed time frame other than few audit queries. Moving forward, the following measures have been taken to ensure that responses are provided by the designated date. - To discuss the timely submission of responses to audit queries at every Departmental Audit and Management Committee meeting, and to inform the relevant division heads about the necessary actions to be taken. - To ensure that all Army locations are informed to submit responses to audit queries on the due date in order to obtain the required score when evaluating the financial performance of institutions under the Committee on Public Accounts' oversight, and to monitor this process regularly. - When obtaining responses to audit queries from the Army institutions across the island, a delay may occur in the presentation of information due to practical reasons based on the way the camps are established. To prevent this delay, efforts should be made to work in continuous supervision and coordination between the institutions, ensuring that responses are presented on the scheduled date.

	d. A separate division was established under the Directorate of Internal Audits of the Army to supervise and coordinate the response and information provision activities related to these audit queries. Accordingly, steps have been taken to ensure that responses to audit queries are submitted without delay, and institutional measures have been implemented to minimize delays and ensure timely submission of responses.
3. The required number of Audit and Management Committee meetings had not been held annually.	In the year 2022, 03 Audit and Management Committee meetings have been held, and from the year 2023, Audit Management Committee meetings have been arranged to be held every quarter as scheduled.
4. Documents to confirm ownership of all vehicles were not in possession.	Necessary actions are being done in coordination with the Department of Motor Traffics, Department of Sri Lanka Customs and related Government Agencies to resolve the vehicle registration matters of those vehicles that do not have registration certificates to name of Army, but the delay in this process is occurred due to the nature of duties of those relevant institutes. Ministry of Defence is in force to obtain the Cabinet approval for the registration of the vehicles seized from LTTE, and further registration work will be proceeded upon receiving the relevant approval.
5. The emblem of the state had not been painted on all pool vehicles.	All army vehicles utilized in the army are appeared with army vehicle numbers and indicating the "ARMY" mark and some military vehicles are painted in the green color that unique to the army.
6. Condemned vehicles had not been disposed of within a period of less than 8 months after condemning.	Vehicles condemned in the year 2022 are sold through a tender process conducted by the Army only after obtaining clearances from the Department of Motor Traffics, Department of Sri Lanka Customs, and during the month of May 2023, that tender process has been conducted to sell those condemned vehicles. b. Only the following types of vehicles have not been able to be sold through the tender process held in the year 2023. (1) Vehicles that cannot be sold until the import tax is settled which the special conditions stated in the vehicle registration certificates. (2) Vehicles registered in the name of other government agencies that have been acquired for the use of the army as donations, c. In order to resolve the clearance issues of those vehicles,

	necessary actions were taken in connection liaison with the Department of Sri Lanka Customs and the organizations that own those vehicles, But due to the issues in obtaining the vehicle importation documents from the Department of Sri Lanka Customs, the tender process has been delayed. d. Due to the vast cost of newspaper advertisements, fuel, transport and stationery related to the tender process, only one tender process has been conducted per year. Currently, necessary actions are being taken according to the recommendations given by the National Audit Office.
7. Actions had not been taken on accidents occurred to motor vehicles owned by the government as per the Financial Regulations.	In the year 2022, 24 traffic accident files have been proceeded in accordance with Financial Regulations, and among that 11 cases have been settled. b. It has been taken actions as per Financial Regulations for the remaining 13 traffic accidents, but those were unsettled due to the following facts: (1) Cases in Civil Court. (2) Recovery of money from responsible individuals. (3) Presence of observations in Court of Inquiry proceedings.
8. Balances that are revealed by the findings of Bank Reconciliation Statements & should be adjusted had not been adjusted within a period of one month as per Financial Regulations.	The adjustable balances which were revealed in the bank statements are settled as per Financial Regulations within a month.
9. Consequent to the utilization of provisions allocated for a vote as per FR 94(1), liabilities were exceeding the provisions that remained at the end of the year.	Required instructions have been issued to the Policy Controll Officers and Procedure Controll Officers to fulfill the relevant requirements by managing the expenditure only within the allocation limit given for the year.
10. The balances in arrears exceeding 1 year had not been settled.	Following measures were taken to recover the outstanding loan balances of Army officers/other ranks and civil staff that remain unsettled for more than one year and to prevent the recurrence of such balances. (1) Actions taken to recover outstanding loan balances of Army Officers/other ranks: (a) Recover unsettled loan balances of deceased persons from Widow and Orphan Pension. (W&OP) (b) Recover loan balances from Retirement

Gratuity.

(c) Recover loan balances from their pension in installments.

(d) Recover the loan balances of army deserters through the available balances of their unit savings, unpaid arrears of pay and allowances and Army Benevolent Fund.

(e) Take write off actions on unrecoverable loan balances beyond 05 years complying with the instructions stipulated in PDF/RED/REG/CIR/2023 and State Finance Circular 01/2024 dated 29.05.2024.

(2) Actions taken to prevent outstanding loan balances of Army officers/other ranks.

(a) Taking into consideration the date of retirement of the members while giving distress loans and the loans will be granted only to the persons that having minimum 03 years of future service period.

(b) Proceed to collect the newly accrued unrecovered loan balances from the guarantors from the first month of ceasing the recovery process. And make arrangements to recover those loan balances if there is a welfare/unit savings deposit.

(c) When there are outstanding loan balances of the retirees, those loan balances shall be fully recovered through final payment owned to them and if there is a remaining balance, the remaining balance shall be recovered from the pension gratuity or pension. Further to pay special attention on entire recovery process and carry out monitoring activities until recovery is completed.

(3) Actions taken to recover outstanding loan balances of Army Civil Staff.

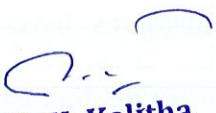
(a) To complete and promptly submit the necessary documents for entitlement of pensions and widows and orphans' pensions of retired and deceased persons to the Pensions Department, and thereby recover the loan balances.

(b) Proceeding to obtain the approval of the Council of Ministers for the pension entitlement of civil servants who have been permanently appointed after 45 years and thereby recover.

	(c) To take legal actions to recover outstanding loan balances. (d) To recover the arrears due from the discharged employees from any overtime allowances/salaries owed to them and release of deposits of Civil Employees Welfare Association. (e) Remaining unrecoverable loans that outstanding for more than 05 years and below Rs. 25,000.00 have been forwarded to the Ministry of Defense for approval of write-off upon the recommendation of the write-off board as per PDF/RED/01/01/2020/01 and State Finance Circular dated 28.08.2020. (f) Remaining unsettled loan balances that outstanding for more than 05 years and exceeding Rs. 25,000.00 to be submitted for write-off approval with the recommendation of a write-off board as per the circular PDF/RED/REG/CIR/2023/04 and dated 29.05.2024 (4) Actions taken for prevent the outstanding loan balances of Army Civil Staff. (a) Steps have been taken to increase the premium within the limit of 40% of the basic salary or to reduce the loan amount, so that the loan amount can be recovered before the date of retirement from the civil staff members who are about to retire while applying for distress loans. (b) Make arrangements to obtain a surety bond from two permanent government officers as guarantors in granting special and festival advances. (c) Taking into consideration the date of retirement while providing distress loans to the civil servants who are about to retire, arrange to obtain a promise statement and the guarantor that they will perform the duties till the date of mandatory retirement. (d) To obtain a declaration of preference for conversion of pension as per Appendix 23 of the Establishment Code. (e) Completion of deficiencies in an employee's personal file before 06 months of retirement.
--	---

(f) Although any civil staff member has been confirmed for more than 10 years but has taken leave without pay, submitting their loan file for approval along with a guarantors of permanent government officers.

(g) Make arrangements to obtain a surety bond of permanent government officers for any civil staff member whose service is less than 10 years and to refuse to accept as sureties of civil staff who have frequently taken leave without pay.


V.K.H. Kolitha
Chief Financial Officer
Ministry of Defence
Defence Headquarters Complex
Sri Jayawardenepura
Kotte

Shortcomings identified by the Committee	Actions taken to rectify the shortcomings identified by the Committee/current status
<u>Part Two</u>	
1. The website that is maintained by the institution does not provide an opportunity for the public to lodge complaints or to give commendations.	a. For the security of the official website of the Army, various technical measures have been implemented in accordance with the current standards. Direct access to the Army website's database by external parties has been strictly prevented, adhering to cyber security best practices. Data storage and handling on the Army website are conducted using the most secure methods available, which helps maintain the website's protection against cyber-attacks. b. Preventive measures have been enacted to prevent potential hacking attempts, including the blocking of various types of scripts that could jeopardise the system. Furthermore, the Sri Lanka Army website is integrated with several social media platforms (WhatsApp, Facebook, Twitter, Instagram, TikTok and YouTube) allowing the public to submit both compliments and complaints. Through these platforms, feedback is received and linked to the website, facilitating user engagement through these channels. c. For further communication, the Army website provides contact details, including address, telephone and fax numbers and e-mail addresses, under the 'Contact Us' section on www.army.lk. This allows the public to address their feedback or concerns directly.
2. Citizen/ client charter had not been prepared or applied properly as per the circular number 05/2008 of Ministry of Public Administration and Management dated 06.02.2008 as amended by circular No. 05/2018(1) dated 24.01.2018.	a. Although the instructions were given to every public institution to establish a citizen-client charter in the form of a written commitment to fulfill the needs of the public receiving services from a public institution promptly, efficiently, qualitatively and continuously by the Circular No. 05/2008 dated 2008.02.06 of Ministry of Public Administration and Management, required actions were not initiated since Sri Lanka Army is not an institution that directly provides services to the public.
3. The audit opinion about the accounts of the institution had been a disclaimed opinion or an unfavorable opinion.	b. But the necessary instructions are planned to be taken, and prompt actions will be carried out.

Shortcomings identified by the Committee	Actions taken to rectify the shortcomings identified by the Committee/current status
4. Performance agreements covering the entire staff had not been drafted or entered	a. Annual Confidential Reports (ACR/Performance Reports) related to all officers and other ranks are duly completed annually.
5. The audit opinion about the accounts of the institution had been a qualified opinion/disclaimed opinion/ an unfavorable opinion.	a. According to Section 10 of the National Audit Act No. 19 of 2018, the opinion of the Auditor General in the report submitted to Parliament for the year 2022 is a qualified opinion.
6. Recommendations indicated in the Auditor General's Report had not been implemented.	a. Many of the recommendations given for the observations mentioned in the Auditor General's Report have been implemented and necessary instructions/ guidelines have been issued to implement certain recommendations.

3. Sri Lanka Navy

Shortcomings identified by the Committee	Action taken by the Institution to rectify the shortcomings / current status
Part I	
1. Answers had not been sent to all the audit queries of the Auditor General within one month after receiving such audit queries.	During the 2022 financial year, due to the COVID-19 pandemic, there were observed delays in obtaining and submitting responses from various Naval Commands for certain audit queries. This was a situation not observed in previous instances. Furthermore, regarding delays in providing answers to audit queries in the 2023 and 2024 financial years, the National Audit Office has not issued any audit queries or requests for information
2. According to F.R. 134(2) the internal audit program was not prepared at the beginning of the year and did not inquire by the Auditor General.	Internal audit program for the year 2022 had been prepared and approved by the Internal Audit and Management Committee at the beginning of the year and due to the Covid-19 epidemic situation in the country, it was not possible to make inquiries from the Auditor General and corrective measures are being taken for it from the year 2023.
3. The recommendations regarding the excesses or shortages and other recommendations revealed in the annual inventory survey were not implemented within the due time.	Excesses or shortages and other recommendations have been made in due time regarding the annual inventory survey of the Navy for the year 2022 by the Commander of the Navy letter No.NHQ/DG (B&F)/SSO(SM) GEN/ADS/41/2022 dated 05th April 2023 to MOD
4. Documents to confirm ownership of all vehicles were not in possession.	The ownership of all vehicles donated to the Sri Lanka Navy from other departments and institutions has been transferred and registered under the name of the Navy Commander at the Department of Motor Traffic. However, the tri forces have been exempted from the section 2 of Motor vehicles Ordinance (registration or documents related to motor vehicles) by the Government Gazette No. 10815 dated 08th July 1955, the vehicles acquired/ obtained by the

	Sri Lanka Navy during wartime have not been registered with the Department of Motor Traffic. During the process of retrying to register these unregistered vehicles with the Department of Motor Traffic, the department instructed to submit the documents listed on the rear side of the MTA 2 form Along with the application. If unable to submit these documents, it was advised to refer the matter to the Comptroller General. After referring the matter to the Comptroller General, the department was instructed to obtain the documents listed on the rear side of the MTA 2 form from the Customs Department and to proceed with the necessary further actions. Practical attempts were made to request the relevant documents listed on the rear side of the MTA 2 form for one vehicle from the Customs Department. However, it was stated that the recording of chassis numbers in the Customs data system began in 2004 and there is no information available w.r.t documents issued at the time these vehicles were cleared by customs. Therefore, it is observed that the vehicles owned by the Sri Lanka Navy that are not registered with the Department of Motor Traffic, as well as the vehicles acquired by the Sri Lanka navy during the past wartime, cannot be registered at the Department of Motor Traffic. However, at present, steps have been taken to resiter all other vehicles with the Department of Motor Traffic. Furthermore, all vehicles in Sri Lanka Navy (for both registered and unregistered vehicles of the Department of Motor Traffic) registered by issuing an unique registration numbers under a specific categorization system at Senior Staff Officer (Stores Management) of Sri Lanka Navy.
5. Daily running records and monthly summaries of the pool vehicles were not prepared and submitted to the Auditor	The daily running records of approximately 4,000 vehicles belonging to the Sri Lanka Navy are maintained at 53 Nos of Naval Establishments/ departments across the country, including locations such as Kankasanthurei, Trincomalee, Panama, Batticaloa and Delf Island. Monthly summary reports are sent from these naval establishments/ departments to the

General.	Navy Headquarters every month. Therefore, it is impractical to send daily running records and monthly summery reports from the vehicles assigned to Naval establishments/ departments located island wide, especially from remote Naval Establishments/ departments in the Jaffna Peninsula and other distant locations to the Auditor General. Instead, these records are submitted for internal and government audits as needed. Furthermore, the navy Headquarters has been issued clear instructions to the relevant Naval establishments/ departments to maintain these daily running records and monthly summary reports as per the Sri Lanka Naval Order 0325. Monthly reports for all Navy vehicles are submitted to the Navy Headquarters via a web based system (trms.navy.lk) and are subsequently subject to review)
6. The emblem of the state had not been painted on all pool vehicles.	According to Gazette notification number 10815 dated July 8, 1955, all vehicles belonging to the Navy are always displayed under unique Navy numbers with the prefix 'NAHA'. The Sri Lanka Navy has approximately 4,000 vehicles and it is observed that, the national emblem cannot be printed on tractors, tractor trailers and vehicles hired on a rental basis. These vehicles are also utilized for national security and various special operations, such as covert operations. In such instances, depending on the nature of the mission, there are occasions where Sri Lanka Navy vehicles are required to use with civil registration numbers as non-Naval vehicles. For example, during drug raids, vehicles may be used with civil registration numbers under the approval of the Commander of Navy to prevent smugglers from identifying them as Naval vehicles. Accordingly, painting the national emblem on Naval vehicles has led to complications when these vehicles are deployed for national security and other special operation entrusted to the Navy. Therefore, since its inception, the Navy has refrained from painting the state emblem on its vehicles.
7. Condemned vehicles were not disposed of within a period	After handing over G47 vehicles within 14 days from the relevant department/establishment, within a period of less than 08 months, the disposal activities are currently being carried

of less than 8 months after condemning.	out.																				
8. Liabilities exceeding the provisions that remained at the end of the year had been taken on in terms of F.R 94(1)	In view of the emergency situations caused by the economic crisis in the country in the year 2022 (political instability, civil action struggles, fuel shortage), due to the need to allocate allocations for expenses beyond the expected level in order to maintain the operational duties of the Navy in an orderly manner, although there is a possibility of obligations exceeding the allocations of the expenditure subjects. It is confirmed according to the Treasury printed copy as at 31st December, 2022 that no payment has been made for the expenditure subjects that have reached such liabilities during the year 2022. Furthermore, it is kindly announced that in cases where it is necessary to make obligations beyond the limits of the remaining provisions, we have taken steps to act according to the provisions provided by the Financial Regulations 94(2) and 94(3). It is further kindly stated that I agree with the recommendations.																				
9. Loan balances in arrears for over 1 year had not been settled	The progress of collection of outstanding loan balances as follows (more than one year). <table><tr><th>Description</th><th>Balance as at (Rs) 2022/12/31</th><th>Balance as at (Rs) 2023/12/31</th><th>Progress of recovery</th></tr><tr><td>Officers who died</td><td>376,275.00</td><td>296,373.00</td><td>79,902.00</td></tr><tr><td>Officers who retired</td><td>1,081,030.00</td><td>615,646.00</td><td>465,384.00</td></tr><tr><td>Officers who Suspended</td><td>268,159.35</td><td>234,999.35</td><td>33,160.00</td></tr><tr><td>Officers who left the service</td><td>2,528,071.23</td><td>2,383,560.48</td><td>144,510.75</td></tr></table>	Description	Balance as at (Rs) 2022/12/31	Balance as at (Rs) 2023/12/31	Progress of recovery	Officers who died	376,275.00	296,373.00	79,902.00	Officers who retired	1,081,030.00	615,646.00	465,384.00	Officers who Suspended	268,159.35	234,999.35	33,160.00	Officers who left the service	2,528,071.23	2,383,560.48	144,510.75
Description	Balance as at (Rs) 2022/12/31	Balance as at (Rs) 2023/12/31	Progress of recovery																		
Officers who died	376,275.00	296,373.00	79,902.00																		
Officers who retired	1,081,030.00	615,646.00	465,384.00																		
Officers who Suspended	268,159.35	234,999.35	33,160.00																		
Officers who left the service	2,528,071.23	2,383,560.48	144,510.75																		
10. The ad hoc sub imprests issued as per F.R. 371 had not been settled within one month from the completion of the task.	In order to avoid the discrepancies pointed out by the Audit queries in the requesting and settlement of the sub imprests letter forwarded by the commander of the navy to established internal control system. (Commander of the navy letter No. NHQ/BF/ DNB/ DEPT/ H/ 13/2022 dated 29th April 2022)																				

	Further Director Naval Budget Office will monitor it by issuing reminder letters and signals for relevant authorities.
1. It is exceeded of limitations in F.R 371 issuing ad hoc sub imprests.	Necessary corrective measures are being taken from the year 2023 to issue sub imprests without exceeding the limit.

Part II

1. The number of training opportunities provided was less than 50% of the planned training opportunities.	Sri Lanka Navy has requested 771mn from Ministry of Finance for the training in the year 2022 and only reserved 400mn. Further due to the Covid-19 pandemic situation number of berths allocated and due to the travel restrictions reduced up to the 50% to send naval personal for foreign training. As per the Annual Training programmed in year 2022 there are 376 courses has been schedule for Local Internal Training. However due to Covid-19 Pandemic, mandatory courses (Advance Courses/ SLN required courses) were conducted. Further in year 2022 there were 366 courses has been schedule for Local External Training. However due to economic crisis and political unrest during the year only less than 50% of planned courses could start.
2. The audit opinion on the company's accounts was unqualified or adverse.	For the year ending 31 st December 2022 it is mentioned qualified audit opinion and corrective action have been made in the year 2023 for observed shortcomings.


V.K.H. Kolitha
 Chief Financial Officer
 Ministry of Defence
 Defence Headquarters Complex
 Sri Jayawardenepura
 Kotte

04. Sri Lanka Air Force

Shortcomings identified by the Committee	Action taken by the Institution to rectify the shortcomings/current status
Part 1	
1. The documents related to confirm the ownership are not in possession for all the vehicles.	Discussion is in progress with the Department of Registration of Motor Vehicles for a procedure of verifying of ownership of the vehicles for which related documents are not included in the catalogues of Sri Lanka Air Force confirming
2. The National Emblem is not used in all the vehicle	Although the National Emblem and the Name of the Institution are used in the vehicles of State Institutions, for vehicles of Tri forces under the Ministry of Defence, National Emblem and the Name of the Institution are not displayed.
3. Vehicles had not been disposed within a period less than 08 months after condemned.	Matters related for Disposing of vehicles are conducted by Directorate of Logistics of Sri Lanka Air Force affiliated with Directorate of Administration, Directorate of General Engineering, Supply and Maintenance Depot and the Ministry of Defence. It can be caused delay of the disposal process due to the taking long period for appointing members for verification boards by the relevant institutions, changing nominated members of the Board of Verification due to various requirements and spending reasonable time for rectifying the contradictions in the documents submitted by the suppliers. Further, as it is not practical for appointing Boards for each condemned vehicle separately when disposing condemned vehicles and has to bear considerable amount as administrative expenses. Therefore, a committee is appointed by the Air Force generally when considerable number of condemned vehicles collected for disposing. It takes some time to be collected sufficient number of condemned vehicles. Further, the procedure of disposing condemned vehicles are conducted according to the Tender procedure and due to taking the vehicles out by the buyers after making payments within the prescribed period, the disposal process takes considerable time to complete. Necessary instructions were given (Through Audit and Management Committee Meetings) to relevant sections to conduct the procedure without delay in future and expect to take measures accordingly.

4. Existence of outstanding loan balances which are for more than a year

Service Division

The amount of the outstanding loan balances for the Advance 'B' account (in the service Division) since more than one year is Rs.171,763.34 as at 30.06.2024 and measures will be taken to recover the outstanding loan balances of the deceased officers through the final salary or converted commuted of those service personnel and the outstanding loan balances of officers who had vacated their posts will be recovered from the debtor's guarantors and the outstanding loan balance of the officers whose service had been suspended will be recovered from the Widows and Orphans Fund. The present position of outstanding loan balances (in the service Division) remaining for more than one year is as follows.

Description	Balance as at 31.12.2022 (Rs.)	Balance as at 30.06.2024 (Rs.)
Loan balance of deceased officers	31,700.00	2,500.00
Loans due from retired officers	285,779.22	-
Loans due from officers who had vacated their posts	301,028.00	47,850.00
Loans due from dismissed officers	153,500.00	121,413.34
Total	772,007.22	171,763.34

Civil Division

(a) Arrears of loan balances due from deceased officers

The outstanding loan balance of Rs.529,132.50 as at 31.12.2022, existing for more than 1 year to be collected from officers who are deceased has been reduced to Rs.166,139.83 as at 30.06.2024. Most of the loan balances included in outstanding balances are existing due to insufficient death gratuity for recovering those and other outstanding loan balances are existing unable to recover due to lack of information. Accordingly, the necessary measures are being taken to waive off the outstanding loan balances amounting Rs.59,042.50 that had brought forward in the Public Officers' Advance 'B' Account without recovering for

	a long period as per Public Finance Circular 01/2020. (b) <u>Arrears of loan balances due from retired officers</u> The outstanding balance of Rs.1, 637,269.52 as at 31.12.2022 due from the retired officers existing for more than 1 year has been reduced to Rs.98, 411.52 as at 30.06.2024. In addition, necessary measures are being taken to waive off the outstanding loan balances of Rs.13, 446.52 which is brought forward in the Public Officers' Advance 'B' Account without recovering for a long period as per Public Finance Circular 01/2020. (c) <u>Arrears of loan balances due from officers who had vacated Their Posts</u> The outstanding balance of Rs.8,513,778.48 as at 31.12.2022 due from the officers who had vacated their posts existing for more than 1 year has been reduced to Rs.7,550,530.55 as at 30.06.2024. Further, a committee has been appointed on 13.02.2024 for waiving off the loan balances less than Rs. 25,000/- related to the period from 01.01.1990 to 31.12.2018 from the Government Revenue soon after taking measures as per Public Finance Circular 01/2020. As per the recommendations of the committee the approval has been granted to write off the outstanding loan balance amounting Rs.455,126.69. In addition, the measures for waiving off outstanding loan balances less than Rs.100, 000/- from Government Revenue as per Public Finance Circular 01/2024 are in progress.
5. Collected revenue had not been refunded in accordance with the relevant provisions; the collected revenue had not been directly credited to the revenue or had not been credited to the revenue account within less than one month after retaining in the deposit account.	All the revenue collected will be credited to the government revenue account instead of being credited to the deposit account as per the regulations.

Defects Identified by the Committee	Actions taken by the Institute to rectify the Defects and Current Progress
Part II	
Audit opinion on the accounts of the company, being in subordinate level/ disclaimer level/ adverse level. The audit paragraphs related to the qualified opinion of the Auditor General's Summary Report 2022 are as follows. a. <u>Capital expenditure</u> Rs.15,795,903 from the allocation received for purchasing of Armed tanks (APC-15) under the Pakistan credit scheme was used for purchasing of spare parts for the radar system under the transfers of FR.66/69	Rs.15,795,903.00 from the allocation allocated for purchasing of Armed tanks (APC-15) under the Pakistan credit scheme had been used for settling the bills of purchasing spare parts for the radar system under the transfers of FR.66/69 as per the approval of Ministry of Defence and the Ministry of Finance (Authority number 2022-2240000-BCUV-000000004)
b. <u>Advance payments</u> Although the outstanding loan balances of officers who had retired/deceased/vacated of post before recovering of loans of the Public Officers' Advance "B" Account and such loans should be recovered from the guarantors or heirs in cases where they cannot be recovered as stated in Section 4 of Chapter XXIV of the Establishment Code, a balance of Rs.8,267,831 had been existed for more than 5 years from 207 officers	a) <u>Arrears of loan balances due from deceased officers</u> The outstanding balance of Rs.311,077.50 as at 31.12.2022 due from the deceased officers existing for more than 5 years has been reduced to Rs.88,424.50 as at 30.06.2024. The outstanding balances as at 30.06.2024 are existing for more than 12 years and those balances brought forward continuously for a long period due to not taking necessary measures to recover (Recover from the guarantors or heirs) soon after such balances existed. Though letters had been sent to the addresses of those deceased persons and related Divisional Secretariats after checking the personal files kept in the office of Director – Civil Administration recently, intending to recover those outstanding balances, but response had not been received for the said letters. As approval had not also been granted to write off outstanding balances of officers who are retired and deceased as per Public Finance Circular No.01/2020, these loan balances for which any measure cannot be able to get recovered, said balances are only carrying forward in the account furthermore. (b) <u>Arrears of loan balances due from retired officers</u> The outstanding balance of Rs.291,569.52 as at 31.12.2022 due from the retired officers existing for more than 5 years has been reduced to Rs.98,411.52. Out of the he remaining balance of

	Rs.98,411.52 as at 30.06.2024 Rs.46,772.00 is due from two retired officers are recovered on installment basis. All the other outstanding balances are existing for more than 10 years and letters had been sent to the addresses taken from the personal files in the office of Director – Civil Administration and to the relevant Divisional Secretariats. In addition, as approval had not also been granted to write off these outstanding balances as per Public Finance Circular No.01/2020, these loan balances for which any measure cannot be able to get recovered, said balances are only carrying forward in the account furthermore. (c) <u>Arrears of loan balances due from officers who had vacated their posts</u> The outstanding balance of Rs.8,112,424.48 as at 31.12.2022 due from the officers who had vacated their posts existing for more than 5 years has been reduced to Rs.7,173,821.46 as at 30.06.2024. Further, a committee has been appointed on 13.02.2024 for waiving off the loan balances less than Rs.25,000/- related to the period from 01.01.1990 to 31.12.2018 from the Government Revenue soon after taking measures as per Public Finance Circular 01/2020. As per the recommendations of the committee the approval has been granted to write off the outstanding loan balance amounting Rs.455,126.69. In addition, the measures for waiving off outstanding loan balances less than Rs.100,000/- from Government Revenue as per Public Finance Circular 01/2024 are in progress.
d. <u>Non – Financial Assets</u> Though the approved value under F. R 109 for writing off the damages of 03 aircrafts was Rs.453,434,468, the written off value was Rs.368,179,200 which was less from Rs.85,255,268. As well, though the approved value for writing off under the damages for another aircraft was Rs.132,614,647, the value that had been written off was Rs.147,387,349 which was Rs.14,772,702 more	In respect of these 04 aircraft, the original cost of 04 aircrafts had been written off from non-financial assets. The estimated cost at the time of damage is shown under original cost in those 04 of forms under F. R. 109 submitted for writing -off. This problem had arisen due to not checking the value in the online computer system (CIGAS). However, as measures are taken to calculate losses and damages based on the value in the CIGAS) computer system such defects will not be occurred in the future.

5. Civil Security Department

Defects Identified by the Committee	Actions taken by the Institute to rectify the Defects and Current Progress
Part I	
1. Personal Emoluments Register/ Personal Emoluments Cards had not been updated and maintained.	The salaries of nearly 31,000 members of the Civil Security Department are prepared by a limited group of clerks, and although various measures are taken to manually maintain the personal emoluments Register/Personal emoluments cards, it is difficult to do in practice. As an alternative, the information has been computerized in Government Payroll System (GPS) and an IPR Report will be obtained for each member separately for the previous 12 months at the end of each year.
2. Register of Losses had not been updated & maintained	As of today, actions have been taken to update and maintain the Register of Losses properly.
3. Register of Risk was not maintained up to date basis.	I kindly inform that, the Risk Register has been updated and submitted in connection with the internal audit plan for the year 2022, and it was subsequently updated at the commencement of each fiscal year in accordance with the assessment of the extant risks.
4. Register on membership debtors, (C.C.10) was not maintained up to date basis.	Despite the fact that several methods were applied to manually maintain the advance register of Debtors (CC 10), the task had been difficult to continue due to a lack of staff. Alternatively, the advance register of Debtors (CC 10) has been prepared and updated in the computer-based format.
5. Copies of internal audit reports were not submitted to the Auditor General in terms of Financial Regulation 134(3).	The submission of internal audit queries to the Auditor General has been delayed, due to the crisis situation in the country by the year 2022. At present, necessary arrangements were taken to submit the softcopies of the Audit Queries through e-mail through the Audit superintend of the National Audit Office.
6. Information about purchases of assets and disposals relating to year 2018 had not	Required details about the purchases and the disposals of the Fixed Assets have been submitted to the Comptroller General's Department, compliance with the Paragraph 07 of the Asset

been submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017 of 26.06.2017.	Management Circular No. 01/2017, dated 26.06.2017 since year 2023.
7. The relevant reports had not been submitted to the Auditor General by the due date after conducting Board of Survey in accordance with F.R. 756 (6) within the time frame mentioned in paragraph 11.1 of Part 1 of Public Finance Circular No. 01/2020 dated 28.08.2020.	The submission of the Annual Board of Survey reports for the year 2022 had been delayed by several units. That the required actions have been taken to submit the Annual Board of Survey reports within the required time Frame, to the Auditor General from 2023.
8. Documents to confirm ownership of all vehicles were not in possession.	Currently, the department possesses 32 vehicles without possession confirmation certificates. Out of those vehicles, the documents required to take over 20 vehicles owned by other government institutions have been submitted to the relevant institutions and the transfer process is currently underway. Further, actions have been taken to obtain instructions from the Comptroller General regarding the taking over of the remaining 12 vehicles.
9. The emblem of the state had not been painted on all pool vehicles	The emblem of the state has already been painted on three vehicles and arrangements have been made to paint the emblem of the state on another 12 vehicles. Further, that the arrangements will be made to apply the state emblems on the remaining vehicles as well
10. Condemned vehicles had not been disposed of within a period of less than 8 months after condemning.	Since, the majority of the vehicles that are used by the Department, are confiscated by the court and transferred by the other Government Agencies, you are kindly informed that the condemnation procedure has taken more than eight months to complete. Nonetheless, starting from Year 2024, all the necessary actions

	have been taken to ensure that the condemnation procedure would be completed within the time specified by the Circular. According to the valuation report for the year 2022, the Tenders were called and most of the vehicle has already been sold, and a board has been appointed to identify the vehicles to be disposed of in the year 2024.
11. Balances that are revealed by the findings of Bank Reconciliation Statements & should be adjusted, had not been adjusted within a period of one month as per Financial Regulations.	There were instances of delay in dealing with the balances which were revealed by the findings of Bank Reconciliation Statements that should have been adjusted. However, as of now, the Financial Regulations are being followed according to the instructions given.
12. The balances in arrears exceeding 1 year had not been settled.	The Following actions have been taken to recover the outstanding loan balances for more than a Year. Necessary steps have been taken to recover the debt balances due from the deceased officers through their death gratuity and eleven individual debt balances have already been recovered. Necessary steps have been taken to recover the debt balances to be recovered from the retired officers through their retirement gratuity and six individual debt balances have already been recovered. Steps have been taken to recover outstanding loan balances from members' welfare funds, send letter of demands to guarantors, and send letter of demands to their personal addresses of officials who had vacated from their positions (VOP). Eleven outstanding loan balances have already been recovered from individual officers who vacated from their positions (VOP). The outstanding loan balances are currently being recovered from 28 officers who were reinstated.
13. The ad hoc sub imprests issued as per F.R. 371 had not been settled within one month from the completion of the task.	That all required actions have been taken to ensure that the settlement of Ad hoc sub imprests, is issued under the 371 of the Financial Regulation, is done within ten working days of the task being completed.
Part II	
01. A human resource plan drafted in keeping with the provisions of public administration Circular No	A human resource plan, only for Civil Officers, was developed in terms of Public Administration Circular No 02/2018 dated 24 January 2018 for the Year 2024.

02/2018 dated 24th January 2018 was not available.	That, the necessary instructions have been given to prepare a human resource plan for the year 2025 as per the provisions of the Public Administration Circular No 02/2018, by considering allocated provisions from the Budget, since there are around 31,000 Civil Security Officers working in the Department. That a capacity development plan has been prepared for the year 2024.
02. The human resource development plan that had been prepared, did not ensure at least a minimum training opportunity of not less than 12 hours per year for more than 50% of the member of the staff.	As a solution, by designating every Wednesday as a training day, a divisional level training programs had been initiated to improve the knowledge and skills of the Civil Security members with the assistance of resource persons within the department and outside. In addition, that the training opportunities are already identified in the Annual training plan will be provided to both Civil and Civil Security officers.
03. The audit opinion about the accounts of the institution had been a qualified opinion /disclaimed opinion/ an unfavorable opinion.	The audit opinion about the Accounts of the Department had been a qualified Opinion. However, the corrective measures have been implemented at the present to prevent the recurrence of deficiencies that have occurred over the years, by strengthening the prevailing Internal Control System.


V.K.H. Kolitha
 Chief Financial Officer
 Ministry of Defence
 Defence Headquarters Complex
 Sri Jayawardenepura
 Kotte

6. Department of Sri Lanka Coast Guard

Shortcomings identified/Instructions given by the Committee	Measures taken by the Ministry to address the shortcomings/ Current Progress.
Part I	
1. Up-to-date maintenance of personnel payroll register/ personnel payroll cards.	As personnel are seconded from the Sri Lanka Navy to the Sri Lanka Coast Guard Department, their monthly remuneration is paid by the Sri Lanka Navy. Therefore, this department does not update personnel payroll register/ personnel payroll cards
2. During the year under review, meetings of the audit management committee were not held as scheduled.	Audit Management Committee meetings could not be held in 2022 due to the Covid-19 pandemic situation and the struggling conditions in the country. Also, Audit and Management Committee meetings related to the first, second, third and fourth quarter of 2023 was held.
3. According to paragraph 7 of asset management circular no. 1/2017 dated 26.06.2017, the information about assets purchased and embezzled in the year 2018 was not submitted to the comptroller general's office.	A fixed asset register has not been maintained in the Sri Lanka Coast Guard Department until the year 2023, and a fixed asset register has been prepared, updated and maintained since January 01, 2023. Furthermore, by letter No. DGCG/LOG/12 dated August 06, 2024, arrangements have been made to submit the fixed asset register for the year 2023 to the Comptroller General's Office.
4. As per paragraph 13 of asset management circular no. 1/2017 dated 26.06.2017, an appropriate officer has not been appointed and informed to the comptroller general's office to coordinate the implementation of the provisions of the circular.	As a fixed asset register has not been maintained in the Sri Lanka Coast Guard Department until the year 2023, no suitable officer has been appointed to coordinate the implementation of the arrangements in accordance with the above circular, and by letter No. DGCG/LOG/10 dated 16 th January 2024, Lieutenant Commander (S) DMH de Silva has appointed as the officer and informed the Comptroller General's office.
5. Non-submission of daily running notes and monthly	Until now, the daily running logs and monthly summary reports for the existing vehicles in the Sri Lanka Coast Guard Department are being properly maintained and due to the shortage

summary reports for reserve vehicles to the auditor general.	of stationery in the country, additional copies are not being printed. However, if necessary the relevant daily running notes and monthly summary reports will be submitted to the Auditor General.
6. Necessary measures were not taken as per the provisions of the public accounts circular no. 30/94 dated 20.04.1994 regarding the foreign aid received by the institution.	Non-financial assets donated to the Sri Lanka Coast Guard Department have been included in the CIGAS system and submitted to the Treasury through a journal entry from the Accounts Department of the Sri Lanka Coast Guard Department.
Part II	
1. The organization had not identified sustainability objectives in terms of its scope.	The sustainable objective of this department is to ensure the security of the maritime zones and seas including the coastal areas and domestic waters belonging to Sri Lanka and it can be demonstrated through the following scopes. a. Prevention of illegal fishing in Sri Lankan waters and protection of fishermen including providing assistance at sea. b. Provide necessary support to Sri Lanka Customs and related agencies to combat smuggling of illegal goods and anti-immigration. c. Taking necessary measures to prevent or manage piracy at sea. d. To cooperate with law enforcement agencies and armed forces with the aim of suppressing terrorist activities in the maritime zone and Sri Lanka's domestic waters. e. Prevention of drug trafficking outside Sri Lankan waters. f. Ensuring the safety of lives and property in the sea. g. In the event of natural disasters, participating in life-saving operations, carrying out security operations and providing necessary support for vessel operations related to such disasters. h. Provide necessary support for marine and coastal environment conservation and protection. j. To take necessary measures to control, prevent and regulate marine pollution and other disasters at sea.

	k. Conservation of marine fauna and flora. m. Dissemination of information including warning by electricity or other means in case of natural calamities. m. Preventing the entry and exit of illegal immigrants and refugees into Sri Lanka and preventing the smuggling of drugs and psychotropic substances and the detection and seizure of contraband and weapons. n. Investigating and preventing illegal unreported and unregulated fishing activities. p. To prevent the unauthorized entry of foreign fishing vessels into Sri Lanka's coast and to engage in illegal fishing, arresting such vessels and initiating legal action. q. Providing assistance to ships in distress at sea and to persons recovered from such ships. r. Preventing and controlling the spread of oil spills that may occur at sea or in inland waters which may cause environmental damage. s. To perform such other duties as may be given or assigned to this department from time to time by the Government.
2. Targets to be achieved to achieve the identified sustainability objectives were not determined.	The sustainable objectives related to this department are related to national security such as ensuring the safety of the marine environment and enforcing the law on the coast of this country, and as such, the ways to act may differ as per event and it is deemed impractical to determine any direct goals due to the same. E.g. Reducing maritime disasters by 60% by 2025 ending drug trafficking at sea by 2030 etc.
3. Indicators were not specified to measure progress in implementing the identified sustainable development goals.	According to the above query 2, since clear goals cannot be determined, setting indicators to measure progress is also impractical. But in relation to each incident, this department has always made all efforts to carry out all the work required correctly and promptly without delay until the end of the incident.
4. Failure to prepare a properly prepared human resource plan as per the provisions of public administration circular no. 02/2018 dated 24 th January 2018.	Regular duty coast guard personnel of the Sri Lanka Coast Guard Department are assigned / transferred from time to time by the Sri Lanka Navy on a secondary basis as per the operational requirement. Therefore, it is not practical to fully maintain a human resource management plan according to the provisions of the State Administrative Circular No. 02/2018 dated January 24, 2018.
5. The human resource plan	During the year 2021, there were many cases of Covid-19

prepared did not guarantee training opportunities of at least 12 hours per year for more than 50 percent of the staff.	infections reported from different places all over Sri Lanka and in those cases the personal of the Coast Guard Department also had to be referred for quarantine. Due to this and various social distancing rules imposed in the country, the training conducted in groups was made limited as much as possible (even 50% of the staff couldn't be given at least 12 hours of training). Hence it is observed that only 50% of planned training programs could be completed in year 2021.
6. Performance contracts were not prepared and signed involving the entire staff.	As all the officers and sailors who are currently serving in the Sri Lanka Coast Guard Department are seconded from the Navy, their performance evaluation/ training and promotion should be done in accordance with the procedure followed in the Navy is done in that system, sailors' service results/performance are evaluated annually and semi-annually, and performance evaluations of all officers are conducted once a year, in the event of a change in the officer.
7. There was no senior officer nominated in the organization to prepare human resource development plans and implement capacity and skill development programs.	The senior officer serving as Director (Personnel and Administration) for Human Resource related functions and the Director (Training) for skill development and training functions have been appointed by the Director General of Sri Lanka Coast Guard through the memorandum of segregation of duties, Human Resource Management and skill development programs are conducted by the Director (Personnel and Administration) Captain (N) PS Paravithana, NRX 1295 of Senior Officer.
8. The number of training opportunities provided was less than 50% of the planned training opportunities.	With the gradual relaxation of the laws and regulations imposed in the country due to the Covid-19 pandemic, this department has again formalized the training activities according to Section 6.1 of the Public Administration Circular 2018/02 and in the year 2022, various local and foreign training courses Opportunities are given for 921 personnel belonging to this department. It is approximately 67% of the total workforce. And in the year 2023, 1137 personnel of the Coast Guard Department have been given the opportunity for such training, which is approximately 82% of the total workforce. And in the preparation of the annual training plan for the year 2024, it has been planned to provide training for more than 70% of the entire staff. Additionally various foreign training opportunities will also be availed for these personnel.
9. The audit opinion on the accounts of the company was adverse at subordinate level / implementation level.	In settling the advance account, the balances mentioned in the advance summary (SA/70) are not taken into account, and due to the generation of new needs based on the existing Covid-19 pandemic situation, the forecasts made for the year 2021 and the approved estimate cannot be used in the same way, and the recurring nature of bill settlement. Failure to properly identify

	expenses and capital expenses, account errors and failure to report liabilities properly led to adverse observations in the Auditor General's summary report. However it is informed that necessary steps have been taken to prevent such observations from occurring in the future.
--	--



7. Department of Meteorology

Shortcomings identified/Instructions given by the Committee	Measures taken by the Ministry to address the shortcomings/ Current Progress.
Part I	
1. Answers had not been sent to all the audit queries of the Auditor General within one month.	Answers have already been sent within one month to all the Audit Queries submitted by the Auditor General.
2. There had been instances where internal Audit Queries had not been answered within a period of one month.	Answers have been made to all the Internal Audit Queries within one month at presents.
3. Copies of Internal Audit Reports were not submitted to the Auditor General in terms of Financial Regulation 134 (3).	A permanent officer was not appointed for the post of Internal Auditor of this Section in the year 2022 and an officer had been appointed on acting basis. Only two Audit Reports have been submitted in the year 2022 and copies of the same had been mistakenly avoided to be sent to the Auditor General. However, you are kindly informed that copies of the Internal Audit Reports are being sent to the Auditor General properly at present.
4. The details of a suitable liaison officer appointed to coordinate the implementation of the provisions of the circular were not sent to the Office of Comptroller General in terms of Paragraph 13 of the Asset Management Circular No. 1/2027 of 26.06.2017.	An officer has been appointed to liaise in terms of the provisions of the Asset Management Circular dated 16.11.2023 and it has been informed to the office of the Comptroller General.
5. The relevant reports had not been submitted to the Auditor General on due date conducting Board of Survey in accordance with F.R. 756 (6) within the time frame mentioned in paragraph 11.1 of Part 1 of Public Finance Circular No. 01/2020 dated 28.08.2020.	The functions of the Boards of surveys of external offices could not be carried out on time due to lack of fuel prevailed in the year 2022 and they have been finalized at present.
6. The Emblem of the State had not been painted on all pool vehicles.	All vehicles have been painted the Emblem of the State at present.
7. There were balances of loans in arrears exceeding the period of one year.	Files have been sent to the Department of Attorney General on 09.02.2024 to take legal action against this officer regarding the non - settlement of loans.
8. All members of the staff had not been assigned duties in writing.	The officers concerned have been made aware to assign duties in writing at present.

Shortcomings identified/Instructions given by the Committee	Measures taken by the Ministry to address the shortcomings/ Current Progress.
Part II	
1. A methodology had not been formulated to monitor or evaluate the application of Citizen / Client Charter by the institution.	A methodology had been formulated to monitor / evaluate the application of Citizen / Client Charter by the institution at present.
2. A Human Resource Plan drafted in keeping with the provisions of Public Administration Circular No. 02/2018 dated 24th January, 2018 has not been prepared.	A Human Resource Development Plan has not been prepared for the year 2022 as per the relevant Format and a Human Resource Development Plan was available in the process of the Department carried out long-termly. Accordingly, Personnel have been provided with the training opportunities. However, the Human Resource Development Plan has been prepared as per the provisions of the Public Administration Circular No. 02/2018 dated 24 January, 2018 for the year 2024 by now.
3. The Human Resource Development Plan that had been prepared had not ensured at least a minimum training opportunity of not less than 12 hours per year for more than 50% of the members of the staff.	The Human Resource Plan was approved on 17-05-2024 for the year 2024. Accordingly, the existing number of staff in the Department at present is 347 and among them training opportunities not less than 12 hours have been ensured for 249 persons.
4. Out of the training opportunities planned, the extent of training opportunities granted, was less than 50%.	Action is being taken in a planned and formal manner in the year 2024 for Capacity Development and Training activities for all officers as per the Human Resource Plan 2024. The progress of the training Courses planned and conducted by 31-08-2024 are as Annexure - 01.
5. The audit opinion about the Accounts of the Institution had been a qualified opinion / disclaimed opinion / an unfavorable opinion.	Action has been taken to avoid this situation by now. The opinion about the Accounts of the institution is the 'qualified opinion'.
6. All officers had not submitted their Declarations of assets and liabilities.	All officers of the Department have submitted the Declaration of Assets and Liabilities for the year 2022.
7. Surcharges ordered to pay as per Financial Regulation 119 had not been recovered.	As action has been finalized in this respect, no need to get levied surcharges in terms of F.R. 119.


V.K.H. Kolitha
 Chief Financial Officer
 Ministry of Defence
 Defence Headquarters Complex
 Sri Jayawardenepura
 Kotte