



The Democratic Socialist Republic of Sri Lanka
First Session of the Tenth Parliament

Parliamentary Series No. 487

Fourth Report

of the

Committee on Public Accounts

(Examinations Conducted during the Period from
01.11.2023 to 26.01.2024)

Presented by Hon. Kabir Hashim, M.P.,
Chair of the Committee on Public Accounts on 06th March 2026

Ordered to be printed by Parliament of Sri Lanka on 06th day of March 2026

Presenting the observations regarding the report of the Committee on Public Accounts which were tabled in Parliament and the steps that were taken;

The Standing Order of Parliament 119 (4) stipulates as follows:-

“A report of the Committee on Public Accounts, once tabled in Parliament shall be referred to the Minister in charge of the subject of Finance and the Ministers in charge of the institutions and the respective Minister shall submit the observations and actions taken in that regard to Parliament within eight weeks, and also submit a statement of actions proposed to be taken with regard to the observations or if the Minister is of the view that particular recommendations may not be fulfilled, the Minister shall explain the reasons in writing and indicate alternative actions, the Minister proposes to take to ensure the proper usage of public finance. If the Committee requires, the Committee may invite the relevant Minister to explain the position in person and to answer the questions that arise as to such matters within eight weeks. When Parliament so decides, the report concerned may be referred to the Attorney-General for his observations and necessary action.”

Ninth Parliament – Fourth Session
Composition of the Committee on Public Accounts

(Within the period mentioned in the report)

1. Hon. Lasantha Alagiyawanna, M.P.(Chair of the Committee)
2. Hon. Mohan Priyadarshana de Silva, M.P., Attorney-at-Law
3. Hon. Prasanna Ranaweera, M.P.
4. Hon. K. Kader Masthan, M.P.,
5. Hon. (Dr.) Suren Raghavan, M.P.,
6. Hon. Diana Gamage M.P.,
7. Hon. Chamara Sampath Dassanayake, M.P.,
8. Hon. S. B. Dissanayake, M.P.,
9. Hon. Tissa Attanayake, M.P.,
10. Hon. Vajira Abeywardena, M.P.,
11. Hon. A. L. M. Athaullah, M.P.,
12. Hon. Kabir Hashim, M.P.,
13. Hon. Mano Ganeshan, M.P.,
14. Hon. (Dr.) Sarath Weerasekara, M.P.,
15. Hon. Wimalaweera Dissanayake, M.P.,
16. Hon. Niroshan Perera, M.P.,
17. Hon. J. C. Mr. Alawathuwala, M.P.,
18. Hon. Vadivel Suresh, M.P.,
19. Hon. Ashok Abeysinghe, M.P.,
20. Hon.. Buddhika Pathirana, M.P.,
21. Hon. Jayantha Ketagoda, M.P.,
22. Hon.. Sivagnanam Sritharan, M.P., (from 2023.04.25)

- Hon. Shanakiyan Rajaputhiran Rasamanickam, M.P.,
(until 2023.04.24)
23. Hon. Hector Appuhami, M.P.,
24. Hon. (Dr.) Major Pradeep Undugoda, M.P.,
25. Hon.. Isuru Dodangoda, M.P.,
26. Hon. Mrs. Muditha Prishanthi, M.P., (from 2023.03.07)
27. Hon. M. W. D. Sahan Pradeep Withana, M.P.,
28. Hon. D. Mr. Weerasinghe, M.P.,
29. Hon.. Weerasumana Weerasinghe, M.P., (from 25.04.2023)
Hon. Mr. Hesha Withanage, M.P., (until 24.04.2023)
30. Hon. Mrs. Manjula Dissanayake, M.P., (from 07.03.2023)
31. Hon. (Dr.) Ms. Harini Amarasuriya, M.P.,

First Session of the Tenth Parliament

Composition of the Committee on Public Accounts

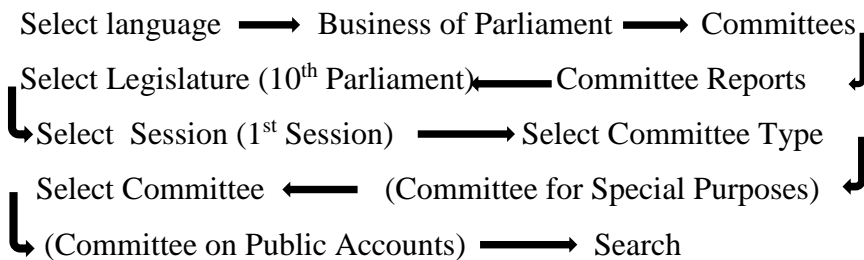
1. Hon. Kabir Hashim M.P., (Chair of the Committee)
2. Hon. Anton Jayakody, M.P.,
3. Hon. Major General (Rtd) Aruna Jayasekara, M.P.,
4. Hon. Sugath Thilakaratne M.P.,
5. Hon. Sundaralingam Pradeep M.P.,
6. Hon. Nalin Hewage M.P.,
7. Hon. (Dr.) M. L. A. M. Hizbullah M.P.,
8. Hon. Rohitha Abeygunawardhana M.P.,
9. Hon. J. C. Alawathuwala M.P.,
10. Hon. Chamara Sampath Dasanayake M.P.,
11. Hon. Hector Appuhamy, M.P.,
12. Hon. (Dr.) Kavinda Heshan Jayawardhana M.P.,
13. Hon. Kaveenthiran Kodeeswaran M.P.,
14. Hon. (Mrs.) Sagarika Athauda, Attorney-at-Law
15. Hon. Manjula Suraweera Arachchi, M.P.,
16. Hon. K. Ilankumaran, M.P.,
17. Hon. (Mrs.) Oshani Umanga, M.P.,
18. Hon. Ajantha Gammeddage M.P.,
19. Hon. Ruwanthilaka Jayakody, M.P.,
20. Hon. (Mrs.) Thushari Jayasingha, M.P., Attorney-at-Law
21. Hon. T. K. Jayasundara, M.P.,
22. Hon. M. A. M. Thahir, M.P.,
23. Hon. Susantha Kumara Nawarathna, M.P.,
24. Hon. Lal Premanath, M.P.,
25. Hon. Chanaka Madugoda, M.P.,
26. Hon. Sunil Rathnasiri, M.P.,
27. Hon. Dinindu Saman Hennayake, M.P.,
28. Hon. Chandana Sooriyaarachchi, M.P.,
29. Hon. Aravinda Senarath, M.P.,
30. Hon. (Dr.) Janaka Senarathna, M.P.,

Present Staff at the Committee Secretariat

- Mr. Sanath Wijegunawardhana - Committee Secretary
Assistant Director (Administration)
- Mrs. Rupasinghe DCS - Principal Officer
- Mrs. R.A.D.N. Geowanee - Assistant Principal Officer
- Mr. J.T.L.P. Sameera - Assistant Principal Officer
- G.D.J.H. Ayeshmanthy - Parliamentary Officer
- Mrs. G.M. Kallegoda - Parliamentary Officer

Committee Reports

Reports of the Committee on Public Accounts can be downloaded from **www.parliament.lk** by following the path shown below:



Contents

	Page No.
a. Chairman's Note	8
b. Concise Report	10
c. Special Observations	15
d. Main Issues Identified in Each Institution Examined During Examination and Observations, Recommendations/ Orders.....	16
e. Annexures	192
f. Index.....	193

Chairman's Note

I hereby present the second report of the Committee on Public Accounts, which includes the examinations conducted by the Committee on Public Accounts during the fourth session of the ninth Parliament from 01.11.2023 to 26.01. 2024. I would like to state here that the Committee on Public Accounts is paying more attention to guiding institutions to avoid past shortcomings in the future, as it is more effective to actively prevent inefficiencies while addressing the weaknesses identified during the post-audit process.

Accordingly, I would like to mention that at present, in parallel with the examination of public institutions by calling them to Parliament, the Committee on Public Accounts is also successfully carrying out the process of annual evaluation of all public institutions through the online information management system. I am of the opinion that this will enable the Committee's investigations to be carried out in a more up-to-date manner and will also provide an opportunity to identify the weaknesses and shortcomings existing in the institutions and guide them to correct them through timely and important policy decisions.

My long experience in working in Committees has convinced me that it is necessary to correct the shortcomings and errors identified in the examination of institutions, to enhance existing positive characteristics and trends, and to protect the dignity of public officials in conducting Committee meetings.

The success of the Committee on Public Accounts is the result of the cooperation of all stakeholders who contribute to it. Therefore, I gratefully appreciate the support provided to me by all members of this Committee, regardless of the fact they belong to the government party or the opposition, in the follow-up process on the proper implementation of the public finance mechanism.

Furthermore, I would like to state here that the Committee would like to express its gratitude and appreciation to the Auditor General and his staff, the officers of the Treasury, the Secretary General of Parliament and all the officers of the Office of the Committee on Public Accounts for their support in carrying out the work of the Committee efficiently, despite various challenges.

Kabir Hashim
Chair
Committee on Public Accounts

Concise Report

This report contains the matters discussed, explanations made by the Chief Accounting Officers, orders and recommendations made by the Committee in relation to the institutions examined by the Committee on Public Accounts during the fourth session of the Ninth Parliament.

Institutions examined by the Committee on Public Accounts from 01.11.2023 to 26.01. 2024 and / the time frames of the relevant Auditor General's reports.

	Institution	Period of the Auditor General's Report Considered / Progress in Implementation of Previous Committee Recommendations / Current Performance	Date of Examination
01	Department of National Community Water Supply	Progress and current performance in implementing the directives given at the meeting of the Committee on Public Accounts held on 11.08.2023	08 th November 2023
02	Department of Inland Revenue	Audit reports for the financial years 2019,	15 th November 2023

*Fourth Report of the Committee on Public Accounts in the First Session of the
Tenth Parliament of the Democratic Socialist Republic of Sri Lanka*

	Institution	Period of the Auditor General's Report Considered / Progress in Implementation of Previous Committee Recommendations / Current Performance	Date of Examination
		2020 and 2021 and the current performance	
03	Sri Lanka Customs	Audit reports for the financial years 2019, 2020 and 2021 and the current performance	17 th November 2023
04	Human Rights Commission of Sri Lanka	Audit Report for the Financial Year 2022 and the Special Audit Report on "Performance Evaluation of the Human Rights Commission of Sri Lanka in Fulfilling its Role"	21 st November 2023
05	Human Rights Commission of Sri Lanka	Audit Report for the Financial Year 2022 and the Special Audit Report on "Performance Evaluation of the Human Rights Commission of Sri Lanka in Fulfilling its Role"	27 th November 2023

	Institution	Period of the Auditor General's Report Considered / Progress in Implementation of Previous Committee Recommendations / Current Performance	Date of Examination
		Lanka in Fulfilling its Role”	
06	Ministry of Defence	Audit reports for the financial years 2020, 2021,2022 and the current performance	28 th November 2023
07	Department of Government Factory	Surpluses, Exceedances, Unauthorized Operating Losses of the Year 2022 and the Audit Report for the Year 2021	05 th December 2023
08	Department of Samurdhi Development	Review of the progress in implementing the recommendations made at the meetings of the Committee on Public Accounts held on 25.04.2023,26.05.2023. and 08.09 2023 and the Auditor General's Report for the year 2022	10 th January 2024
09	Department of Animal	Auditor General's reports for the financial years 2019, 2020 and	11 th January 2024

*Fourth Report of the Committee on Public Accounts in the First Session of the
Tenth Parliament of the Democratic Socialist Republic of Sri Lanka*

	Institution	Period of the Auditor General's Report Considered / Progress in Implementation of Previous Committee Recommendations / Current Performance	Date of Examination
	Production and Health	2021 and the current performance	
10	Department of Import and Export Control	Auditor General's reports for the financial years 2021 and 2022 and the current performance	23 rd January 2024
11	Ministry of Finance	Audit reports for the financial years 2021 and 2022 relating to the Ministry of Finance, Economic Stabilization and National Policies; the current performance of the said Ministry; and the current status of the meetings held on 17 th November 2023 with the Sri Lanka Customs, on 15 th November 2023 with the Department of Inland Revenue, and on 05 th October 2023 with the Department of Excise	24 th January 2024

	Institution	Period of the Auditor General's Report Considered / Progress in Implementation of Previous Committee Recommendations / Current Performance	Date of Examination
12	Public Service Commission	Auditor General's reports for the financial years 2021 and 2022 and the current performance	24 th January 2024

Special Examinations Conducted by the Committee

	Special Examinations	Date of Examination
01	Examining the current status of the non-financial asset management process in government institutions and the issues related to it	07 th November 2023
02	A review of the current performance, issues and improvements of the National Education Management Information System (NEMIS)	08 th November 2023

Special Observations

During the period under review, the Committee on Public Accounts observed the following common problems related to institutions.

- Absence of internal audit units and failure to duly hold audit and management committee meetings .
- Staff vacancies.
- Failure to provide responses to the recommendations of the previous Committee on Public Accounts within the prescribed time frame.
- Delay in collecting revenues due to the government on the due date.
- Misuse of government funds.
- Lack of proper coordination between institutions.

**Key issues identified in each of the institutions examined,
observations and recommendations**

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
<p align="center">Examination of the Current Status of the Non-financial Asset management Process in Government Institutions and the Issues Related to it</p> <p align="center">Date of examination – 07th November 2023</p>		
<p>Institutions summoned -</p> <ul style="list-style-type: none"> ❖ Ministry of Finance, Economic Stabilization and National Policies ❖ Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government ❖ Department of Government Valuation ❖ Department of the Comptroller General 		
01	<p>The Public Accounts Department made a computer presentation on the government's financial reporting methodology.</p>	

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>Accordingly, consideration was given to the lack of a direct link between the Statement of Financial Performance and the Statement of Financial Position, the failure to reflect assets built up through government borrowings in the Island Account, and the balance of the Net Assets Adjustment Account</p> <p>The amendments made to the restated financial statements submitted to the audit were also presented here.</p> <p>In particular, a policy will be</p>	

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>formulated for the classification of grants as recurrent and capital, and for accounting for income from the sale of state property, which is expected to be used in the Government's financial statements for the year 2024</p> <p>Policies will be formulated to account for capital provided to public enterprises as grants/aid/transfers in the government's financial statements with effect from the year 2024.</p>	
<p>02</p>	<p>The Committee noted, as a weakness, the</p>	<p>It was revealed before the Committee that, although there are problems of non-recognition of assets, assets in the Republic Account (Island Account)</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>lack of a clear explanation regarding how the assets generated from government loans, the funds used for training, and the funds used for consultancy services have been utilized. However, it expressed its appreciation for the appointment of the necessary committees to initiate the process of accounting for the government's non-financial assets and for commencing the relevant work in accordance with the directives issued by the Committee on Public Accounts on 13.09.2023</p>	<p>not being properly represented, and other accounting issues, the Auditor General has already submitted a report on the Island Account for 2022, and a programme is being prepared to minimize and rectify the issues identified in that account. Furthermore, it was discussed before the Committee that it is important to represent the loans obtained in the Republic Account (Island Account) as Equity and not as Grants. It was stated here that the exchange rate has an impact on the asset values related to foreign loans/grants in the asset calculation.</p> <p>The CAO/AO of the Ministry of Finance, Economic Stabilization and National Policies stated that a number of meetings have been held in this regard so far, and that attention was focused on two main issues in the said meetings. Accordingly, the CAO/AO of the Ministry of Finance, Economic Stabilization and National Policies further stated that it has been decided to identify the purpose for which the loans obtained by the government will be allocated and point out this to the users of the Republic Account (Island Account) in a disclosure note, and that discussions are underway to determine whether the policy to be used for this purpose is Capital Grant/Equity Transfer.</p> <p>The CAO/AO of the Ministry of Finance, Economic Stabilization and National Policies further stated that it is expected to prepare the Republic Account (Island Account) of the year 2024 using a completely accurate methodology.</p>

	Main points discussed	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO)</p> <p>- Observations and Recommendations of the Committee</p>
		<p>The Committee also emphasized that the policies currently being formulated need legal enforcement to ensure that correct methodologies are followed in government accounting in the coming years.</p>
<p>National Community Water Supply Department (Progress in implementing the directives given at the meeting of the Committee on Public Accounts held on 11.08.2023 and the current performance) Date of Examination - 08 November 2023</p>		
<p>Institutions summoned -</p> <ul style="list-style-type: none"> ❖ Ministry of Water Supply and Estate Infrastructure Development ❖ Department of National Community Water Supply 		
01	<p><u>Statement made by the Accounting Officer of the National Community Water Supply Department at the meeting of the Committee on Public Accounts held on</u></p>	<p>Following the statement made by the Accounting Officer, the Auditor General stated that his officers were deployed to re-inspect the 174 water projects and to obtain relevant information, and that this inspection further confirmed the accuracy of the information contained in his report. The Auditor General further stated that the report prepared by the Chief Accounting Officer, based on information obtained through the Divisional Secretaries in accordance with the recommendation made at the meeting of the Committee on Public Accounts of</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p><u>11.08.2023 to the effect that the facts included in the Auditor General's report are not correct</u></p>	<p>the previous Government, also confirmed that water is currently being supplied by only 8 out of these water projects.</p> <p>The Auditor General stated that no one can challenge the reports submitted by the Auditor General in accordance with the powers conferred by the Constitution, that the work of the Public Accounts Committee of Parliament is carried out based on the Auditor General's reports, and that action should be taken against the relevant Accounting Officer for misleading Parliament.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer (CAO) to conduct a formal examination about the Accounting Officer's statement and submit its report to the Committee before 30th November 2023. The Committee stated that the further action to be taken in this regard will be decided after studying the report.</p> <p>The relevant report has been submitted by the Secretary to the Ministry of Water Supply and Estate Infrastructure vide letter No. FIN/01/01/16 dated 2024.02.14.</p>
02	<p><u>Failure to prepare the Bill related to the establishment of the Department</u></p>	<p>The Committee pointed out that although almost 10 years have passed since the establishment of the National Community Water Supply Department in accordance with a Cabinet decision made in the year 2014, the Department has failed to present a</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>draft bill to Parliament regarding this Department. The Committee was of the view that it is difficult to carry out proper supervision of community-based organizations without formulating laws related to the Department.</p> <p><u>Recommendations</u></p> <p>The Committee recommended that the Chief Accounting Officer (CAO)/Accounting Officer (AO) shall submit a report to the Committee, before 08.12.2023, including the dates of referral of the draft Bill to the Legal Draftsman’s Department, submission of it for approval by the Cabinet, referral of it to the Attorney General’s Department, and submission of it to Parliament.</p> <p>Accordingly, it is expected to:</p> <ul style="list-style-type: none"> • obtain the approval of the Legal Draftsman’s Department for the draft Bill within two weeks; • obtain Cabinet approval within four weeks; and • forward it to the Attorney General's Department within two weeks after Cabinet approval.
<p>03 .</p>	<p>The Committee observed that the number of Community-</p>	<p>The Chief Accounting Officer (CAO)/Accounting Officer (AO) stated that, although the total number of Community-Based Organizations registered with the National Community Water Supply Department from 2014 to 2023 is 5,383, some of these</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>Based Organizations registered with the National Community Water Supply Department as at 30th June 2023 was 5,383. However, as at 31st October 2023, that number had declined to 4,232. Accordingly, the Committee inquired into the reasons for this significant decrease in the number of registered societies during the said period</p>	<p>organizations have not commenced water projects due to various constraints, including the non-receipt of funds and difficulties relating to water sources.</p> <p>The CAO/AO further stated that, at present, approximately 3,900 Community-Based Organizations are active, while about 305 Community-Based Organizations remain inactive.</p> <p><u>Recommendations</u></p> <p>The Committee pointed out that if registered organizations that are currently inactive and have not initiated water projects misuse their registration certificates and engage in various irregularities, the National Community Water Supply Department will have to bear the responsibility for it. Therefore, the Committee recommended to the CAO/AO to identify such organizations and cancel their registration.</p>
04	<p>The Committee contacted officials from several</p>	<p>The Officer in Charge of the Regional Office in Kurunegala District stated that, out of 589 registered community-based water projects in the</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>districts via Zoom to obtain information on the Community-Based Organizations operating in each district and to inquire into the issues affecting the implementation of water supply projects.</p>	<p>district, 404 projects are currently active. He further stated that, of the 185 inactive projects, the majority relate to organizations that were registered in anticipation of implementing water projects but have not commenced operations due to the non-receipt of funds and other related constraints</p> <p>It was revealed that 160 projects have been registered in Monaragala District and while 149 projects have been registered in Gampaha District, of which 145 and 117 projects are currently active, respectively. The AO further stated that the reduction in the number of organizations in Gampaha District is attributable to certain Community-Based Organizations having been affiliated with the National Water Supply and Drainage Board.</p> <p>The Officer-in-Charge of the Ratnapura Regional Office stated via Zoom that approximately 70% of the drinking water needs of the people in the Ratnapura District are met through 503 community water projects.</p> <p>The Committee, which expressed its appreciation for the progress made in the community water supply process in the Ratnapura District, emphasized that the projects for which the government has provided funds should be subject to</p>

	Main points discussed	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>continuous monitoring and that an appropriate mechanism should be developed for such monitoring.</p>
05	<p><u>Securing the community based concept</u></p>	<p>The Committee noted that the Water Supply and Drainage Board has taken steps to provide water supply to certain rural areas where community based water projects were successfully operating, resulting in the closure of community water projects in those areas.</p> <p>The committee also noted that since the community-based concept is a very good concept, the Ministry of Water Supply and Estate Infrastructure Development should take action regarding the implementation of water projects with proper coordination between the Department of National Community Water Supply and the Water Supply and Drainage Board in a manner that ensures the protection of the concept.</p> <p>The CAO stated that when the areas where community water projects are implemented, are covered by the Water Supply Board at some point, those projects should be transferred to the Water Supply Board. It was also stated that the Water Supply Board uses the same pipe system used to supply water to the community under the Community Water Project. The CAO also stated that an agreement has been reached with the Water Supply Board to start community water projects only in areas where the Water Supply and Drainage</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>Board is unable to provide water supply for at least a period of 10 years.</p> <p><u>Recommendations:</u></p> <p>The Committee pointed out that proper regulation is needed to protect community-based organizations, which comprise of valuable financial and physical assets, and emphasized that the necessary legal provisions for this should be included in the Department of National Community Water Supply Bill which has been drafted at present.</p>
06	<p>The Committee pointed out that the “Committee Report on Payment of Rs. 14.4 Million for Unexecuted Works and Works Performed in Violation of Bid Documents” submitted in accordance with the recommendation made at the Public Accounts</p>	<p>The Committee recommended the CAO/AO to re-examine this matter and submit a report to the Committee within one month (before 2023.12.08) detailing the officers involved in these activities and the disciplinary action taken against those officers.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>Committee meeting held on 11.08.2023, has not disclosed the names of the officers who have acted in violation of the provisions of the Financial Regulations, and has not made any recommendations regarding disciplinary action to be taken against them.</p>	
07	<p><u>Absence of an internal auditor in the Department of National Community Water Supply.</u></p>	<p>It was revealed before the Committee that the Department had not recruited an officer for the Internal Auditor post approved for the Department of National Community Water Supply from the beginning, and as a result, the internal audit activities of this Department were not being carried out properly.</p> <p>Furthermore, it was revealed that an officer appointed by the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government to cover the duties of the Internal Auditor post had been appointed to the post of Accountant at the discretion of the Accounting Officer.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p><u>Recommendations</u></p> <p>This was discussed at length and the Committee recommended the Chief Accounting Officer (CAO) to inquire from the Secretary to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government regarding the possibility for the Chief Internal Auditor to appoint an Accountant and to submit a report to the Committee as well.</p>
<p>08</p>	<p><u>Conducting water quality tests in community water projects</u></p>	<p>It was also revealed that 17 mobile test kits have been provided to test water quality under the Water Supply and Sanitation Improvement Project (WASSIP) implemented under the World Bank loan assistance. It was revealed in the committee that these test kits are currently in the custody of the Department of National Community Water Supply and that the value of each test kit is about Rs. 10 million.</p> <p><u>Recommendations</u></p> <p>The Committee recommended that the Chief Accounting Officer (CAO) submit a full report to the Committee before 24th November 2023, including the following: What equipment was provided for sanitation activities under this project; What was their cost; What the current status of the equipment is and as to who is in charge of their maintenance.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		The relevant report has been submitted by the Secretary to the Ministry of Water Supply and Estate Infrastructure vide letter No. FIN/01/01/16 dated 24.11.2023.
09	<u>Holding meetings with district and regional offices</u>	The committee stated that the Department of National Community Water Supply should hold meetings with the district offices at least once a month, and instructed the district offices to also involve the regional offices in this.
Re-examination of the current performance, issues and improvements of the National Education Management Information System (NEMIS) Date of examination - 08 November 2023		
Institutions summoned - ❖ Ministry of Education ❖ Information and Communication Technology Agency (ICTA) ❖ University of Moratuwa		
01	<u>Current Status of the National Education Management Information System (NEMIS)</u> The Committee, which pointed out that the use of a formal information system can greatly	The CAO/AO of the Ministry of Education stated that discussions were held with the University of Moratuwa and the Information and Communication Technology Agency on this data system on several occasions after the meeting of the Committee on Public Accounts held on 07.07.2023. Explaining the current status of this data system, the professors of the University of Moratuwa stated that this data system consists of four parts: database, data management system (dbms), application system and web server system that provides the facility for officers to connect to the data system via

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>assist in the administrative work of schools, inquired about the progress of utilizing the National Education Management Information System (NEMIS) for the work of the school system in Sri Lanka..</p>	<p>the internet, and that in addition to the nine modules that were initially agreed to be developed, 09 more modules were developed according to the needs that arose during use. They also stated that since the SQL Server 2017 Enterprise Edition software used to prepare the database when the NEMIS data system was released for use in 2017 is not currently receiving security updates, it is not suitable for use in a system with public access, which is a current requirement.</p> <p>The CAO of the Ministry of Education stated that Huawei will provide a software platform for the data system in the future with Chinese assistance, and that work is underway to identify the needs and prepare proposals for developing the data system in collaboration with the Huawei Research Laboratory of the University of Moratuwa. Professors from the University of Moratuwa pointed out that there is also a need to update the data in the system, and stated that this new software platform should be approached with a long-term plan that includes work plan updates and technical improvements to implement the data system on the new software platform in line with current needs.</p>
<p>02</p>	<p><u>Issues related to entry and updating of data in the NEMIS data system</u></p>	<p>The CAO/AO stated that the teachers’ data entry for the NEMIS database is done by the officers in charge of the teachers’ personal files in the Zonal Education Offices and that the updated information of about 220,000 teachers is currently available in the system, and that the information can be accessed</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>The Auditor General pointed out that out of the nine modules in the NEMIS data system, only the general reporting module is currently being used, and that a data category called 'Not specified' is being displayed due to data entry errors by the regional offices.</p> <p>It was revealed at the committee meeting that data systems have been prepared at the provincial level due to the NEMIS system not being implemented properly, and therefore data entry at regional offices has had to be repeated.</p>	<p>through the system according to the teachers' subjects and districts. The CAO/AO stated that the teachers who were recently promoted as principals are removed from the system and the work of updating the database is currently being done through the Zonal Offices. The CAO/AO stated that there are delays and errors in data entry by the Zonal Offices due to deficiencies in the relevant equipment and network connections.</p> <p>The professors of the University of Moratuwa said that initially, the system had a self-service facility for teachers to enter their information, but due to practical problems, the facility was removed as per the instructions given by the Ministry of Education and the system was adjusted so that data can be entered only by the regional offices. The committee inquired about the functional status of each module of this system and the professors stated that the modules are in a functional state. They also stated that they expect to update the hardware components of the existing system with the assistance of Huawei since the capacity and memory of the existing hardware is not sufficient for software updates.</p> <p>The Committee expressed its displeasure that the NEMIS system has not been properly implemented as a complete data system even after a long period of time.</p> <p>The Committee inquired whether there is a possibility for the zonal offices to complete the incomplete data until the expected hardware upgrade for the NEMIS system is carried out, and</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>professors from the University of Moratuwa stated that it can be concluded that this could be done by the officials of the Ministry without providing public access.</p> <p>The CAO/AO also stated that 4 meetings were held with the Deputy Directors of 100 Zonal Education Offices via Zoom technology to assess the progress of updating data in the NEMIS system and targets were set to be completed by 15 October 2023. However, the CAO/AO further stated that there are Zonal Offices that have not yet completed the work, and that information on data that has not been updated will be obtained through a census report four times a year and sent to the Zonal Offices to update them.</p> <p><u>Observations/Recommendations</u></p> <p>The Committee also observed that there is a discrepancy between the number of teachers shown in the database and the number of teachers to whom salaries are paid, due to the failure to update the data properly.</p> <p>The Committee also instructed the CAO/AO to complete the work of updating the database by March 2024..</p>
<p>03</p>	<p>Utilization of the NEMIS data system in policy and</p>	<p>The CAO/AO stated that information such as the retirement date of teachers, the number of teachers per subject/medium, the number of teachers in each teaching grade can be obtained through this data system, but that salary-related data required for</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	administrative decision-making. The Committee inquired into how the Ministry of Education is currently utilizing this data system in policy and administrative decision-making.	preparing the Ministry's budget cannot be obtained through this system.
04	<u>Future plans for updating the NEMIS system</u>	<u>Observations/Recommendations</u> The Committee instructed the CAO/AO that it would be appropriate to inform the Provincial Education Secretaries and Provincial Education Directors about the programme of the Ministry of Education regarding the NEMIS system and provide them with access to the data system, and that the responsibility for the data system's functions should be placed under an Additional Secretary and that all zonal offices and provincial offices should be brought together through Zoom technology and its progress should be reviewed regularly. The committee directed the CAO/AO to report to the Committee, once every two weeks, on the progress of the NEMIS data system update program, which is being implemented by a committee comprising officials representing the

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>Ministry of Education, the University of Moratuwa and the Information and Communication Technology Agency (ICTA).</p> <p>The Committee recommended the CAO/AO to submit a preliminary report to the Committee within 03 weeks, including all the information on the modules and technical requirements of the existing NEMIS data system, the dates and times of completion of the hardware requirements, and the time frame for completing the existing deficiencies in the system.</p> <p>The Committee stated that all Provincial Directors and Zonal Directors should be involved in the work of updating the data system and that meetings should be convened at least twice a month to review its progress..</p> <p>The Secretary to the Ministry of Education, in his letter No. ED/14/DMISD/21/08 dated 2024.02.08, has submitted a report prepared by the relevant Steering Committee on the system and further information regarding the inception of this information system, the issues and improvements related to the current status, and has also informed that attention has been paid to developing a new updated system that is suitable for the current needs. Furthermore, the Secretary to the Ministry of Education, in his letter No. ED/05/90/Audit/COPA/2024 dated 2024.03.04, has</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>reported the current status along with the notes of the discussions held in this regard up to 2023.12.22.</p>
05	<p><u>Shortcomings in the system for awarding marks for remote service periods when admitting children of academic staff to grade one in schools</u></p> <p>The Committee observed that there are shortcomings in the process of awarding marks to academic staff for working in remote schools when admitting children to grade one of schools, and that there are no clear criteria for determining remote schools.</p>	<p>The CAO/AO stated that the classification of schools based on facilities is carried out in accordance with the provisions of the Circular No. 2005/01 of the Ministry of Education</p> <p><u>Observations</u></p> <p>The Committee was of the opinion that the distance from the area of a teacher’s residence to the school where he/she works should also be considered for remote service according to the classification of schools.</p> <p>The Committee observed that there is a problematic situation regarding the application of the definition of ‘remote schools’ and inquired as to how the definition of ‘remote schools’ should be in relation to a person whose permanent residence is in a remote area. The Committee pointed out that the circulars applicable to the classification of schools should be updated and it would be appropriate to appoint a committee for that purpose.</p> <p>The Committee also drew attention to the practical problems arising from the employment of teachers in remote schools far from their areas of residence, and the CAO/AO stated that such appointments are made due to the disparities in representation according to provinces in the recruitment of teachers. The CAO/AO also stated that it is expected to minimize these problems by introducing solutions such as granting powers to</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>school boards to appoint teachers under the new education reforms in the future and appointing retired teachers to temporarily replace teachers on maternity leave.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the CAO/AO to discuss with the Minister of Education on defining remote schools and report to the Committee by 31 January 2024.</p> <p>In the letter of the Secretary to the Ministry of Education No. ED/05/90/Audit/COPA/2024 dated 2024.03.25, it is reported that the Secretary to the Ministry of Education has issued Circular No. 01/2024 on 2024.01.29 entitled “Classification of Schools for the Regularization of Recruitment, Placement and Transfer of Academic Staff in Schools”, and that the Provincial Education Officers will award marks to all schools in their province in accordance with that circular and submit the relevant documents to the Ministry of Education. After that, the committee appointed to designate remote schools will review the school records of all the nine provinces for the next 03 years and determine the minimum marks for each type of school, after which the classification of schools is to be announced.</p>
06	<p><u>Issues regarding the scoring procedure of</u></p>	<p>The CAO/AO stated that it is appropriate to provide equal opportunities to all officers in order to prevent division of duties among officers in the recruitment</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p><u>interviews for the recruitment of principals</u></p> <p>The Committee, having drawn attention to the Audit Query No. EDU-A-MOE-2022-05 dated 07.03.2023, referred to the Ministry of Education regarding the interviews for the recruitment of principals to national schools, inquired whether special marks should be given during the interviews for the recruitment of principals, to applicants who have previously served in schools.</p>	<p>of principals. The CAO/AO further stated that the Public Service Commission has instructed everyone to be given marks considering their seniority in the interviews for the recruitment of principals. However, the CAO/AO further stated that since a group of officers with experience in the relevant work should be appointed to schools, it is appropriate to give some consideration to the periods served in the posts of Deputy Principal and Principal in the awarding of marks in these interviews, and that a decision will be taken after discussing with the Minister in charge of the subject, and a request is expected to be made to the Public Service Commission for this purpose.</p> <p style="text-align: center;"><u>Observations/Recommendations</u></p> <p>Since officers attached to departments other than schools are given special foreign training opportunities for the functions of those departments, the Committee was of the opinion that it would be more appropriate to appoint such officers to the posts of Deputy or Assistant Principals and after engaging in duty for a certain period, to appoint them to the post of Principals and to make appointments in proportion to the classification of schools.</p> <p>The Committee recommended the CAO/AO to submit to the Committee a report containing the facts stated regarding the marking system used in the recruitment of Principals while giving the</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>decision in the case regarding the recruitment of Principals to National Schools.</p> <p>It has been reported in the letter No. ED/05/90/Audit/COPA/2024 dated 28.03.2024 of the Secretary to the Ministry of Education that no marks were given for the period of service as a Principal in the interviews held in the years 2019, 2020, 2021 and 2023 regarding promotion to Grade I of the Sri Lanka Educational Administrative Service, and that a maximum of 20 marks have been allocated for service experience in the posts of Deputy Principal/Principal as per the new marking scheme approved through the letter No. ESC/APP/SLEAS/04/64/2023 dated 15.02.2024, and a copy of the decision of the case No. SC/FR/126/2022 has also been submitted.</p>
<p>07</p>	<p><u>Payment of water, electricity and telephone bills in schools</u></p> <p>The Committee inquired into the manner in which water, electricity and telephone bills are paid in schools.</p>	<p>The CAO/AO stated that the government does not pay the water bills of provincial schools and national schools, and that in 2022, a Cabinet paper jointly submitted by the Ministry of Water Supply and Estate Infrastructure Development and the Ministry of Education, where approval was obtained for proposals such as the government paying the cost of water usage under the criteria of considering that each student consumes 20 liters of water per day and conducting school for 20 days per month, and the cost exceeding that amount to be</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>paid by School Development Societies, and providing one water connection free of charge.</p> <p>The Committee drew attention to the possibility of installing solar panels on the roofs of schools, and the CAO/AO stated that in a meeting held with the Ministry of Science and Technology about a fortnight ago, a steering committee has been appointed involving the Sri Lanka Sustainable Energy Authority, the Electricity Board and the relevant ministry to conduct a feasibility study for installing solar power systems in 3000 schools.</p>
08	<p><u>Delay in preparing the school calendar for the year 2024</u></p> <p>The Committee drew attention to the fact that principals have not yet been able to prepare the school calendar for the year 2024.</p>	<p>The CAO/AO stated that since the dates for the GCE Ordinary Level and Advanced Level examinations have been decided, it is possible to prepare school calendars including school sports events, prize distribution ceremonies, etc., and that schools will be informed about this by the next week. The Committee instructed the CAO/AO to take steps to inform the principals in this regard through a circular.</p>
<p>Department of Inland Revenue</p> <p>(Audit Reports for the Financial Years 2019, 2020 and 2021 and Current Performance)</p>		

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
<p>Date of Audit - 15 November 2023</p>		
<p>Institutions summoned - ❖ Ministry of Finance, Economic Stabilization and National Policies ❖ Department of Inland Revenue</p>		
<p>01</p>	<p>The Inland Revenue Department made a computer presentation analyzing data on the tax revenue collection of the Inland Revenue Department for the past 5 years and this year so far.</p> <p>The presentation included the types of taxes administered by the Inland Revenue Department, (direct taxes and indirect taxes separately), estimated revenue and revenue</p>	

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>collection (2018-2023), total value added tax (2018-2023) contributed by the Inland Revenue Department to the state tax revenue and gross domestic product (2018-2023), total income tax (2023), total of various tax types by type of taxpayer, outstanding tax revenue (2023), monthly tax revenue performance-2023 and tax revenue on each tax type 2018-2023, etc.</p> <p>Accordingly, the following have been pointed out; there are 11 types of taxes administered under the</p>	

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>Commissioner General of Inland Revenue; the Inland Revenue Department contributes nearly 50% of the total government tax revenue and tax revenue has decreased due to changes in tax policy in the past few years; as of 31.10.2023, the amount of individual and partnership tax has decreased due to the payment of PAY As You Earn (PAYE) tax and the total estimated tax revenue has not been collected in excess of the total tax revenue; the Value Added Tax (VAT) has</p>	

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>decreased from 2019 to 2022 due to the increase in the tax threshold and the reduction in tax rates, and</p> <p>that 78.78% progress has been made as of November 2023 against the revenue target of about Rs. 1667 billion according to the total tax revenue collection estimate for the year 2023.</p>	
02	<p><u>Receipt of VAT revenue by the Inland Revenue Department</u></p>	<p>The Committee drew its attention to the issue of whether it can be ensured that the VAT collected from the customers by many business establishments is properly received by the Inland Revenue Department.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the AO/CAO of the Ministry of Finance, Economic Stabilization and National Policies to make some intervention in this regard and to prepare a suitable programme in consultation with the company that import the machines to Sri Lanka so that the relevant data can</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>be obtained by the Inland Revenue Department through the PoS machines (Point of Sale) used by those business establishments in order to enable the Department to prepare a methodology for calculating the VAT collected from the customers.</p> <p>It has been informed through the letter No. MF06/4/IRD/COPA/2023 dated 2024.01.04 of the Deputy Secretary to the Treasury of the Ministry of Finance, Economic Stabilization and National Policies that there are nearly 20 institutions importing POS machines to Sri Lanka and that the services they provide are not the same, and has requested that a period of 3 months be granted to them to conduct separate discussions with those institutions to check whether their customers are registered for VAT and are within the VAT tax threshold and also to study how POS machines are used in other countries.</p>
03	<u>Outstanding tax</u>	<p>It was revealed before the Committee that the amount of outstanding taxes and fines as at 30th June 2023 was Rs. 943,003,334,758/-, and that there is the risk that it will not be possible to recover to the government the outstanding taxes and fines of Rs. 22,184,676,544/- out of the value added tax and fines of Rs. 33,265,432,575/- as per the Legacy computer system as at 31.12.2022.</p>
04	<u>Dishonoured cheques</u>	<p>As cheques get dishonoured when paying taxes by cheques, it was recommended at the previous meeting of the Committee that bank drafts be used</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>as an alternative method for paying taxes, and it was revealed that there are dishonoured cheques worth nearly Rs. 210 million that is outstanding as at 30th June 2023. The Committee also inquired about the legal action that will be taken against persons who send dishonoured cheques.</p> <p>The CAO/AO stated that a committee has been appointed in the Inland Revenue Department to study the issue of dishonoured cheques. The CAO/AO further stated that, when taxes are paid by cheques, the money is credited to the account of the Commissioner General of Inland Revenue through People's Bank and Bank of Ceylon, and that initially, only People's Bank credited the cheques received in this manner to the account of the Inland Revenue Department after the cheques have been cleared, but after the required rectifications, from August 2023, the Bank of Ceylon, too, has been crediting the money to the account of the Inland Revenue Department after the cheques have been cleared.</p> <p>Moreover, the CAO/AO stated that the taxpayers who give more than 3 dishonoured cheques will be blacklisted and their names will be published on the website of the Department, and that, since the officials of the Department then become aware of such taxpayers, steps can be taken to prevent such individuals from paying taxes by cheques.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p><u>Recommendations</u></p> <p>The Committee recommended to the CAO of the Ministry of Finance, Economic Stabilization and National Policies to discuss with the Central Bank the possibility of using bank drafts as a solution to the issues that arise due to cheques getting dishonoured when paying taxes to the Department of Inland Revenue by cheques and to take necessary action accordingly.</p> <p>It has been informed by the letter No. MF06/4/IRD/COPA/2023 dated 08.01.2024 of the Deputy Secretary to the Treasury of the Ministry of Finance, Economic Stabilization and National Policies that the Department of Legal Affairs has observed that, if it is decided that taxes should not be paid to the Department of Inland Revenue by cheques, it should be done through a regulation enacted under the Act or by amending the Act.</p>
	<p><i>Revenue Administration Management Information System (RAMIS)</i></p>	<p>The CAO/AO stated that RAMIS 2.0 (Version) has already been implemented, that the income tax return process for the assessment year 2018-2019 can be done through this system, and that making the necessary developments in the system for the next 3 assessment years are expected to be completed by December 2023.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>It was revealed before the Committee that 06 institutions have already been linked to the RAMIS system and that it has been unable to link the Department of the Registrar of Companies to this system due to certain technical obstacles encountered in linking that Department to the system.</p> <p>It was stated at this point that it is not possible to link the RAMIS system to the system of the Department of the Registrar of Companies due to a problem with the number of characters used when registering companies in the e-ROC system of the Department of the Registrar of Companies. It was revealed that there is a limit of 40 characters for entering the address in the RAMIS system.</p> <p>It was stated at this point that the number of characters will be increased to 60 in RAMIS 2.0 version of the Inland Revenue Department.</p> <p>The Chairperson of the Technical Committee that has been appointed regarding the RAMIS System stated that, due to this issue with the Department of the Registrar of Companies, the report of their Committee has also been delayed. When the Committee inquired about which system should be changed when linking the RAMIS system and the system of the Department of Registrar of Companies, the relevant parties pointed out that it would be easier and more appropriate to make the</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>relevant changes in the e-ROC system. It was suggested that, if the system of the Inland Revenue Department is changed, it will affect many institutions, and therefore appropriate changes should be made to the system of the Department of the Registrar of Companies so that it becomes compatible with the RAMIS system. The Committee directed that the Department of the Registrar of Companies should include an additional field/space for entering the address in the system and the Inland Revenue Department should increase the number of characters in its system to 60.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Registrar of Companies to submit to the Committee before 31.12.2023 a report detailing the steps that should be taken by the Department of the Registrar of Companies to make the necessary changes in its data system in order to link it with the Revenue Administration Management Information System (RAMIS) of the Inland Revenue Department along with the timeframe required for completing the coordination between the two departments and also the costs involved.</p> <p>The Committee recommended to the CAO/AO of the Ministry of Finance, Economic Stabilization</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>and National Policies to make the necessary interventions to link the system of the Registrar of Companies to the RAMIS system of the Inland Revenue Department and to submit a comprehensive report on the same to the Committee before 01.12.2023.</p> <p>The Committee directed the Chairman of the Technical Committee 1 that has been appointed by the Committee on Public Accounts regarding the RAMIS data system to submit to the Committee on or before 01.12.2023 its report containing its recommendations for the implementation of the RAMIS data system.</p> <p>Further, It was also stated that the contract for the maintenance of the RAMIS data system expires on 31.02.2024, and that the Inland Revenue Department does not have the required resources to fully carry out the maintenance of the system.</p> <p>The CAO/AO stated that necessary steps will however be taken to further extend this maintenance contract and that discussions were underway on possible measures to be taken if such extension is not possible.</p> <p>i. It has been informed by the letter No. ARGC/Miscellaneous/2023 dated 08.01.2024 of the Registrar General of Companies that, since the IRD had not agreed to increase the number of characters in the address line to 90, the number of characters in the address line of</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>the system of the Department of the Registrar of Companies has been reduced to 60 and the number of lines for the address in that system has been increased to three.</p> <p>ii. As per the letter No. MF06/4/IRD/COPA/2023 dated 04.01.2024 of the Deputy Secretary to the Treasury, eROC system of the Department of the Registrar of Companies and the RAMIS system of the Inland Revenue Department have been technically linked, and the applicant can obtain a Taxpayer Identification Number when registering a company. However, due to the differences in the fields provided for the address in the relevant systems, there are situations where a TIN number cannot be issued for some companies due to non-validation of the data sent by the eROC system and incompatibility with the correct specifications. As decided at a meeting that was held on 18.08.2023 regarding this matter, steps have been taken to insert an additional line for the address field in the eROC system and to increase the number of characters in the RAMIS system from 40 to 60. It has been informed that a user test will be conducted later and this will be included in the system. It has also been informed that only a TIN number can be issued under this system and it has been proposed that this should be made mandatory for all requests for registration of companies.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		iii. The said report has been submitted.
06	<u>Charging taxes for Casino businesses</u>	<p>It was revealed before the committee that institutions operating casino businesses are required to pay a one-time tax of Rs. 1,000 million in terms of the Finance Act No. 10 of 2015 and that, accordingly, 04 casino institutions in Sri Lanka have to pay this tax.</p> <p>It was stated that a case was filed in the court against those institutions for non-payment of the relevant tax, and that, although those institutions were required to pay the said tax within 7 months as per the determination of the court, only 2 institutions have paid the tax. It was further revealed that the remaining two institutions have appealed against the said determination, and in the meantime, those two institutions are paying a tax of Rs. 15 million monthly.</p> <p>The CAO/AO stated that, in addition, since those institutions have also evaded the payment of the annual levy, legal proceedings have been initiated against that as well.</p>
07	<u>Registration of new taxpayers</u>	<p>The Committee inquired about the methods that are adopted by the Inland Revenue Department to increase the tax net, which is required for increasing tax revenue, and about the measures that have been taken to educate the public in this regard.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>The CAO/AO stated that 198,253 new income tax files have been opened from January 2023 to 31 October 2023, and that necessary steps are being taken to register every person above the age of 18 with the Inland Revenue Department from January 2024 onwards. The Committee pointed out that important information in this regard can be obtained from the Department of Population and Statistics.</p> <p>The CAO/CAO also stated that the required awareness campaigns are conducted through electronic media institutions and through the short messages system (SMS). The CAO/AO further stated that TIN numbers (Taxpayer Identification Numbers) are issued to individuals for tax collection, the data are analyzed, and if the relevant individuals have a tax liability, they are allowed to register voluntarily, and that, if they do not, forced registration is done.</p>
<p style="text-align: center;">Sri Lanka Customs</p> <p style="text-align: center;"><i>(Examination of the report of the Auditor General for the financial years 2019, 2020 and 2021 and the current performance)</i></p> <p style="text-align: center;">Date of Examination – 17 November 2023</p>		
<p>Institutions summoned -</p> <ul style="list-style-type: none"> ❖ Ministry of Finance, Economic Stabilization and National Policies ❖ Ministry of Water Supply and Estate Infrastructure Development ❖ Sri Lanka Customs ❖ National Water Supply and Drainage Board 		

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
01	<p><u>That a large amount of tariff income is lost to the country as the informal trading that is taking place in the country has increased to 40% at present although it was 10% at the initial stage.</u></p>	<p>The CAO/AO stated that this situation has arisen due to the increase in the number of persons who obtain the tax concession that is given to individuals who get registered with the Department of the Registrar of Companies as temporary importers for a period of less than one year under No. 2525. The Committee suggested that Sri Lanka Customs should take necessary steps to charge these taxes. The CAO stated that discussions have been held with the Inland Revenue Department regarding charging of tax for informal trading as well. The Committee suggested that, in order to resolve this issue, a system should be devised to first collect the tax from all informal importers and then to refund the tax only to the genuine informal importers at the end of the year. The CAO stated that this proposal has been submitted to the Inland Revenue Department.</p> <p>The Chief Accounting Officer (CAO) stated that the Ministry of Finance, Economic Stabilization and National Policies has informed the Sri Lanka Customs and the Department of Inland Revenue to submit their proposals on how such tariffs can be properly charged.</p> <p><u>Recommendations</u></p> <p>The Committee recommended the CAO of the Ministry of Finance, Economic Stabilization and National Policies and the Accounting Officer (AO)</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>of Sri Lanka Customs to submit a report to the Committee on such proposals before 18.12.2023.</p> <p>As per the report sent by the Director General of Customs through the letter No. SLC/ESD/01/COPA/2023 dated 19.12.2023, the proposals on securing the tax revenue lost to the country due to this illegal trade have been received.</p>
<p>02</p>	<p><u>Follow-up on whether Sri Lanka benefits from the export of products that are produced using the items imported under the tax concessions given by the Board of Investment.</u></p>	<p>The AO stated that the information from the Board of Investment is recorded through the “ASYCUDA” system of Sri Lanka Customs.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the CAO of the Ministry of Finance, Economic Stabilization and National Policies, the CAO of the Ministry of Investment and the AO of Sri Lanka Customs to study this matter and to take steps to obtain reports to the Committee from the Division of the Sri Lanka Customs that deals with the Board of Investment and from the Board of Investment before 18.12.2023.</p> <p>As per the report sent by the Director General of Customs through the letter No. SLC/ESD/01/COPA/2023 dated 19.12.2023, it has been informed that the remittances received through exports can be monitored using the system that is regulated by the Central Bank of Sri Lanka and</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO)</p> <p style="text-align: center;">- Observations and Recommendations of the Committee</p>
		<p>thereby, it can be determined whether Sri Lanka gains a trade benefit through such exports.</p>
03	<p><u>Coordination between the improved internal software (ASYCUDA) of Sri Lanka Customs and the RAMIS system of the Department of Inland Revenue.</u></p>	<p>The AO stated that the “ASYCUDA” system coordinates 14 institutions and records information from the Board of Investment, that the system will be further improved by the end of this year, and that the relevant data from Sri Lanka Customs will be transferred to the RAMIS system. He further stated that an automated risk management system will also be developed.</p> <p><u>Recommendations</u></p> <p>The Committee directed the CAO of the Ministry of Finance, Economic Stabilization and National Policies and the AO of Sri Lanka Customs to submit to the Committee before 18.12.2023 a detailed report on the information technology management solutions provided by the ASYCUDA system developed internally by Sri Lanka Customs and the RAMIS systems of the Department of Inland Revenue, which is linked to external institutions, along with the relevant dates.</p> <p>As per the report sent by the Director General of Customs on this matter through the letter No. SLC/ESD/01/COPA/2023 dated 19.12.2023, eighteen (18) external government institutions have so far been linked to this system.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
<p>04</p>	<p>Review of the progress in implementing the recommendations made by the Committee on Public Accounts at its meeting held on 06 April 2021.</p> <p><u>Direction No. 01</u></p> <p>National Water Supply and Drainage Board, which was entrusted with the task of importing DI pipes and fittings required for the Eastern Province Water Development Project by the Government of Sri Lanka under a funding assistance provided by the Government of Japan, had awarded a</p>	<p>Although the recommendations of the committee that had been appointed by the Director General of Customs on 24 July 2021 were given almost 2 years later on 01 June 2023, no punishment was recommended in that report for any officer involved in the incident.</p> <p><u>Recommendations of the Committee</u></p> <ol style="list-style-type: none"> i. That taking disciplinary action against only one group of officers for wrong practices that have been being implemented as a practice for a long time is an unequal treatment of equals. ii. That taking disciplinary action is not needed since the officers involved in the incident have retired. iii. That a departmental order be issued giving relevant instructions on warehousing/removal of goods from the warehouse. iv. Giving special training to Customs officers on warehousing. v. Informing the National Water Supply and Drainage Board and its line ministry to investigate whether the government has suffered any loss from the project. <p>The AO of the Sri Lanka Customs stated that, when removing the items from the warehouse, the declaration of a higher value than the actual value of the goods declared during warehousing resulted in the payment of more tax to Sri Lanka Customs and as a result, M/S Access International (Pvt) Ltd.</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
<p>contract to M/S Access International (Pvt) Ltd. for the purpose of obtaining the necessary items for the said project, and the items valued as USD 5,139,621/- had been kept in the warehouse by the M/S Access International (Pvt) Ltd. in terms of the contract, and when getting those items released from the warehouse, the Board had provided an opportunity for the M/S Access International (Pvt) Ltd. to earn an additional amount of USD 1,210,743/- by submitting false information using</p>	<p>has obtained more money from the National Water Supply and Drainage Board.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the CAO of the Ministry of Water Supply and Estate Infrastructure Development to study the report on this matter dated 01.06.2023 which contains the recommendations of the Preliminary Investigation Committee appointed by letters No. ESD/04/2021/06 of the Director General of Customs dated 24.07.2021, 27.04.2022 and 08.07.2022, to take necessary action in accordance with the four recommendations given to the Ministry of Water Supply and Estate Infrastructure Development to investigate whether any irregularities have occurred and whether any loss has been caused to the Government as per the agreement entered into with Access International (Pvt) Ltd and the agreement entered into with JICA (Japan International Cooperation Agency), which provides financial facilities for the project), and to submit a report on the same to the Committee before 18.12.2023.</p> <p>The National Water Supply and Drainage Board had appointed a committee consisting of 06 members to investigate this matter and the report prepared by the committee accordingly has been sent to the Committee by the Secretary to the Ministry of Water Supply and Estate Infrastructure</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>fake import declarations in which the value of the items had been stated as USD 6,350,364/- by using locally prepared invoices.</p> <p>Furthermore, although the tax payable on the first occasion when the goods were received at the warehouse was Rs. 263,301,203/-, the tax calculation on the second occasion was indicated as Rs. 325,800,859/-, and therefore the Government of Sri Lanka had paid an amount of Rs. 62,499,656/- in excess.</p>	<p>Development under cover letter No. FIN/01/01/06 dated 2021.12.12.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>At its meeting held on 06 April 2021, the Committee had recommended to the AO to take steps to prevent such situations from arising in future, as the government has to repay the loans and interest thereon when such projects are carried out with loans obtained by the government.</p>	
05	<p><u>Direction No. 02</u></p> <p>The government, loosing Rs. 125.5 million in tax revenue, due to the imposition of a penalty of Rs. 205 million, of which 70% was allocated to the rewards and welfare of the</p>	<p>It was revealed that in many cases, the government incurs significant losses by imposing penalties and allocating a substantial portion of the recovered amounts to the prize fund, instead of recovering lost taxes through post-customs investigations. As a result, the actual tax revenue due for the government is not fully recovered. The Committee suggested that, in such instances, the responsible officers should also be held accountable for ensuring the proper recovery of taxes at the initial stage. The AO stated that, however, in practice, frauds or irregularities are not always detectable at</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>officials, without recovering the under-calculated VAT as additional tax. This matter arose from a customs investigation initiated to recover nearly Rs. 187 million in VAT that had been undercharged due to the non-disclosure of accurate information regarding the CIF value of coal imported in 66 occasions, in 2016, by the state-owned Lanka Coal Company (Pvt) Ltd for the Norochcholai</p>	<p>first glance during the clearance of goods. Therefore, goods are released subject to the condition that they remain liable for post-audit examination. The AO further explained that, in certain cases, it may take a considerable amount of time to detect errors through subsequent investigations.</p> <p>Furthermore, the AO stated that currently 30% of the fine amount has to be given to the government, a 50% to the officers' reward fund and 20% to the welfare of the officers.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>Thermal Power Plant.</p> <p>At its meeting held on 06.04.2021, the Committee recommended to the CAO/AO that the committee appointed by the Ministry of Finance, based on the recommendations of the previous Committee meeting to investigate the above matter, should expedite its inquiry and submit the relevant report to the Committee within the next two months.</p>	

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
06	<p><u>Direction No. 03</u></p> <p>A customs investigation was initiated based on the failure to submit customs records for 36 cranes worth of Rs. 11,498 million imported by the Sri Lanka Ports Authority in 2011, and an attempt was made to obtain 50% of this, i.e. Rs. 790 million, as a reward, by imposing a penalty of Rs. 1,580 million on the Ports Authority.</p> <p>Previous Committee on Public Accounts,</p>	<p>The AO stated that the Ports Authority had not reported to the Sri Lanka Customs, regarding these cranes, which were brought in 2011 until 2016. However, the Committee emphasized that this was an administrative issue, as the Director General of Sri Lanka Customs is also a member of the Board of Directors of the Sri Lanka Ports Authority. Furthermore, the Committee emphasized that since this method of collecting fines from government institutions such as the Ports Authority is not fair, it should be considered to amend the laws at the time fines are imposed on government institutions in the future, enabling the treasury to receive the fine amount.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>held on 06.04.2021, had decided to seek the opinion of the Attorney General regarding the above matter. The Committee had recommended the CAO/AO to report to the Committee on the measures taken to implement other recommendations made in previous Public Accounts Committee meetings and the current status thereof.</p> <p>A three-member committee was appointed by the Director General of Customs on 24.07.2021 and although more</p>	

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>than 2 years have passed, a final report in this regard has not been issued.</p>	
<p>07</p>	<p><u>Amendment to the Customs Ordinance</u></p>	<p>AO stated that the selected sections are to be amended. He further stated that these amendments are expected to be presented to Parliament by January 2024.</p> <p><u>Recommendations</u></p> <p>The Committee directed the CAO of the Ministry of Finance, Economic Stabilization and National Policies and the AO of Sri Lanka Customs, to submit a report to the Committee, before 27.11.2023, outlining the timeline up to the submission of the amended draft laws to the Department of Legal Drafting, the Attorney General’s Department, the Cabinet of Ministers, and the Parliament.</p> <p>The Director General of Customs has sent a report containing the current status of the amendment of the Protection of Government Revenue (Special Provisions) Act, No. 01 of 2006 along with sections 47 and 57 of the Customs Ordinance by the letter SLC/ESD/01/COPA/2023 dated 19.12.2023.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
08	<p>In the year 2021, a total of Rs. 2,926,071,598 was paid to 2,432 Sri Lanka Customs officers as salaries, wages, overtime, holiday pay, and incentive allowances. Of this amount, Rs. 1,839,078,959 was paid from the Government Consolidated Fund and Rs. 1,086,992,639 from the Customs Overtime Cargo Inspection Fees and Information Technology Communication Fund. However, the fingerprint reports confirming the attendance for</p>	<p>The AO stated that although the Committee on Public Enterprises had instructed that approval be obtained from the Director General to allow deviations from the use of fingerprint machines, considering the specific nature of the work of Sri Lanka Customs and for special reasons, the Director General had refused to grant such approval. Consequently, the Executives of Sri Lanka Customs decided to implement the use of fingerprint machines for all officers with effect from 01st January 2024. However, he further stated that practical issues had arisen in relation to this matter.</p> <p style="text-align: center;"><u>Recommendations</u></p> <p>The committee emphasized the importance of using fingerprint machines, recommended that these machines be installed and used as soon as possible, and that an attendance record be made only in cases where this is impractical due to official duties.</p> <p>Sri Lanka Customs has stated that these fingerprint machines will be used from 01st January 2024 by the letter SLC/ESD/01/COPA/2023 of the Director General of Customs, dated 19.12.2023.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>duty, which serve as supporting evidence for the said expenditure, were not submitted for audit.</p>	
09	<p>4 scanners worth USD 21,590,000 were installed and handed over to the Customs in 2021 at the full cost of the Government of Sri Lanka in order to detect customs violations related to import and export containers. It was decided to purchase the scanners by paying USD 21,590,000 within 180 days, without</p>	<p>The AO stated that the Ministry of Finance, Economic Stabilization and National Policies has assigned a private company to install and operate these scanning machines and that the institutions that own the containers should pay the above private company USD 10 per container for the containers scanned as per the agreement. Since it was difficult to make payments to the relevant private company due to the non-arrival of the expected number of containers in previous years, it was decided by a special committee appointed by the Ministry of Finance, Economic Stabilization and National Policies, to purchase the machines for the government with USD 21 million after 5 years of the contract period (the original contract was for 8 years) and to repay the amount retained as per the agreement in installments. He also stated that there are technical problems in the implementation of this process.</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
<p>considering the foreign exchange crisis.</p> <p>Although, it was expected to have full X-ray scanning for the customs clearance process by purchasing these machines, the expected plans of identifying items hidden among declared goods, reducing the number of false declarations, and minimizing the import of prohibited and illegal goods could not be achieved, due to the non-implementation of the process.</p>	<p><u>Recommendations</u></p> <p>The Committee recommended to the CAO of the Ministry of Finance, Economic Stabilization and National Policies and the AO of Sri Lanka Customs to submit a report to the Committee with a timeline, before 18.12.2023 on how to make proposals to resolve the technical issues of these scanners and how to use these scanners efficiently.</p> <p>The Director General of Customs has sent a report containing the problems observed in the use of scanners and proposals for resolving those problems, by the letter No. SLC/ESD/01/COPA/2023 dated 19.12.2023.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
<p>10</p>	<p>A large number of vehicles and containers, seized by Customs after investigations and the ones confiscated and handed over to Customs by other regulatory agencies, were held at various locations in the Customs and as of October 31st, 2023, there were 668 vehicles and 736 containers at 14 locations. Out of these, 419 vehicles and 92 containers were kept in a yard (SALT YARD) rented from a private institution for storage under</p>	<p>AO stated that the yard had to be rented due to the withdrawal of the warehouse allocated to Sri Lanka Customs in the Ports Authority and that the investigation files related to these 133 vehicles were lost during the exchange of vehicles at that time. He stated that it has been decided to open temporary files for these vehicles, auction them and that analyst reports have been called for 66 vehicles. He further stated that 90 vehicles have been detained on TIP orders and that investigations are underway for 150 vehicles.</p> <p>The committee proposed to explore the possibility of providing the non – operational vehicles to the schools where Motor Mechanical Technology is taught, for academic purposes.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>Customs supervision until auction or disposal. 261 vehicles and 86 containers out of them , had been kept at that site for more than 05 years. The investigation files related to 133 vehicles, were missing.</p> <p>. Customs had entered into a formal agreement with the relevant private company only for the period from 2015 to 2020, had then extended the period on 05 occasions until January 2023 and had utilized the land. The total</p>	

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	rental amount paid to the relevant private institution from 2015 to January 2023 was Rs. 77,485,548 and from February 2023 onwards, Customs had again entered into a contract with the institution for a monthly rent amount of Rs. 4,650,000.	
11	Following an investigation into a consignment of cigarettes seized in the year 2000, the foreign private company that shipped the consignment of cigarettes had filed a case in the	<p><u>Recommendations</u></p> <p>The Committee recommended to the CAO of the Ministry of Finance, Economic Stabilization and National Policies and the AO of Sri Lanka Customs to submit a full report on this matter to the Committee before 17.12.2023.</p> <p>The full report on the legal matter has been sent by the Director General of Customs by the letter SLC/ESD/01/COPA/2023 dated 19.12.2023.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>Colombo District Court against the Sri Lanka Customs for selling the consignment of cigarettes at auction for Rs. 5.9 million, despite the fact that they had been ordered to be reshipped. Although the Sri Lanka Customs had approached the Civil Appeal Court and the Supreme Court after the District Court decision, it had been found guilty by all the determinations. Accordingly, the total loss that Sri Lanka Customs had to pay on this wrong decision</p>	

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>was Rs. 69.4 million. The file related to this investigation was also missing, and no action had been taken against the officers responsible for the above wrong decision in terms of Sections 102 to 110 of the Financial Regulations.</p>	
12	<p>Although the goods released to the local market in relation to an industry that has obtained the Manufacture in Bond (MIB) facility, should be considered as imports and the</p>	<p>It was revealed that Sri Lanka Customs has requested the Ministry of Finance, Economic Stabilization and National Policies to provide an opportunity to resolve the issue regarding the process of providing this MIB Facility.</p> <p>The CAO stated that the tax concession was granted in accordance with the order issued in accordance with the certificate issued by the Ministry of Industries. The CAO of the Ministry of Finance, Economic Stabilization and National Policies stated that discussions were held with the Ministry of</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
<p>customs duties calculated accordingly , 2 such companies have evaded payment of excise duty of Rs. 7,191,949,084 from the year 2017 to the year 2021 , by citing “70 percent tax concession for vehicles , assembled using components with a value of not less than 30 percent locally” which was issued by the Minister of Industry by the notification No. 1448/1 dated 5th June, 2006.</p>	<p>Finance, Economic Stabilization and National Policies and Sri Lanka Customs regarding this incident.</p> <p><u>Recommendations</u></p> <p>The Committee, which stated that the Ministry of Industries should also be involved in these discussions, recommended that a report should be submitted by the CAO of the Ministry of Finance, Economic Stabilization and National Policies and the AO of Sri Lanka Customs, to the Committee before 18.12.2023 concerning the decision taken regarding the process of granting the MIB Facility.</p> <p>The letter of the Director General of Customs, No. SLC/ESD/01/COPA/2023 dated 12.01.2024, addressed to the Secretary to the Ministry of Finance, Economic Stabilization and National Policies, and the covering letter of the Secretary to the Ministry of Finance, Economic Stabilization and National Policies, No. MF06/04/COPA/Customs–Vol III dated 18.01.2024, states that Sri Lanka Customs cannot make a decision on the matter until a decision is received from the Ministry of Finance, as it is a policy matter. The letters also include the custom observations on the matter.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>The Committee directed the CAO/AO to supervise the Board of Investment and the Ministry of Industry projects, more than now.</p>
<p style="text-align: center;">Human Rights Commission of Sri Lanka <i>(Audit Report for the Financial Year 2022 and Special Audit Report on “Performance Evaluation of the Human Rights Commission of Sri Lanka in Fulfilling its Role”)</i> Date of investigation - 21st November , 2023</p>		
<p>Institutions summoned -</p> <p>❖ Human Rights Commission of Sri Lanka</p>		
	<p>This meeting was convened to examine the audit report issued by the Auditor General in relation to the Human Rights Commission of Sri Lanka based on the financial year 2022 and the special audit report on “Evaluation of the Performance of the Human Rights Commission of Sri Lanka”.</p> <p>However, the Chairman of the Human Rights Commission of Sri Lanka submitted to the Committee by a letter, addressed to the Chairman of the Committee on Public Accounts, dated 21st November 2023, informing the Committee that the Human Rights Commission of Sri Lanka had decided not to attend today's Committee meeting as the Commission considered that it was not possible to summon the Human Rights Commission of Sri Lanka before the Committee on Public Accounts in accordance with the Standing Orders of Parliament.</p>	

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>The Chairman informed the Committee that he had immediately informed the Hon. Speaker of Parliament, Hon. Leader of the House and Hon. Minister of Justice about this decision of the Human Rights Commission of Sri Lanka and sought their advice. The Chairman also informed that the Hon. Speaker had instructed the Committee to meet immediately, discuss the matter and inform him of the decision of the Committee as this could set a wrong precedent.</p> <p>The Committee noted that no one can challenge the financial power of the Parliament, and that the Committee on Public Accounts exercises the financial power of Parliament by examining the accounts of state institutions to which funds are allocated through a budget head.</p> <p>The Committee stated that the refusal of the Human Rights Commission of Sri Lanka to appear before the Committee on Public Accounts was an insult to this Committee as well as to Parliament. The Committee also decided to request in writing from the Hon. Speaker to order the Human Rights Commission of Sri Lanka to be summoned before the Committee on Public Accounts as soon as possible.</p>
<p>Human Rights Commission of Sri Lanka <i>(Audit Report for the Financial Year 2022 and Special Audit Report on “Performance Evaluation of the Human Rights Commission of Sri Lanka in Fulfilling its Role”)</i> Date of investigation -27th November , 2023</p>	
<p>Institutions summoned -</p> <p>❖ Human Rights Commission of Sri Lanka</p>	

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
<p>01</p>	<p><u>Refusal of the Human Rights Commission of Sri Lanka to attend the meeting of the Committee on Public Accounts held on 21.11.2023.</u></p>	<p>The Hon. Chairman stated that the primary function of the Public Accounts Committee is to examine the manner in which the financial provisions allocated through the budget estimates for public institutions were utilized by the relevant institutions and the performance achieved. The Hon. Chairman informed the Committee that the Human Rights Commission of Sri Lanka had obtained very low marks in the annual assessment conducted by the Management Information System (MIS) of the Public Accounts Committee and that the submission of annual reports was also at a very poor level. The Chairman stated that it was decided to summon the Human Rights Commission of Sri Lanka to appear before the Committee on Public Accounts on 21.11.2023 accordingly. The Chairman stated that since the Human Rights Commission of Sri Lanka refused to attend the meeting on that day, an order to re-summon the Commission was issued on the instructions of the Hon. Speaker.</p> <p>The Secretary of the Human Rights Commission of Sri Lanka stated that the members of the Commission had discussed at length whether the Committee on Public Accounts had the authority to convene the Human Rights Commission of Sri Lanka and since they were unable to reach an</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>agreement, they decided not to appear before the Public Accounts Committee on 21.11.2023 until further discussions and a decision was taken. He also stated that he had expressed his regret to the Committee if any inconvenience had occurred in this regard.</p>
02	<p><u>Role of the Human Rights Commission of Sri Lanka</u></p>	<p>The Secretary of the Commission stated that the main function of the Human Rights Commission of Sri Lanka is to investigate violations of the fundamental rights of citizens as enshrined in the Constitution. The Secretary stated that any citizen can file a complaint with the Human Rights Commission of Sri Lanka regarding the violation of fundamental rights, and if it appears <i>prima facie</i> that a violation of fundamental rights has actually occurred after a preliminary investigation by an Investigating Officer, such complaints will be accepted by the Commission. The AO of the Human Rights Commission of Sri Lanka stated that thereafter, the complainant and the respondent are summoned to hear the complaint, in the cases where reconciliation is not possible, the Investigating Officers submit recommendations to the Commission, and the Commission forwards those recommendations to the relevant institution. , a report/case will be filed with the President, if those recommendations are not implemented.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>He also stated that proactive intervention in matters such as ensuring that arrested individuals are held at the relevant police station, preventing torture, facilitating access to their relatives, and taking steps to present them before court without delay has strengthened public trust and respect for the Human Rights Commission of Sri Lanka.</p>
<p>03</p>	<p><u>Submitting a report to the President regarding the failure of relevant institutions/individuals to implement the recommendation s issued by the Human Rights Commission of Sri Lanka.</u></p>	<p>The Committee questioned the fact that, although a report on the failure of relevant institutions/individuals to implement the recommendations issued by the Human Rights Commission of Sri Lanka, is required to be submitted to the President, in terms of Section 15 (8) of the Human Rights Commission of Sri Lanka Act, No. 21 of 1996, such a report has not been submitted for several years.</p> <p>The Secretary stated that it was not possible to submit a report to the President after 2011, due to various reasons such as non-completion of court proceedings related to the incidents related to the complaints received by the Commission, the lack of necessary cooperation from the complainant and respondent parties, and the recurrence of settled incidents.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
04	<u>Filling vacancies</u>	<u>Observations/Recommendations</u> The Committee drew attention to the fact that the recruitment to senior management positions has not been undertaken even after more than 5 years since the Commission's recruitment scheme was approved. The Committee recommended that the Scheme of Recruitment (SoR) be reviewed and amended to ensure that recruitments to the vacancies can be made. The Committee, drawing attention to the delay in filling the vacancies of the Human Rights Commission of Sri Lanka, recommended its AO to submit a report with a timeline to the Committee before 27 th December 2023, regarding the completion of the cadre required as per the composition. The relevant report has been submitted by the Secretary of the Human Rights Commission by the letter No. HRC/DI/AD/72 dated 18.12.2023.
05	<u>Delay in the submission of annual reports and the failure to hold Management</u>	The Committee also raised concerns regarding the delay in submitting the annual reports to Parliament in terms of Section 30 of the Human Rights Commission of Sri Lanka Act, No. 21 of 1996, as well as the failure to convene meetings of the Audit and Management Committees since 2017.

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p><u>Committee meetings.</u></p>	<p>The Accounting Officer (AO) stated that the annual reports for the years 2016 to 2019 were submitted to Parliament on 30.03.2022, while the annual report for 2020 was submitted on 31.01.2023. He further stated that meetings of the Audit and Management Committees could not be convened due to the absence of an Internal Auditor at the Human Rights Commission.</p> <p><u>Recommendations</u></p> <p>The Committee pointed out that the absence of an Internal Auditor does not constitute an impediment to convening Audit and Management Committee meetings, and recommended that the Accounting Officer of the Human Rights Commission of Sri Lanka immediately coordinate with the Accountant to ensure that such meetings are held regularly and in a proper and formal manner.</p>
<p>06</p>	<p><u>Updating the Database</u></p>	<p>The Committee inquired about the failure to update the Complaints Management Database created by the Human Rights Commission and the comprehensive reporting database provided by the UNDP.</p> <p>The Human Rights Commission of Sri Lanka (HRCSL) stated that the two databases are functioning without technical issues; however, due</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>to shortages of equipment such as computers and scanners, as well as inadequate staff required for their proper maintenance, deficiencies in data entry have arisen.</p> <p><u>Recommendations</u></p> <p>The Committee recommended that the Accounting Officer (AO) furnish a report within two (02) weeks, before 11.12.2023, with a copy to the Auditor General, outlining the steps taken to promptly update and effectively implement the relevant databases with the highest priority.</p> <p>The Committee directed the Auditor General to examine whether the regional offices are being properly integrated and coordinated with the database maintained at the head office, as referred to above.</p> <p>The Committee recommended that the Accounting Officer (AO) take immediate steps to coordinate with the Treasury regarding the development of the infrastructure required to enhance the database of the Human Rights Commission, and to utilize the capital expenditure provisions allocated under the expenditure head of the Human Rights Commission of Sri Lanka for the current year to provide the required infrastructure, including computers, for the improvement of the database.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>In accordance with the communication, vide letter No. HRC/DI/AD/76 dated 8 December 2023, the Secretary of the Human Rights Commission has reported the following matters, which are laid before the Committee for examination.</p> <p>It was stated that the necessary equipment would be procured from the capital expenditure allocation for the year 2024, as the Treasury Department had informed that funds could not be provided during the year 2023 due to the absence of an allocation for capital expenditure.</p> <p>Steps taken to update the database</p> <ul style="list-style-type: none"> • Until the necessary computer equipment referred to above becomes available, steps were taken to ensure the efficient entry of data into the database by utilizing the existing resources to the maximum extent possible. • Following the procurement of the computers, the available human resources were effectively utilized to enter the pending data and expedite the updating of missing information in the system. The process was completed within three

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>(03) months from the date on which the computers were received.</p>
07	<p><u>Review on the higher rate of non-implemented recommendations made by the Human Rights Commission of Sri Lanka</u></p>	<p>The Committee pointed out that the “<i>Unimplemented Recommendations Monitoring Unit</i>” established by the Human Rights Commission of Sri Lanka should be further strengthened to effectively monitor the failure of relevant institutions to implement the recommendations issued by the Commission.</p> <p>In addition, the Committee recommended that Accounting Officer (AO) of the Human Rights Commission of Sri Lanka submit quarterly reports to the President of Sri Lanka, in terms of the Human Rights Commission of Sri Lanka Act, No. 21 of 1996, regarding recommendations that remain unimplemented.</p> <p>The Auditor General pointed out that the following reasons have contributed to the failure to implement certain recommendations made by the Human Rights Commission:</p> <ol style="list-style-type: none"> 1. Non-compliance with the contents of the recommendations and circulars submitted and the internal rules and regulations of the institution of which the recommendations are to be implemented.

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>2. Failure to formally forward the recommendations to relevant parties.</p> <p>3. Contradictory decisions by institutions conducting concurrent investigations into the same incident.</p>
<p>08</p>	<p><u>Raising public awareness of the role of the Human Rights Commission</u></p>	<p>The Committee observed that the programme implemented by the Commission to enhance public awareness of the role of the Human Rights Commission should be further expanded.</p> <p>The Committee was of the view that individuals tend to lodge complaints with multiple institutions in relation to the same incident due to a lack of public awareness.</p> <p>The Accounting Officer (AO) stated that various programmes are being conducted to educate the public in this regard. Moreover, he also noted that, as a result, a substantial number of complaints are being received from the public via letters, faxes, e-mails, and hand-delivered submissions.</p> <p>Furthermore, the HRC informed the Committee that, under Section 14 of the Human Rights Commission Act, it is empowered to initiate investigations on its own motion into human rights violations reported by the media, even in the absence of a formal complaint. The Accounting Officer (AO) further stated that, on average,</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>approximately 20 to 25 such investigations are conducted annually.</p> <p>The Accounting Officer (AO) also stated that a programme has been arranged to conduct on-site inspections of institutions, including children’s homes, elders’ homes, mental hospitals, police stations, and prisons.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Accounting Officer (AO) to submit a report detailing the on-site inspections conducted by the Commission on the cases of human rights violations reported by the media during the past year, without any complaint by the aggrieved parties, the number of such investigations, and the progress of them, to the Committee, at its next meeting on 24.01.2024.</p>
09	<p><u>Complaints pending investigations</u></p>	<p><u>Recommendations</u></p> <p>The Committee pointed out that there are many complaints that have not been investigated by the Human Rights Commission. The Accounting Officer (AO) of the Human Rights Commission of Sri Lanka was directed to submit a report to the Committee, on or before 27 December 2023, detailing the procedures available to investigate those complaints.</p> <p>The following matters have been reported by the Secretary of the Human Rights Commission, vide letter No. HRC/DI/AD/72 dated 19.12.2023.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>The number of uninvestigated complaints as of 30.11.2023 is 9536. The following plans have been submitted to ensure their expeditious investigation.</p> <ol style="list-style-type: none"> 1. Sorting out the complaints in the custody of the officers with the highest priority and the time taken for investigation. 2. Taking those that can be examined together for examination. 3. Providing complaint files to newly recruited officers. 4. Expediting investigations by deploying the legal officers scheduled to be recruited in January. 5. Distributing uninvestigated complaint files to officers who have been recruited and are scheduled to be recruited under the UNDP project and expediting investigations.
<p>Ministry of Defence</p> <p><i>(Review of matters included in the Auditor General's Reports for the years 2020, 2021, and 2022, and the current performance)</i></p> <p>Date of investigation – 28 November 2023</p>		
<p>Institutions summoned:</p> <p>❖ Ministry of Defence</p>		
01	<p><u>Reviewing the progress on the implementation</u></p>	<p>The Committee drew attention to the fact that the delay in enacting the relevant amendments has exceeded ten years, resulting in a substantial loss of</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
<p><u>of recommendation</u> <u>s of the</u> <u>Committee on</u> <u>Public Accounts</u> <u>(COPA) held on</u> <u>10 August 2018</u></p> <p>Requirement of legislative amendments to the Firearms (Amendment) Act, No. 22 of 1996, and the Explosives (Amendment) Act.</p>	<p>government revenue due to the failure to timely revise the license fees.</p> <p>The Chief Accounting Officer (CAO) of the Ministry of Defence intimated that a committee was appointed in 2016 to amend the Firearms Act and that, following a change in the Cabinet, the Legal Draftman's Department recommended submitting it for approval to the new Cabinet. He further added that, as a result, the draft bill submitted for Cabinet approval in 2021 is now scheduled to be referred to the Attorney General.</p> <p>He further stated that budget proposals have been submitted to revise the firearm license fees and emphasized the need to amend the entire Act to facilitate this revision.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Auditor General to submit a report to the Committee before 28.12.2023, with dates for submission to Parliament for amendment of the Firearms (Amendment) Act, No. 22 of 1996 and the Explosives (Amendment) Act.</p> <p>A letter dated 28.12.2023 has been sent to the Additional Secretary (Parliamentary Affairs and Policy & Planning) of the Ministry of Defence, outlining the current situation in this regard.</p> <p>The relevant bill has now been passed as an Act in Parliament.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>The Chief Accounting Officer (CAO) stated that, under the Explosives License Fee Regulations, the Explosives License Fee was increased by approximately 60% in 2022, and that ships transporting dangerous goods within 12 nautical miles of Sri Lanka are required to pay a fee to the Ministry of Defence and obtain approval in accordance with the provisions of the Explosives Act and the Chemicals Weapons Convention Act.</p> <p>Furthermore, the Committee inquired into the fact that the ship “X-Press Pearl,” which met with an accident in Sri Lankan waters, had not been brought under the supervision of the Ministry of Defence as referred to above. The Committee pointed out that, in terms of international conventions, the relevant charges should be levied from ships navigating through Sri Lankan waters and emphasized that the Ministry of Defence should also intervene in this regard. The Chief Accounting Officer (CAO) further stated that the relevant Bill is currently at the draft stage and that it would empower the Sri Lanka Navy to levy the relevant fees.</p> <p><u>Recommendations</u></p> <p>The Committee recommended that the Auditor General and the Ministry of Justice, Prison Affairs and Constitutional Reforms submit a report to the Committee, before 01.12.2023, on the current status of the proposed bill relating to the collection of the</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>relevant charges from ships operating in Sri Lankan waters.</p> <p>The relevant bill has now been passed as an Act of Parliament.</p>
02	<p><u>Progress in the implementation of the recommendations made by the Committee on Public Accounts (COPA) at its meeting held on 10 August 2018.</u></p> <p><u>Revenue generated by the Tri-Forces and Police from services provided to external parties.</u></p> <p>The Auditor General observed that, since the expenditure of welfare associations affiliated with the tri-forces is</p>	<p>It was revealed that a circular had been issued in November 2023 regarding the crediting of income to the funds of the tri-forces. The Chiefs of the Tri-Forces had been informed, through an internal letter dated 03.11.2023, of the percentage of revenue to be credited to the Consolidated Fund from such income. It was further revealed that, although the percentages relating to the distribution of revenue had been determined through internal circulars, the approval of the Ministry of Finance, Economic Stabilization and National Policies had not been obtained in that regard.</p> <p>The Committee observed that the authority to determine the percentages is not clear and it is unclear whether the relevant percentages are derived from turnover or net profit.</p> <p>Furthermore, the Committee observed that all sources of income had not been disclosed when furnishing information for audit purposes, that it had not been clarified whether the relevant expenses were met from the generated income or from the Consolidated Fund, that the manner in which the retained funds were utilized had not been disclosed, and that details relating to expenditure had also not been provided. The Committee further pointed out that, despite the utilization of</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>financed through the Consolidated Fund, the income generated by such associations should also be remitted to the Consolidated Fund. However, it was noted that the entirety of the income of certain welfare associations had been diverted to separate funds.</p> <p>Although the Secretary of Defence had instructed the Commanders of the Tri-Forces in 2014, to credit the revenue generated from the provision of the aforesaid services to the Consolidated</p>	<p>government human and physical resources in generating such income and incurring related expenditure, those activities had not been subjected to state audit.</p> <p>The Committee emphasized that the Ministry of Defence should exercise proper oversight over the welfare funds of the Tri-Forces, and that the Internal Auditor of the Ministry, who participates in the Audit Committees of the Tri-Forces in an observational capacity, should report to those Committees on the disbursement of funds belonging to Tri-Forces and other related matters brought to the attention of the Committee on Public Accounts (COPA). Furthermore, the Committee also recommended to the Auditor General that a proper mechanism should be developed to credit the income thus generated to the Consolidated Fund.</p> <p><u>Recommendations</u></p> <p>The Committee recommended that the Chief Accounting Officer (CAO) submit to the Committee, before 10.01.2024, a report on the funds maintained at camp level, together with a report on all bank accounts opened by the Tri-Forces other than security accounts, including details such as the relevant bank branch, name of the account, date of opening, whether the account is fixed, savings, or mobile in nature, the purpose for which the account was opened, the authorized</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>Fund in terms of Article 149 of the Constitution, and further directed them to formulate an appropriate methodology in this regard and report back to the Ministry, no action had been taken in that regard.</p>	<p>signatories, and the current balances of such accounts.</p> <p>A report containing information on the relevant accounts of the tri-forces has been sent by the Secretary of Defence, vide letter No.MOD/DEF/HRM/GEN/OTHERS/88/(11) and dated 10.01.2024.</p>
03	<p><u>Progress in the implementation of the recommendations made by the Committee on Public Accounts (COPA) at its meeting held on 10 August 2018.</u></p> <p>Procurement of food items for the Tri-Forces.</p>	<p>The Committee recommended the development of an integrated information management system connecting all institutions involved in the procurement process, and further emphasized the need to maintain a database to assess the response of the Tri-Forces to the food provided. The Committee was informed that the Army, which accounts for 70% of the total food consumption, does not utilize such a system, and that approximately 25 contractors had been selected to supply nearly 600 food items to more than 30 military camps at an annual cost of approximately Rs. 96 billion. It was further revealed that the estimated contract values had been calculated unrealistically, that the minimum prices quoted during the procurement process were not realistic,</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>and that, in certain instances, the variation between the quoted minimum prices and prevailing market prices ranged from approximately 500% to 1000%.</p> <p>The Committee paid close attention to the above matters and pointed out that, regardless of the price quoted by the supplier, such price should not exceed the prevailing market price by more than 5%.</p> <p>The Chief Accounting Officer (CAO) stated that the database relating to food procurement in the Navy and Air Force are being fully utilized, and that the first phase of the database of the Army would be implemented by 31.12.2023. It was further stated that steps would be taken to complete the entire database by March 2024, while acknowledging that delays had occurred in this regard within the Army.</p> <p>However, the Committee emphasized that an integrated database should be developed for all tri-forces, with the active involvement of the Ministry of Defence, and that the Ministry should undertake the responsibility of monitoring the said system.</p> <p>The Chief Accounting Officer (CAO) intimated that a competitive bidding process would be followed in the procurement of food items and that, during the procurement process, the maximum prices would be determined by the other relevant government institutions and subjected to monitoring. He further</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>stated that the database for the Army would be implemented by 31.12.2023.</p> <p><u>Recommendations</u></p> <p>The Committee recommended that the Chief Accounting Officer (CAO) submit a report to the Committee, before 11.12.2023, indicating the timeline for the full implementation of the database for the Army.</p> <p>The Chief Accounting Officer (CAO) further stated that the Ministry of Defence had issued instructions to the Tri-Forces to prepare food procurement estimates accurately. The Committee instructed the Chief Accounting Officer (CAO) to formalize such instructions through the issuance of an official circular.</p> <p>The Senior Assistant Secretary (Parliamentary Affairs and Policy) submitted letter No. MOD/PAC/05/COPA/2023 dated 14.12.2023, stating that the software system could be completed by May 2024, together with the relevant implementation timeframe.</p>
04	<p><u>Duties of United Nations Peacekeeping Operations</u></p>	<p>Although 19,177,125.83 US\$ had been collected in respect of UN Peacekeeping Operations in 2022, only 7,506,868.47 US\$ (equivalent to Rs. 2,447,153,974) had been accounted for as income for that year. Accordingly, the Committee observed that a sum of 11,670,207.36 US\$ had not been reflected in the accounts as income for the relevant year. The Committee further questioned the non-</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>compliance with Fiscal Policy Circular No. 1/2015 and the failure to credit the said amount to the Consolidated Fund.</p> <p>The Chief Accounting Officer (CAO) stated that the withheld funds had been retained with the approval of the Treasury due to the prevailing foreign exchange crisis. It was further stated that the retention was intended to facilitate the continued deployment of peacekeeping forces and the repair of helicopters used for overseas duties. The CAO also noted that, although the relevant account-holding banks were instructed at the end of the year to transfer the funds to the Consolidated Fund, there had been some delay in 2022, and the amount was subsequently credited to the Consolidated Fund on 03.01.2023.</p>
05	<u>Non-economical and non-frugal transactions.</u> <u>Office of the Chief of Defence Staff</u>	<p>The Committee observed that a sum of Rs. 5,197,413 had been incurred uneconomically for a one-day seminar held on 13 January 2022 for 400 participants. It was further noted that, contrary to applicable circulars on the control of public expenditure, an improper procedure had been followed whereby the expenditure was initially met from the Welfare Fund rather than being charged to a specific expenditure head, and was subsequently reimbursed under the relevant expenditure head.</p> <p>The Chief Accounting Officer (CAO) stated that the seminar, which had originally been scheduled to be held in 2019 but was postponed due to the COVID-</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>19 pandemic, was eventually conducted in 2022. It was further stated that, although the programme had initially been planned for 300 officers, it was subsequently expanded to include 400 officers upon the request of the Tri-Forces.</p>
06	<p><u>Non-economical and non-frugal transactions.</u></p> <p><u>(National Defence College – NDC)</u></p>	<p>The Committee inquired into the acquisition, under a lease agreement valued at Rs. 72,000,000 for a period of two years, of a housing complex comprising 24 housing units, at a monthly rental of Rs. 3,000,000, for providing accommodation for 31 officers attending the course. The Committee further noted that a sum of Rs. 1,795,500 had also been incurred to hire a bus on a rental basis to provide transportation facilities between the housing complex and the course venue.</p> <p>The Chief Accounting Officer (CAO) further stated that these expenditures were incurred during the first phase of the course, and that the highest-ranking officers of the Tri-Forces, as well as equivalent civil officers, would participate in the programme.</p> <p>The Chief Accounting Officer (CAO) intimated that foreign officials would also participate in this course from the third phase onwards, which would enable the country to earn foreign exchange. The Committee emphasized that, instead of obtaining a building on a rental basis at a high cost, consideration should be given to constructing a permanent building for the National Defence College (NDC) in the future. The Committee further proposed that the Ministry of Finance,</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>Economic Stabilization and National Policies consider providing the necessary financial support for this purpose.</p>
07	<p><u>Strategic Communication Network Project</u></p>	<p>Although the construction was scheduled to be completed in 2016, the project period was extended by 06 years. As of December 31, 2022, the overall physical and financial progress stood at 73% and 53% respectively. Although Rs. 658.68 million had been spent on this project, it had not achieved the primary objective of maintaining the intended integrated strategic communication between the armed services in a timely manner. The Committee also observed that the procurement specifications of the communication system designed in 2016 raised questions as to whether they were compatible with current communication technology, and that the overall expenditure was uneconomical.</p> <p>The Special Project Committee responsible for large-scale construction projects decided to suspend the project, and noted that part of the tower construction had already been completed. Since there are assets remaining in proportion to the funds spent, those assets are being maintained, and a committee has been appointed to implement the project by upgrading the technology.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>The Committee instructed the CAO to examine, in consultation with the Telecommunications Regulatory Commission (TRC), whether there is potential to generate revenue from these towers.</p>
08	<u>Procurement</u>	<p>(i) On 16 March 2018, the supplier was selected based on the single bid received for the procurement of 08 motor vehicles and 02 cab vehicles under the operating lease scheme. Accordingly, this transaction amounting to Rs. 98,300,940 for a period of five years was carried out outside the Government procurement process, without obtaining the expected competitive quotations. Since no other bidders submitted bids, the CAO stated that the only supplier who responded to the invitation for bids and quoted the lowest price was selected from among the applicants for such procurements by the tri-services.</p> <p>(ii) Contrary to the provisions of Section 7.9.1 (a) of the Procurement Guidelines, although the bidding documents for the purchase of 529,000 meters of polyester wool fabric for the Sri Lanka Army, and the decision of the Standing Procurement Committee appointed by the Cabinet, stipulated that bid evaluation would be carried out based on laboratory quality test reports of fabric samples obtained from three recognized</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>institutions, it was revealed that the evaluation was carried out based on a quality test report obtained from only one institution, following a decision of the Procurement Committee taken after bid opening. The CAO stated that this deviation occurred because the three laboratories required a considerable amount of time to provide quality test reports, resulting in a delay of approximately six weeks in the bid evaluation process, and therefore only one report was obtained for evaluation.</p>
09	<p><u>Shortage of materials exceeding Rs. 12 million in the consumer goods warehouse</u></p>	<p>The Committee noted the missing consumer goods appeal file relating to October 2021, the absence of any stock records for goods valued at Rs. 6 million, the lack of supervision of storekeeping functions, and the failure to properly verify accounting records.</p> <p>The CAO stated that the relevant storekeeper and supervisory officer had been removed from duty, and that a new team had been appointed to carry out stock verification and maintain records. He further stated that preliminary investigations had been conducted against the storekeeper and supervisory officer, and that disciplinary action had been initiated and referred to the Ministry of Public Administration, Home Affairs, Provincial Councils</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>and Local Government. It was also stated that, pending disciplinary proceedings, a monthly deduction of Rs. 9,207.00 is being recovered from the storekeeper's salary, and that a further amount of Rs. 12,173,527 is to be recovered. A complaint has also been lodged with the Criminal Investigation Department in this regard.</p> <p>However, the Committee observed that the failure of the Ministry's Internal Audit Division to detect these issues represented a significant weakness.</p>
10	<u>Staff information</u>	<p>In addition to the approved cadre of the Ministry of Defence and the other institutions under it, more than 700 officers and other ranks of the tri-services had been deployed for duties, and the remuneration for these personnel had been borne by the respective tri-services. Furthermore, 122 vacancies that should have been filled by civilian staff had been covered by other ranks of the tri-services.</p> <p>The CAO stated that a portion of these officers has already been withdrawn, and that steps will be taken to withdraw the remaining personnel by 31.12.2023. He further stated that these attachments were made in order to meet the additional workload assigned to the Ministry during the period of public unrest in the country and the COVID-19 pandemic,</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>as well as to support newly established institutions such as the Border Risk Assessment Centre.</p> <p><u>Recommendations:</u> The Committee emphasized that a proper legal framework should be developed to regulate such deployments of personnel.</p>
<p>11</p>	<p><u>"Api Wenuwen Api Fund", National Defense Fund and other funds owned by the Ministry of Defense</u></p>	<p>The CAO also stated that these funds will be utilized to construct houses for war heroes who have suffered injuries or died in service, and to provide scholarships for the children of war heroes, and that the interest earned from the fund's fixed deposits will be used for these purposes. It was also revealed that income generated from communication tower operations and housing complex schemes will be credited to the "Api Wenuwen Api Fund", while rental income from houses will be credited to the Defence Fund.</p>
<p>12</p>	<p><u>Disaster Management</u></p>	<p>The Committee inquired into the disaster forecasting programme.</p> <p>The CAO stated that these funds will be used to build houses for war heroes who have been injured or died in the military and to provide scholarships for the children of war heroes, and that the interest earned from the fund's fixed deposits will be used</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>for this purpose. It was also revealed that the income from communication tower operations and housing complex schemes will be credited to the “Api Wenuwen Api Fund”, and that house rental income will be credited to the Defence Fund.</p> <p>The CAO stated that 25 disaster management centres for the 25 districts of the island are operating 24 hours a day in all three languages in coordination with other relevant institutions, and that the tri-services and the police act as first responders in the event of a national disaster. The CAO informed the Committee that a telephone portal is planned to be opened on 26.12.2023 with the aim of providing messages to mobile phones regarding tsunami disasters, and that service providers have already been assigned for 14 relevant districts. He stated that the relevant satellite technology in the tsunami warning towers is currently inactive and that a disaster warning system via telephone is expected to be introduced instead. It was also revealed that there is a shortage of equipment required for firefighting in the event of fire disasters that may occur in high-rise buildings.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
Department of Government Factory (Audit Report on Surpluses, Exceedances, Unauthorized Operating Losses and 2021 for the Year 2022) Date of Investigation - 05 December 2023		
Institutions summoned- ❖ Ministry of Urban Development and Housing ❖ Department of Government Factories		
01	<u>Department of Government Factory surpluses, excesses, unauthorized operating losses for the year 2022</u>	<p>As per Financial Regulation (FR) 513, the unauthorized operating loss in the Department of Government Factory Work-in-Progress Account (31003) as at 31 December 2022 was Rs. 70,758,133. In this regard, the Director General of the Department of Factories (Acting) had, by letter No. 2C/Limit Amendment/365/02/(2022–2025) dated 16 December 2022, addressed to the Director General of the Department of National Budget, requested a provision of Rs. 150 million against the estimated loss as at 31 December 2022, as per the Profit and Loss Account prepared as at 30 November 2022. However, the Committee observed that the said provision had not been made to settle the relevant operating losses up to 19 May 2023.</p> <p>Furthermore, it was revealed before the Committee that although the financial performance of the Work-in-Progress Account of the Department of</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>Government Factory for the year 2022 was recorded as a loss of Rs. 70,758,133, the loss was initially recorded as Rs. 44 million in the accounts submitted for audit. Subsequently, following audit observations and the re-adjustment of assets that had been excluded from the accounts, the revised accounts reflected a loss of Rs. 70 million.</p> <p>The CAO stated that although employees reported for duty during the COVID-19 period, production had decreased while salaries continued to be paid. He further stated that the accounts prepared by separating assets acquired for general administration and those acquired for production initially reflected a loss of Rs. 44 million, and that after adjustments based on the Auditor General's observations, a loss of Rs. 70 million was recorded. He further stated that a committee has been appointed to identify assets to be adjusted in the Work-in-Progress Account in order to ensure accurate accounting for the year 2023.</p> <p>It was further stated that both the COVID-19 situation and the fuel crisis contributed to the financial losses of the Department.</p> <p>The CAO stated that the amount incurred due to payment of salaries and allowances during 28 full working days of special leave amounted to Rs.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>26,693,689. He further stated that idle labour costs of Rs. 319,523 were incurred due to the inability to operate machinery as a result of power cuts. It was also stated that under Work Order No. 4215 for the manufacture of 1,850 beds, invoice revenue amounting to Rs. 5,286,153 was not recognised in proportion to expenditure for the year 2022, and that Rs. 38,458,768 relating to furniture, machinery, and depreciation also contributed to the total operating loss of Rs. 70,758,133.</p> <p>After considering the facts and explanations submitted by the Department, the Committee observed that the stated factors could have contributed to the operating loss incurred.</p> <p><u>Recommendations</u></p> <p>The Committee on Public Accounts recommended to Parliament that the unauthorized operating loss of Rs. 70,758,133 recorded in the Work-in-Progress Account (31003) of the Department of Government Factories as at 31 December 2022 be granted cover approval.</p> <p>It was also stated that an application under FR 66 had been submitted for the required provision from the financial allocations of the Department of Government Factory for 2023 to write off the</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>operating loss of Rs. 70,758,133. Accordingly, steps have been taken to write off this unauthorized operating loss from the Work-in-Progress Account (31003) for the year 2023, as stated in the Minister's reply under Standing Order 119(4). (Letter number and date)</p>
02	<p><u>Observations included in the Auditor General's Report for the year 2021 and the current status thereof</u></p>	<p>The Committee observed that the building valuation issued by the Government Valuation Department was Rs. 327,400,000, while its value in the (ACA-6) form was Rs. 387,000,000, and therefore there was a discrepancy of approximately Rs. 60,000,000. The CAO/Accounting Officer (CAO) stated that the valuation report issued by the Government Valuation Department in 2015 indicated that the building value of the land on which the factory is located was Rs. 327,000,000 and that the factory staff quarters were Rs. 60,000,000, and that in the said valuation report, when indicating the value of land and buildings at the Kolonnawa premises, it had been mistakenly recorded as staff quarters, and that subsequently the Department of Government Factory Kolonnawa was corrected to Rs. 327,400,000 by the Valuation Department's letter No. SAV/MCES/2012/01 dated 2021.04.22.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
03	<u>Observations included in the Auditor General's Report for the year 2021 and the current status thereof</u>	<p>The Committee observed that no approval had been submitted for audit regarding the write-off of debtors amounting to Rs. 53,161,909 in respect of the Work-in-Progress Account for the year 2021.</p> <p>The CAO stated that a committee had been appointed in relation to the loan balances of approximately Rs. 53 million for which documentation was not available from the year 2009, and that these loans had been written off with the approval of the Secretary to the Ministry.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the CAO that necessary action be taken to obtain the approval of the Treasury in relation to the write-off of the above loan balances.</p>
04	<u>Construction of a temporary building for the transport division of the Postal Department.</u>	<p>The Department of Posts had agreed to the estimate of Rs. 104,412,899 submitted by the Sri Lanka State Engineering Corporation for the construction of a temporary building for the transport division of the Department of Posts and had paid Rs. 3,795,000 as at 31 December 2018. However, since it was confirmed in the discussion held on 13 January 2019 that the soil of the proposed land for construction was not suitable, it was decided to construct the building at another location according</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>to a newly prepared plan, and Rs. 10,710,572 were recovered from the Department of Posts on 14 March 2019 and Rs. 7,694,000 on 06 March 2020, amounting in total to Rs. 22,199,572.</p> <p>However, the Committee noted that as at 31 December 2022, the progress of the project was only 10% and that no action had been taken to complete the project or refund the money received. The CAO/AO stated that the Urban Development Authority has not yet granted approval for the project, as an issue has arisen regarding the proposed land for construction.</p>
05	<p><u>Supply of 191 electric lamp posts worth Rs. 32,391,346 for the Central Cultural Fund.</u></p>	<p>The Committee observed that the project initiated in 2019 for the supply of 191 electric lamp posts valued at Rs. 32,391,346 to the Central Cultural Fund had been suspended midway, and that as at 31 December 2022 only 17 lamp posts valued at Rs. 2,707,512 had been completed, resulting in a physical progress of 9%. It was further observed that the remaining Chinese lamp post components, glass cases, aluminium parts, and other accessories were lying idle at Workshop No. 01 and Workshop No. 06.</p> <p><u>Recommendations</u></p> <p>The CAO/AO stated that the Central Cultural Fund had not accepted the remaining production citing</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>lack of funds, and that payment had been made for 34 lamp posts that had been completed and handed over. The Committee recommended to the CAO/AO that action be taken to dispose of the remaining stock by sale. The CAO/AO stated that steps are already being taken to sell the remaining items.</p>
06	<u>Installation of water gates for the Uva Kuda Oya Reservoir of the Irrigation Department.</u>	<p>The Committee drew attention to the fact that the physical progress of the project for the installation of water gates for the Uva Kuda Oya Reservoir of the Irrigation Department, with an estimated cost of Rs. 12,708,000, was about 20%. The CAO/AO stated that the first phase of this project, namely the construction of the water gates, has been completed and handed over.</p>
07	<u>37 official residences belonging to the department remain unused and underutilized.</u>	<p>The Committee questioned the fact that 37 official residences belonging to the Department were not being used and were underutilised, and that the barrel shed located within the same premises, covering an extent of 01 rood 08.87 perches, was also lying idle.</p> <p>It was also stated that these 120 official residences were undergoing repairs and that there were water leakages in the bathrooms. Accordingly, the CAO/AO stated that these official residences were in an uninhabitable condition and that the Urban</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>Development Authority had been assigned to carry out the repairs, and that the renovation work is currently in progress.</p>
08	<p><u>The Department does not have deeds for 3 lands owned by the Department, totaling 24 acres 01 rood 1.87 perches, including the land where the Department of Government Factory is located.</u></p>	<p>The Committee also noted that the Department does not possess deeds for three land parcels, totaling 24 acres, 01 rood and 1.87 perches, owned by the Department, including the land on which the Department of Government Factory is situated, and that the Divisional Secretary had not taken steps to confirm ownership based on the survey plan.</p> <p>Survey work has been carried out on the remaining 15 acres of this land, excluding the 09-acre portion being re-transferred to the Urban Development Authority, and it was stated by the AO that the relevant deeds are to be obtained through the Divisional Secretary.</p>
09	<p><u>Restructuring plans of the Department of Government Factory</u></p>	<p>The Committee observed that the Department of Government Factory had carried out work amounting to approximately Rs. 226 million for the year 2023, of which around 50% was spent on salaries of the integrated service and departmental staff, and accordingly the productivity of the Department of Government Factory was not at a satisfactory level. It was further noted that the</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>actual cadre represents only about 50% of the approved cadre.</p> <p>The CAO/AO stated that, in accordance with instructions of the Treasury, plans are currently being prepared for the restructuring of this Department.</p>
<p>Department of Samurdhi Development</p> <p><i>(Progress in the implementation of the recommendations made at the meetings of the Committee on Public Accounts held on 25.04.2023, 26.05.2023 and 09.08.2023 and the review of the Auditor General's Report for the year 2022)</i></p> <p>Date of investigation – 10th January 2024</p>		
<p>Institutions summoned -</p> <ul style="list-style-type: none"> ❖ Ministry of Women, Child Affairs and Social Empowerment ❖ Department of Samurdhi Development ❖ Department of Labour ❖ Department of Pensions 		
01	<p><u>That there were issues regarding the payment of pensions to the officers who were absorbed during the establishment of the Samurdhi</u></p>	<p>The Chief Accounting Officer/Accounting Officer of the Ministry of Women, Child Affairs and Social Empowerment stated that the pension files of 1079 retired officers are still pending, out of which 246 files have been forwarded to the Pension Department, and 42 files have been rejected by the Pension Department due to non-repayment of 60% interest. The Accounting Officer/Accounting Officer further stated that 3,101 officers who served</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
<p><u>Development Department.</u></p> <p>The Committee inquired about the current status of pension payments to officers who were absorbed from the authorities when the Samurdhi Development Department was established.</p> <p>The Committee also asked for clarification on the current status of the actions taken regarding officers who have not yet received their pensions due to the condition that pensions are granted upon the repayment of the Government's 60% contribution to the Employees' Provident Fund</p>	<p>in the Samurdhi Development Department have now retired, and out of them, 2022 officers are receiving monthly pensions.</p> <p>The Chief Accounting Officer/Accounting Officer stated that a case concerning officers who have not yet received their pensions, due to the requirement that pensions are granted only upon repayment of the Government's contribution, which amounts to 60% of the Employees' Provident Fund, previously received by the officers together with the related interest, was heard on 08 January 2024, and that the decision thereof has been postponed until 02nd April 2024.</p> <p>Having explained the background to this, the Legal Officer of the Samurdhi Development Department stated that this issue has arisen during the payment of pensions to the officers whose early service in the Authorities was included under section 44(e)(ii) of the Divi Neguma Act and who were absorbed into the Department, that the same officers have filed the case No. 252/2015 after a circular was issued indicating that the 12%, the Employer's contribution of the Provident Fund Balance relevant to the officers' service in the Authority be paid back to the government.</p> <p>Having stated that, the settlement decision in that case indicated the conditions that the outstanding Widows' and Orphans' contributions, along with the relevant interest, be paid as per Pension Circular</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>and the related interest previously received by them from the Fund.</p>	<p>No. 03/2008 by the employees and any loan taken against the Employees' Provident Fund be repaid by the employees, and that the total remaining balance of the Employees' Provident Fund be paid to the employees, the Legal Officer of the Samurdhi Development Department stated that the total balance was paid to the relevant employees as per the above judgment once the department was established. Having stated that the Department of Pensions had taken a decision that the amount paid as government contribution should be paid back to the government as per the Section 48(3) of the Pensions Act, and that these officers had gone before the court against the said decision, the Chief Accounting Officer/Accounting Officer stated that the policy decision made by the Cabinet that the government's contribution of 12% of the Employees' Provident Fund and its interest be paid back to the government is already in effect. It was mentioned that the relevant officers have filed a writ application against the circular 03/2019 issued by the Department of Samurdhi Development informing them that this amount be paid, and that it is currently pending. The legal officer further stated that the Department of Samurdhi Development and the Ministry of Women, Child Affairs and Social Empowerment have been named as defendants in this case, and that the Director General of Pensions</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>and the Commissioner General of Labour have also been named as parties .</p> <p>The Legal Officer of the Samurdhi Development Department stated that Section 48(3) of the Pensions Act, based on which the pensions to officers absorbed into the Samurdhi Development Department were made, states about the payment of pensions to officers who have joined the public service having had contributed to an approved Provident Fund earlier, and that the Director General of Pensions was of the opinion that the particular section was applicable to these officers since the Approved Provident Fund is similar to the Employees' Provident Fund. He further stated that following an inquiry made by the Department of Samurdhi Development regarding this matter, the Commissioner General of Labour had issued a letter stating that the Employees' Provident Fund, Approved Provident Fund and Public Service Provident Fund are funds different from each other.</p> <p>The Chief Accounting Officer/Counting Officer stated that although the Attorney General has been consulted regarding the problematic situation between the Supreme Court's decision in Case 252/2015 and the policy decision made by the Cabinet in this regard, no response has been received so far. The Chief Accounting Officer/Counting Officer stated that the issue was discussed with the officers of the Attorney General's Department and that since it is general</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>practice not to express their opinion on a case pending in court, this practice may have affected this delay. The Chief Accounting Officer/Accounting Officer stated that the Attorney General is calling for observations from each of the party institutions regarding the averments in the case, and that the observations called for by the Attorney General's Department for the amended caption after the Director General of Pensions and the Commissioner General of Labour were added to this case through a motion, were submitted by the Samurdhi Development Department. The Chief Accounting Officer/Accounting Officer further stated that the Attorney General has not filed a reply to the court. Stating that he has not yet been notified that he has been named as a respondent in this case, the Director General of Pensions further stated that a copy of the case will be obtained from the court and the necessary further steps will be taken in that regard. The Director General of Pensions further stated that it is his recommendation that action be taken in accordance with the Minutes on Pensions with regard to the officers concerned with this issue, and that, as per the Cabinet decision dated 20.02.2023, pensions should be paid after recovering the provident funds from the relevant officers along with the relevant interest.</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p style="text-align: center;"><u>Observations/Recommendations</u></p> <p>The Committee pointed out that employees are being aggrieved due to each department giving different interpretations to this and not making a proper decision.</p> <p>The Committee also stated that the needful will be done to send a letter to the Attorney General, through the Committee on Public Accounts, requesting a copy of the letter sent to the Attorney General by the Ministry of Women, Child Affairs and Social Empowerment, inquiring about the manner in which actions should be taken regarding the above-mentioned policy decision made by the Cabinet and the settlement decision of the Supreme Court in case No. 252/2015 by 11.01.2024, and informing that it is appropriate to provide a recommendation in this regard promptly, since this issue arose in the Committee on Public Accounts</p> <p>A copy of the letter dated 30.12.2023 submitted to the Attorney General regarding the above matter has been forwarded to the Committee by way of the letter No. MSE/ACC/01/44 Volume II dated 11.01.2024 of the Secretary to the Ministry of Women, Child Affairs and Social Empowerment. The letter No. PAC/9/5/2024 dated 17.04.2024 of the Secretary to the Ministry of Women, Child Affairs and Social Empowerment, informing that it is appropriate to provide recommendations in this regard to the Ministry of Women, Child Affairs and Social Empowerment expeditiously, as directed by</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>the Committee on Public Accounts, has been forwarded to the Attorney General.</p> <p>Having observed that the Department of Samurdhi Development had not forwarded a copy of the letter dated 14.09.2023 sent by the Commissioner General of Labour explaining the meaning of provident funds to the Department of Pensions, the Committee pointing out that the resolution of this issue was further delayed due to lack of proper coordination and expressed its displeasure over the matter.</p> <p>The Committee recommended to the Chief Accounting Officer/Accounting Officer to forward, by 2024.01.11, a copy of the letter No. PB/General Instructions/1 (Volume II) titled “Clarification on Employees' Provident Fund, Approved Provident Funds and Public Service Provident Fund”, sent by the Commissioner General of Labour to the Director General of the Department of Samurdhi Development, to the Director General of Pensions, with copies to the Attorney General and the Committee.</p> <p>A copy of the above letter has been forwarded to the Committee by way of the letter No. MSE/ACC/01/44 Volume II dated 11.01.2024 of the Secretary to the Ministry of Women, Child Affairs and Social Empowerment.</p>

	Main points discussed	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>Having recommended to the Commissioner General of Labour to take steps to present the facts for the case regarding this matter and to submit a clear observation to the Committee on Public Accounts before 20.01.2024 as to which Provident Fund the officers absorbed from the authorities at the time of the establishment of the Samurdhi Development Department belonged, further instructed to coordinate with the Secretary to the Ministry of Women, Child Affairs and Social Empowerment and the Director General of the Samurdhi Development Department to obtain further information on this matter.</p> <p>The letter No. PB/General Instructions/1 (Volume I) dated 19.01.2024 of the Commissioner General of Labour has been forwarded to the Committee, informing that, as per the information in the database of the Department of Labour, the Southern Development Authority of Sri Lanka, the Samurdhi Development Authority and the Sri Lanka Udarata Development Authority have been registered to enable these officers to credit contributions to the Provident Fund, established under the Employees' Provident Fund Act No. 15 of 1958 and maintained by the Central Bank of Sri Lanka.</p>
02	<u>Revision of the approved cadre</u>	The Chief Accounting Officer/Accounting Officer stated that 06 schemes of recruitment and

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>The Committee informed that an explanation be made on the measures taken to resolve the existing issues regarding the cadre, as the Ministry of Finance, Economic Stabilization and National Policies has approved a new cadre revision to the Department of Samurdhi Development.</p> <p>The Committee also inquired specifically about the steps taken to resolve the existing issues regarding the promotion of</p>	<p>promotions are to be revised and approved in accordance with the new cadre revision approved on 01.11.2023, and that out of these, one scheme has been referred to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government for approval, and 03 procedures have been referred to the Public Service Commission for approval. He also explained that it took some time to discuss with trade unions and reach an agreement on incorporating their demands when preparing these recruitment and promotion schemes. Having stated that the other 02 recruitment and promotion schemes that have already been will be submitted for approval to the Director General of the institute by 12.01.2024, the Chief Accounting Officer/Accounting Officer also noted that a period has been prepared for the purpose. Accordingly, the Chief Accounting Officer/Accounting Officer stated that it is expected to obtain the recommendations of the Director General of Institute by 2024.01.15 for 02 recruitment and promotion schemes that need be submitted, together with the recommendations of the Director General of Institute, for approval by the Public Service Commission, and that if the approval of the Public Service Commission can be obtained for these recruitment and promotion schemes by</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>Samurdhi Development Officers who are covering the duties of the post of Samurdhi Manager.</p>	<p>2024.02.01, it is expected to issue examination notices for recruitment and take further action.</p> <p>Having stated that the post of Samurdhi Manager had been a personal one for the holder so far, and that vacancies had arisen in the post of Samurdhi Manager due to the approval of new positions as per the new cadre revision, the Chief Accounting Officer/Accounting Officer mentioned that interviews had been conducted for Samurdhi Managers who had been covering the duties of the post so far , and that dates had been set for issuing acting appointment letters accordingly.</p> <p><u>Recommendations</u></p> <p>The Committee ordered the Chief Accounting Officer/Accounting Officer to prepare new recruitment and promotion schemes for the Department of Samurdhi Development and to promptly forward them to the Public Service Commission/Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government, with a copy to the Committee on Public Accounts.</p> <p>The Committee recommended to the Chief Accounting Officer/Accounting Officer that once the new cadre is approved, a detailed document on all the tasks that need to be done by the Department of Samurdhi Development to resolve existing problems (a report which includes information on the officer responsible for each task, the institutions</p>

	Main points discussed	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>involved and the expected dates for the completion of these tasks) be submitted to the Committee before 20.01.2024 and to report to the Committee on the progress of the completion of those tasks on the 15th of every month thereafter.</p> <p>A report regarding the recruitment/promotions for each post together with a time frame, has been forwarded to the Committee through the letter No. MSE/ACC/01/44 Volume II dated 22.01.2024 of the Secretary to the Ministry of Women, Child Affairs and Social Empowerment and its progress as on 15.02.2024, 15.03.2024, 15.04.2024, 15.05.2024 and 15.06.2024 has been reported by letters dated 19.02.2024, 20.03.2024, 25.04.2024, 05.06.2024 and 24.06.2024 respectively.</p>
03	<p><u>Current status of the programme for the computerization of Samurdhi Banks</u></p> <p>The Committee inquired about the current status of the computerization of Samurdhi Banks and</p>	<p>The Chief Accounting Officer/Accounting Officer stated that, at present, all 1089 Samurdhi Banks initially planned for computerization, except for the Rathugala branch in Monaragala, have been computerized, and that 05 newly established banks have not been computerized yet. The Chief Accounting Officer/Accounting Officer also stated that in December 2023, all account credits, interest credits, and preparations of final accounts were carried out using computer software.</p> <p>The Chief Accounting Officer/Accounting Officer stated that although 500 banks have applied to stop the manual process, permission could only be</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
<p>observed that audits have been completed and computers integrated into the system in only 100 banks.</p> <p>The Deputy Auditor General stated at the Committee that some of the tasks in the action plan submitted by the Department of Samurdhi Development for the computerization of Samurdhi Banks have not been completed by 31.12.2023, the computer system has not been developed to the target level, and there are instances where balance verifications do</p>	<p>granted to 100 banks so far due to audit work and manual process corrections, despite the fact that computerization activities had been carried out as per the action plan. The Chief Accounting Officer/Accounting Officer also stated that although the approval for this task was initially decided to be given through the head office of the Department of Samurdhi Development, since it takes some time, it has been proposed to name a district committee consisting of audit officers, IT officers and bank supervisory officers to expedite the task and give the relevant permission through it.</p> <p>The Chief Accounting Officer/Accounting Officer stated that a software has already been developed to computerize/conduct online the entire operations of Samurdhi Banks and that instructions have been given at the district level to update the monthly progress of the computerization of banks through Google sheets. He further stated that the problems related to personal balance checking maintained in some banks since the beginning is not an interruption to the implementation of this software or the day-to-day operations of the bank and that the same is being successfully implemented in banks across the island.</p> <p><u>Recommendations</u></p> <p>Having emphasized that all Samurdhi Banks be removed from the manual process and be implemented completely through the computer</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>not tally during the manual process. Having stated that the The Auditor General's Department should be provided with the facilities to audit the activities of Samurdhi Banks using computer techniques, and that there is an audit trail for the purpose, the Deputy Auditor General also noted that this computer system has not yet reached that target.</p>	<p>system, the Committee recommended to the Chief Accounting Officer/Accounting Officer that District Committees consisting of Audit Officers, Information Technology Officers, and Bank Supervisory Officers be appointed promptly in order to expedite the computerization of Samurdhi Banks, that a time frame be given to each bank to fully computerize its functions, including auditing, and that a report thereof be submitted to the Committee.</p> <p>The Committee emphasized that since problems in implementing the computer system related to Samurdhi Bank activities in practice are observed, those problems be resolved promptly and that the manual process in all Samurdhi Banks be completely eliminated and banking activities be implemented through the computer system</p> <p>It has been reported by way of the letter No. MSE/ACC/01/44 Volume II dated 30.04.2024 of the Secretary to the Ministry of Women, Child Affairs and Social Empowerment, that District Committees have been appointed as per the instructions of the Committee and that a report regarding complete computerization will be submitted in the future.</p>
<p>04</p>	<p><u>That the Samurdhi Social Development</u></p>	<p>The Chief Accounting Officer/Accounting Officer informed the Committee that the quotations were called in September 2020 and the quotations</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
<p><u>Trust Fund had incurred a loss of approximately Rs. 11 million in the procurement of 340 computers (Report of the Samurdhi Social Development Trust Fund 2022-154(6), paragraph 3.4).</u></p> <p><u>The Samurdhi Social Development Trust Fund incurred a loss of approximately Rs. 11 million in the procurement of 340 computers (Samurdhi Social Development Trust Fund Report 2022-154(6), paragraph 3.4).</u></p> <p>Having paid attention to the fact that, in the</p>	<p>submitted were evaluated by a Technical Evaluation Committee. Having stated that one of the local suppliers who submitted quotations had also submitted Public Finance Circular No. 03/2020, issued with the approval of the Cabinet for the policy to encourage local industries, the Chief Accounting Officer/Accounting Officer stated that the Procurement Committee had recommended the selection of the said supplier based on the relevant circular giving instructions to provide a 30% concession to manufacturers who use local raw materials.</p> <p>He further stated that since this circular had not been issued at the time of calling for quotations, one member of the Procurement Committee had not agreed to this decision, and that two members had given the relevant recommendation. The Chief Accounting Officer/Accounting Officer further stated that the Secretary to the Ministry did not approve the recommendation of the Procurement Committee, that it was decided to call for quotations and procure again, and that the above local manufacturer was selected when calling for quotations and procuring again accordingly.</p> <p>The committee pointed out that this procurement committee had acted irresponsibly, resulting in a loss of about 11 million rupees. It was also revealed that the accessories/spare parts required for these computers had been purchased in 2021, about a year</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>procurement of 340 computers, computers have been purchased from the supplier who was selected after re-procurement at a higher price of Rs. 149,500 per unit instead of the low-value bid selected in the first procurement, the Committee inquired into the basis for this.</p>	<p>before the computers were purchased, and had been left idle.</p> <p>Having stated that the bid next to the lowest bid submitted during the first procurement was selected based on Public Finance Circular No. 03/2020, and that the lowest bid submitted in the re-procurement was selected as per the instructions of the Secretary to the Ministry, and that the second bidder was the same person selected in the first procurement, the Chief Accounting Officer/Accounting Officer stated that there had been a change in the prices of the computers due to the time gap between the calls for these procurements.</p> <p>The Department of Public Finance stated that a circular that was not issued at the time the quotations were called cannot be applied to that procurement and that the Technical Evaluation Committee (TEC) should have consulted the Procurement Committee or the Procurement Commission when clarification was required regarding the procurement.</p> <p>The Chief Accounting Officer/Accounting Officer also stated that the computers purchased above are currently being used for the activities in the subject of social security in the Divisional Secretariats without any technical problems.</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>The Committee inquired about the matters revealed by the Department's internal audit regarding the above procurement of computers, and the Internal Audit Division of the Department of Samurdhi Development stated that the Technical Evaluation Committee had conducted a proper evaluation in the first procurement and that this issue had arisen due to the application of Public Finance Circular No. 03/2020 by the Procurement Committee</p> <p><u>Recommendations</u></p> <p>In view of the fact that a financial loss has been incurred due to this computer procurement, the Committee recommended that the Chief Accounting Officer/Accounting Officer further investigate this matter and submit a report to the Committee, before 10.02.2024, with further information including the names of the officers who served as members of the relevant Procurement Committee for the purchase of these computers, the observations made by the said Committee, and the observations of the Ministry of Women, Child Affairs and Social Empowerment/Department of Samurdhi Development in this regard.</p> <p>A detailed report on the procurement concerned has been sent by way of the letter No. MSE/ACC/01/44 Volume II dated 09.02.2024 of the Secretary to the Ministry of Women, Children's Affairs and Social Empowerment.</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
<p>5</p>	<p><u>Taking disciplinary action regarding the reporting of financial irregularities in the “Damana” Divisional Secretariat Division in the provision of fishing nets to Samurdhi beneficiaries for livelihood.</u></p> <p>The Committee pointing out that this incident was also discussed at length in the previous meetings of the Committee on Public Accounts, inquired regarding the actions that have been taken</p>	<p>The CAO/AO stated that a special examination conducted by the departmental audit division has revealed that funds had been provided to the Damana Divisional Secretariat for livelihood development in the year 2021, and that the Divisional Secretary had appointed only a procurement committee without appointing a technical evaluation committee for the purpose. The CAO/AO stated that the the Project Manager and the Headquarters Manager of the Samurdhi Development Department are the officers who had involved in this incident and explanations have been called from them regarding distributing the fishing nets by selecting the fishermen and not maintaining the relevant records, and accordingly, they have been transferred as a punishment.</p> <p><u>Observations/ Recommendations</u></p> <p>The Committee observed that the disciplinary punishment given to the relevant officers was the suspension of one day's salary and a warning. It was also revealed at that previously held meetings of the Committee on Public Accounts that there were issues regarding the distribution of these fishing nets not being carried out properly and the fishing nets that had been purchased not fulfilling the proper specifications.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>against the officers who are responsible for the said irregularities.</p>	<p>The CAO/AO stated, since the responsibility for implementing this project lies with the relevant Divisional Secretary, the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government has been informed to take action in this regard.</p> <p>Emphasizing the dissatisfaction of the Committee towards the steps that have been taken by the Samurdhi Development Department regarding the misconduct of the officers, the Committee pointed out that the relevant Samurdhi Manager is committed to purposeful accountability, and that the investigation officer has considered the non-distribution of the goods for about 02 years after receiving them, failure to provide proper specifications for the goods, and failure to follow up on the activities of the project as minor duties. It was revealed that about 163 incidents of misconduct were reported regarding the officers of the Samurdhi Development Department, and that the investigations conducted for them were conducted in a biased manner, and minor punishments were given for serious misconducts. The Committee paying its attention to this matter, emphasized that the Ministry of Women, Children's Affairs and Social Empowerment should make adequate intervention in the investigations conducted regarding the misconducts committed by</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>the officers of the Samurdhi Development Department.</p> <p>The Committee recommended to the CAO/AO to conduct a re-investigation at the level of the Ministry of Women, Child Affairs and Social Empowerment regarding the questionable incident that allegedly occurred during the distribution of fishing nets to Samurdhi beneficiaries in the Damana Divisional Secretariat Division, and to submit a report containing information on each step/task taken from the beginning of the process of purchasing the fishing nets in question and the officers of the Samurdhi Development Department and the officers of the Damana Divisional Secretariat who were assigned responsibilities in this regard, along with the observations of the Secretary to the Ministry, to the Committee before 16.01.2024, so that it can be forwarded to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government. The Committee instructed to get in contact with the Ministry of Fisheries if any clarification is required in this regard.</p> <p>The Secretary to the Ministry of Women, Child Affairs and Social Empowerment vide letter No. MSE/ACC/01/44 Volume II dated 16.01.2024</p>

	Main points discussed	<ul style="list-style-type: none"> - Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		<p>has submitted the above information report, and it has been informed that a preliminary investigation will be conducted at the Ministerial level. For further action in this regard, the said report was forwarded to the Secretary to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government on 26.01.2024 as per the recommendations of the Committee on Public Accounts and the Secretary to the Ministry vide letter No. HAF/INV/22/2023-11(09) dated 08.03.2024 informed that it has been decided to take disciplinary action under the summary disciplinary procedure against the relevant officers of the Damana Divisional Secretariat regarding the irregularities that have occurred in the decision-making of the procurement committee.</p> <p>The Secretary to the Ministry of Women, Children's Affairs and Social Empowerment through letter No. MSE/ACC/01/44 Volume I dated 20.08.2024, has reported that according to the report of the preliminary investigation conducted at the Ministerial level into this incident, sufficient grounds are not observed to issue charge sheets under the First Schedule of Part II of the Establishments Code against the officers were involved in the incident, and the</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>steps that have been taken by the Samurdhi Development Department against those officers are satisfactory.</p>
<p>06</p>	<p><u>The funds of the Samurdhi Development Department not being subjected to audit by the Auditor General.</u></p> <p>It was revealed during the Committee that annual budgets are not being prepared and approval is not being obtained from the Treasury for the departmental funds established under Section 45 of the Divi Neguma Act.</p> <p>The Committee observed that the</p>	<p>The Department of Public Finance has been sending reminders from time to time informing to submit the reports in accordance with the Public Finance Circular regarding these funds, but the Samurdhi Development Department has responded only for two departmental funds to certain extent and the Department of Public Finance stated, that approval has also been sought for the establishment of two new funds.</p> <p>The CAO/AO stated that the final accounts of the Social Security Trust Fund worth of Rs. 14.5 billion from the funds of the Samurdhi Development Department is prepared periodically and submitted for government audit. Stating that the Livelihood Development Revolving Fund was started by collecting 50% of the loans given to beneficiaries by the Treasury during the period 2007 – 2013, and that there is a problem in defining it as a fund, the CAO/AO stated that every Samurdhi Bank branch has an account for it, and that its money is used to provide loans for the livelihood development of Samurdhi beneficiaries, and that it is subject to the internal audit of the department.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>Livelihood Development Fund has not been submitted for audit so far, and in addition, there are 15 funds that have not received proper approval, and 09 funds out of those 15 funds are not in operation. It was revealed that these funds which were built up from the money provided by the Treasury and the compulsory deposits of the members, have not yet been subject to the control of the Treasury or the audit of the Auditor General,</p>	<p>The CAO/AO stated that the 15 funds mentioned as existing in addition to the 07 departmental funds are not currently operational as funds and are controlled by the Bank Management Board.</p> <p>The Committee instructing the Department of Public Finance to take action to make a policy decision in consultation with the Samurdhi Development Department regarding these funds, and stated that these funds should be used to implement loan schemes for livelihood improvement through Samurdhi Banks.</p> <p>The CAO/AO stated that out of the Rs. 48 billion worth of funds held by the Samurdhi Development Department, Rs. 43 billion are compulsory savings of Samurdhi beneficiaries and that the funds should be released as per the needs of the account holders, and accordingly, between Rs. 5 and 6 billion remain as other funds in real. The CAO/AO also stated that there are currently no banks in the Samurdhi banking system that have lost liquidity, and stated that there has been an increase in the withdrawal of money from Samurdhi banks due to the reduction in the age limit for withdrawal of compulsory savings from 70 years to 60 years. Accordingly, requests have been received from Samurdhi banks to provide about Rs. 600 million, and that steps will be taken</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p>and that these funds worth about 48 billion have been are out of the financial control. The Deputy Auditor General stated that discussions were held with the Director General of the Samurdhi Development Department to implement these funds legally.</p>	<p>to send the money to those banks to provide it to the beneficiaries as required.</p> <p>The Committee pointed out that Rs. 476 million has been provided for employee housing loans from compulsory savings.</p> <p>The CAO/AO stated that no loans are provided to officers from compulsory savings and that these are “officers’ loans” provided by Samurdhi Bank Societies from their funds.</p> <p>The Committee emphasized that these funds should be used effectively for the financial necessities of Samurdhi beneficiaries and that these funds should also be used effectively to improve the living conditions of the extreme poor community.</p> <p>The CAO/AO stated that several new loan schemes will be introduced in 2024, that more loans are expected to be provided in the future, and that the "Arunalu" loan programme will be implemented through community-based organizations for Samurdhi beneficiaries who are unable to obtain bank loans.</p> <p><u>Recommendations</u></p> <p>The Committee emphasized that the Director General of the Samurdhi Development Department should take responsibility for these funds and also</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>instructed that the steps be taken to eliminate the use of ineffective funds.</p> <p>The Committee recommended to the CAO/AO to submit a report to the Committee before 10.02.2024, containing information on all funds under the Samurdhi Development Department, including the name of the fund, the date of establishment of the fund, the purpose of establishing the fund, details of the bank accounts of the fund, the current balance of the fund, who is responsible for the fund, who has been given the authority to sign cheques, the legal grounds under which the fund was established, and the actions taken regarding the fund.</p> <p>The above report has been sent by the Secretary to the Ministry of Women, Child Affairs and Social Empowerment vide letter No. MSE/ACC/01/44 Volume II dated 09.02.2024.</p>
07	<p><u>Developing a programme to empower Samurdhi beneficiaries who are not eligible for “Aswesuma” programme.</u></p>	<p>The CAO/AO stated that out of the total number of Samurdhi beneficiaries of 1,638,000, the number who are not entitled to the “Aswesuma” benefits is approximately 08 Lakhs.</p> <p>The CAO/AO stated that the issuance of circulars to obtain consent to enroll in the social security programme of the Samurdhi Development Department from beneficiaries classified as poor</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>and extremely poor under the “Aswesuma” programme, discussions with the commercial banks involved in this regard, and the collection of information from “Aswesuma” beneficiary holders who express their consent to contribute to the social security programme are currently underway, and it is expected to completed these activities by the end of January 2024. The CAO/AO further stated that the Department of Samurdhi Development has been entrusted with the task of preparing a programme to empower 12 lakhs of families, comprising 8 lakhs poor families and 4 lakhs extremely poor families, as per a decision of the Cabinet of Ministers, and that the plan prepared for the same purpose after obtaining recommendations from the Department of National Planning will be submitted expeditiously to the Cabinet of Ministers for approval.</p> <p>Pointing out that attention was paid to these programmes in previous meetings of the Committee on Public Accounts, the Committee reiterated that the Department of Samurdhi Development should also prioritize efforts to empower Samurdhi beneficiaries who are not eligible for the "Aswesuma" benefits.</p>

	Main points discussed	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p><u>Observations/ Recommendations</u></p> <p>The Committee emphasized that a proper programme should be implemented to empower Samurdhi beneficiaries who are not eligible to “Aswesuma” benefits.</p> <p>The Committee recommended to the CAO/AO to classify Samurdhi beneficiaries who are not eligible to “Aswesuma” benefits under various levels according to Grama Niladhari Divisions and accordingly to prepare appropriate programmes for each of those categories.</p> <p>The above report has been sent by the Secretary to the Ministry of Women, Child Affairs and Social Empowerment vide letter No. MSE/ACC/01/44 Volume II dated 30.04.2024.</p>
<p>Department of Animal Production and Health <i>(Auditor General's Reports and Current Performance Review for the Financial Years 2019, 2020 and 2021)</i> Date of Investigation - 11 January 2024</p>		
<p>Institutions summoned-</p> <ul style="list-style-type: none"> ❖ Ministry of Agriculture ❖ Department of Animal Production and Health 		

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
01	<u>Lack of information on imported bovine semen within the department</u>	<u>Recommendations</u> <p>The Committee recommended to the CAO/AO of the Ministry of Agriculture to prepare a suitable programme to monitor the quantity, quality, and stock of bovine semen imported by the public and private sectors, to add it to the national statistics, and to review its success, and to submit a report on that to the Committee by 07th August, 2023.</p> <p>The Committee advised the CAO/AO of the Ministry of Agriculture to monitor this matter, as it was revealed in the Committee that information is entered directly into the centralized system by the Veterinary Offices and that the awareness of the Provincial Directors and District Deputy Directors regarding that information is also important.</p>
02	<u>Lack of information in provincial offices regarding newly registered animal farms and animal farms that are closing down</u>	<p>The Committee on Public Accounts recommended to the Chief Accounting Officer/ Accounting Officer (CAO/AO) of the Ministry of Agriculture to promptly prepare an Online Management Information System containing accurate information on newly registered animal farms and animal farms that are being closed down and to submit a comprehensive report including the dates of its preparation and implementation to the Committee before 12th February 2024.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
		The Director General of Animal Production and Health vide letter No. DAPH/FD/01/04/14/Volume III dated 27.03.2024 has submitted a report.
03	<u>Introducing the same type of Database & Information System used by the North Central Provincial Animal Production and Health Department to other provinces.</u>	<p>The Committee on Public Accounts recommended to the CAO/AO of the Ministry of Agriculture to prepare a programme to introduce a formal data base and information system similar to that used by the Department of Animal Production and Health of the North Central Province to other provinces giving this the highest priority.</p> <p>The Director General of Animal Production and Health has sent a reply vide letter No. DAPH/FD/01/04/14/Volume iii dated 27.03.2024.</p>
04	<u>Establishment of livestock societies at the local government division level.</u>	<p>The Committee on Public Accounts recommended to the CAO/AO of the Ministry of Agriculture to take the example of the livestock societies operating in the North Central Province and to take steps to establish livestock societies in all provinces of the island at the local government division level, to take necessary steps to issue an instruction leaflet specifying the functions of those societies, to issue relevant circulars/gazettes with the approval of the Cabinet and prepare the legal framework for those</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>societies, and to submit a report on the progress of the process of establishing these societies to the Committee by 12.02.2024 (after discussing with all provinces through Zoom technology and obtaining their views).</p> <p>The Director General of Animal Production and Health vide letter No. DAPH/FD/01/04/14/Volume iii dated 27.03.2024 has submitted a reply.</p>
<p>05</p>	<p><u>The Committee inquired regarding the current status of the Ministry of Agriculture holding meetings with related provincial departments.</u></p>	<p>The Committee pointed out that since the primary responsibility for improving the livestock sector lies with the Secretary to the Ministry, it is essential to contact the Agriculture Departments of all 09 provinces via Zoom technology or once a month to obtain opinions and suggestions and take necessary action before issuing the relevant circulars.</p>
<p>06</p>	<p><u>The Committee inquired about the distribution of approved staff within the Ministry of</u></p>	<p>The Committee instructed the officers of the Department of Management Services to issue a circular prepared in an appropriate format to assign the approved staff in accordance with the scope of work performed by the Veterinary Investigation Offices, all Provincial Offices, District Offices and</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<u>Agriculture and the Department of Animal Production and Health, and about the approved staff at the provincial level.</u>	Agricultural Service Centers throughout the country.
07	<u>Determining the fees for performing artificial insemination by the public and private sectors.</u>	The Committee on Public Accounts recommended to the CAO/AO of the Ministry of Agriculture to prepare a methodology including criteria that can be used to charge service fees by the public and private sectors for artificial insemination in the 09 provinces and to submit a report thereon to the Committee by 12.02.2024. A report has been sent by the Director General of Animal Production and Health vide letter No. DAPH/FD/01/04/14/Volume III and dated 27.03.2024.
08	<u>An overpayment of approximately Rs. 3.9 million was incurred due to paying a price higher than the market price</u>	The Committee on Public Accounts recommended the CAO/AO of the Ministry of Agriculture to investigate and submit a comprehensive report with observations to the Committee.

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p><u>when purchasing 100,000 doses of foot and mouth disease vaccines.</u></p>	<p>The Secretary to the Ministry of Agriculture vide letter No. DAPH/FD/01/04/14/Volume III dated 27.03.2024 has submitted report.</p>
<p>09</p>	<p><u>Imported goats at the government-owned Imbulandanda and Thelahera breeding centers suffer from diseases and dying during and after the quarantine period, and many of the kids born to them are dying.</u></p>	<p>The Committee on Public Accounts recommended to the CAO/AO of the Ministry of Agriculture to submit a comprehensive report including the recommendations of the investigation conducted by the Ministry in this regard to the Committee on Public Accounts.</p> <p>The Director General of Animal Production and Health vide letter No. DAPH/FD/01/04/14/Volume III dated 27.03.2024 has submitted a report.</p>
<p>10</p>	<p><u>Calculating the total amount spent on medicines for treating animals in the last 03</u></p>	<p>The Committee on Public Accounts recommended to the CAO/AO of the Ministry of Agriculture to submit a report to the Committee by 12.02.2024, containing information on the amount spent on</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<u>years and the amount spent on medicines for treating pets.</u>	<p>medicines and the amount spent on the treatment of pets in the 09 provinces separately.</p> <p>The Director General of Animal Production and Health vide letter No. DAPH/FD/01/04/14/Volume III dated 27.03.2024 has submitted a report.</p>
11	<u>Current status of Karandagolla and Seppukulam schools of Animal Husbandry</u>	The Committee instructed the CAO/AO of the Ministry of Agriculture to ensure that the dropout rate during the course can be minimized through broader publicity and by enrolling students in the courses with a certain fee, and to pay special attention to the two schools of Animal Husbandry in Karandagolla and Seppukulam and to ensure their successful operation.
<p>Department of Import and Export Control</p> <p><i>(Auditor General's Reports and Current Performance Review for the Financial Years 2021, 2022)</i></p> <p>Date of Investigation- 23 January 2024</p>		
<p>Institutions summoned-</p> <ul style="list-style-type: none"> ❖ Ministry of Finance, Economic Stabilization and National Policies ❖ Department of Import and Export Control 		
01	<u>The 11 main functions assigned to the Department of</u>	The Committee questioned the role of the Department of Import and Export Control in relation to the function of “Facilitating the implications of recommendations of the World

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
	<p><u>Import and Export Control under the Imports and Exports Control Act No. 1 of 1969, were discussed in the Committee.</u></p>	<p>Trade Organization for the development of Sri Lanka’s domestic and foreign trade” which was included in its key roles. The AO further stated that within the function of “Controlling the import of substances that deplete Ozone layer in accordance with the Montreal Convention”, certain restrictions have been imposed on the import of equipment containing gases that deplete the ozone layer, and that relevant recommendations are obtained from the Ministry of Environment when issuing licenses for the import of goods that have an impact on the environment.</p> <p>The Committee, having observed that the government was not receiving the expected foreign exchange earnings from the export process, inquired regarding the role of the Department of Import and Export Control in the export process.</p> <p>The Accounting Officer (AO) of the Department of Import and Export Control stated that the Department of Import and Export Control issues licenses for exported goods and that exchange control activities are not carried out under this department.</p> <p>It was revealed that the Department of Import and Export Control, in fulfilling its responsibilities, exercises import and export control through the</p>

	Main points discussed	<p style="margin: 0;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO)</p> <p style="margin: 0;">- Observations and Recommendations of the Committee</p>
		<p>issuance of licenses and issues regulations related to the import of goods. The AO stated that the issuance of import licenses, while taking the security, economy, public health and environmental conservation of the country into consideration, is the primary role assigned to the Department of Import and Export Control under the Import and Export Control Act.</p>
02	<p><u>It was revealed at the Committee that there are 36 recommending authorities for issuing import licenses.</u></p>	<p>The Accounting Officer stated that import licenses will be issued based on the recommendations issued by those institutions, and after the goods are imported, Sri Lanka Customs and the institutions that have given recommendations will check whether the imported goods comply with the license conditions. It was further stated that goods imported without meeting the prescribed standards and in violation of the license conditions will be recommended for re-export.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer(CAO) /Accounting Officer(AO) to submit a report to the Committee containing the following information regarding the institutions to which import licenses have been issued by the Department of Imports and Exports Control.</p> <ul style="list-style-type: none"> • How many institutions/importers have been granted import licenses so far?

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<ul style="list-style-type: none"> • How many institutions/importers have violated the conditions included in the import license? • What are the types and quantities of goods that have been imported without following the standards in the last 02 years? • What are the types and quantities of goods that have been re-exported in the last 02 years?
<p>03</p>	<p><u>The software system to be implemented within the Department of Imports and Exports Control in relation to the issuance of import and export licenses</u></p>	<p>The Accounting Officer stated that until the software system is implemented, a common form has been introduced to obtain recommendations from institutions that provide recommendations for the issuance of import licenses, and that recommendations related to the import of goods will be obtained via email and hard copies of them will also be imported.</p> <p>The Committee was informed that the software system has received Cabinet approval and will be developed by a foreign software development company with the assistance provided by the US Embassy. The Accounting Officer (AO) further stated that an IT Controller position has been established for the system within the Department of Imports and Exports Control and that the development of the system is scheduled to be completed in March 2024.</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer (CAO) of the Ministry of Finance, Economic Stabilization and National Policies and to the Accounting Officer (AO) of the Department of Imports and Exports Control that, when installing the said software system within the Department of Imports and Exports Control, a formal agreement should be entered into with the foreign software company developing the system. The agreement should also give due consideration to the security of the data exchanged through the software system and to the maintenance activities of the system. Furthermore, it was recommended that necessary plans be made to properly take over and operate the system by the Department immediately upon the completion of the agreed two-year period.</p>
04	<p><u>Amending the laws and formulating a mechanism for imposing penalties for importers violating the conditions included in import licenses</u></p>	<p>The Accounting Officer (AO) stated that steps have been taken to re-export the goods imported in violation of the import license conditions and to publish the names of the importers who violate the conditions. As per the recommendation given in the previous Committee on Public Accounts meeting in this regard, the Accounting Officer (AO) stated that legal advice had been sought from the Attorney General as to whether, in addition to publishing the names of importers who violate licence conditions, their registration could also be suspended. The Attorney General has informed that only the</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>publication of those importers can be done in accordance with the powers available in the Imports and Exports (Control) Act, and that the matter will be referred to the Legal Draftsman to amend the Imports and Exports (Control) Act covering all those matters.</p> <p><u>Recommendations</u></p> <p>It was proposed at the Committee that, in addition to publishing the names of importers who violate the conditions included in import licenses, a mechanism should be implemented to impose penalties on them. Accordingly, the Committee recommended the Chief Accounting Officer (CAO) and the Accounting Officer (AO) to submit a report to the Committee within a week (before 31.01.2024), including specific dates, on amending the relevant laws to enable the imposition of such penalties and on formulating the related mechanism.</p> <p>The Controller General of Imports and Exports, vide letter No. IECD/07/01/40 dated 06.02.2024, has submitted a reply containing the following points.</p> <ul style="list-style-type: none"> • Regulations have been imposed to levy additional fees on importers who violate the conditions included in the import control

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>licences by virtue of the Extraordinary Gazette No. 1953/28 dated 11.02.2016</p> <ul style="list-style-type: none"> • The draft Gazette notification setting the regulations to formulate a mechanism to publicize importers who import goods that do not comply with the specific standards for the relevant goods in accordance with Section 11E of the Imports and Exports (Control) Act, has been submitted to the Legal Draftsman on 22.12.2023 with amendments. • The draft Gazette notification containing the said amendments on 16.01.2024 has been submitted to the Department for further review on 16.01.2024. • It has been informed that, if any further amendments are required to the said draft, such amendments will be communicated to the Legal Draftsman, and thereafter the draft will be submitted for the approval of the Attorney General and necessary action will be taken accordingly. <p>The timeline prepared for this purpose is as follows:</p> <p>(i) Obtaining from the Legal Draftsman – 15.02.2024</p> <p>(ii) Obtaining the approval of the Attorney General – 15.03.2024</p> <p>(iii) Publishing the Gazette – 01.04.2024</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>(iv) Obtaining the approval of the Cabinet for the Gazette and submitting the Gazette for approval in Parliament – 30.05.2024</p> <p>In addition, it has been reported that since it is necessary to amend the Imports and Exports (Control) Act for further legal amendments, action will be taken in future in that regard.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer (CAO) / Accounting Officer (AO) to urgently send a letter to the Ministry of Trade, Commerce and Food Security to investigate the legal measures being taken by those countries in accordance with international conventions regarding the import of substandard goods by importers from other countries who have obtained import licenses and are importing them, and to report back within 01 month (before 23.02.2024).</p> <p>The Committee recommended to the Chief Accounting Officer (CAO)/ Accounting Officer (AO) that upon receipt of the said report, a copy of it should be forwarded to the Committee on Public Accounts, with a copy to the Auditor General.</p> <p>By letter No. IECD/06/07/05/2024 dated 07.02.2024 of the Controller General of Imports and Exports relevant information has been</p>

	Main points discussed	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>requested from the Secretary to the Ministry of Trade, Commerce and Food Security.</p>
05	<p><u>Goods that are and should be subject to import and export control and the corresponding Harmonized Classification Numbers (HS Codes) of those goods.</u></p>	<p>The Accounting Officer (AO) stated that all goods subject to import control are monitored by the Department of Imports and Exports Control. The Accounting Officer (AO) of the Department of Imports and Exports Control stated that there are 1,076 Harmonized System (HS Codes) relating to goods subject to import control; 504 HS Codes fall under the Suspended License Category; 304 HS Codes are under temporary suspension; and 51 HS Codes are banned.</p> <p>Furthermore, it was revealed that coconut oil that has been used and disposed in foreign countries is being imported, refined and sold, and that this coconut oil is carcinogenic. It was also stated that HS Codes have not been introduced for the import of certain goods such as infant toys. Furthermore, the Committee emphasized that proper supervision should be carried out on goods imported under import licenses.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer (CAO) / Accounting Officer (AO) to take prompt steps to formulate a proper mechanism for the supervision of goods imported under the Harmonized System (HS) Codes that fall within the control of the Department of Import and</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>Export Control. The Committee further recommended that, in coordination with Sri Lanka Customs, necessary action be taken to examine other goods that needs to be subject to import control and to bring such goods under appropriate HS Codes and import control measures.</p>
<p>06</p>	<p><u>Auditor General's Audit report 1. (5.1)</u></p> <p>(i) The policy on granting licenses for vehicles that have exceeded the recommended time period, vehicles imported in disassembled form (as parts), and spirits used for the production of liquor.</p>	<p>The Accounting Officer (AO) stated before the Committee that import licenses for spirits required for pharmaceuticals and other manufacturing purposes are issued in accordance with the quantities recommended by the Excise Department. The Accounting Officer (AO) further informed that the importation of spirits for liquor production is currently suspended; however, if such imports are required for liquor manufacturing, special approval must be obtained from the Secretary to the Ministry of Finance, Economic Stabilization and National Policies.</p> <p>The Accounting Officer (AO) stated that when importing spirits for pharmaceutical production, recommendations specifying the required quantities must be obtained from the Ministry of Health or other relevant sectors, in addition to the recommendations from the Excise Department. The Accounting Officer (AO) further noted that since the suspension of license issuance for liquor production in 2020, only six (06) import licenses</p>

Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	<p>have been issued for the importation of spirits to date.</p> <p>The Committee observed that the Department of Imports and Exports Control has not yet established a formal mechanism in coordination with the Excise Department for the granting of licenses regarding the importation of spirits.</p> <p><u>Recommendations</u></p> <p>Since import licenses are issued based on the quantity of liquor/spirits recommended by the Excise Department, the Committee recommended to the Chief Accounting Officer (CAO) / Accounting Officer (AO) to inform the Commissioner General of Excise to formulate a specific policy with regard to the quantities of liquor/spirits to be so recommended.</p> <p>The Controller General of Imports and Exports has informed the Commissioner General of Excise by letter No. IECD/03/01/03 dated 06.02.2024, requesting him to take necessary steps to formulate a specific policy for the quantity of liquor/spirits recommended by the Commissioner General of Excise and submit that policy.</p> <p>In this regard, the Controller General of Import and Export has also sent a reminder letter, dated 01.04.2024 and bearing reference number</p>

	Main points discussed	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		IECD/03/01/03, to the Commissioner General of Excise.
07	(ii) Preparation of a national policy by the Presidential Secretariat for the importation of vehicles.	<p>The Accounting Officer (AO) of the Department of Trade and Investment Policies stated before the Committee that the process of making the report of the committee appointed by the Presidential Secretariat to formulate a national policy on vehicle importation is in its final stage.</p> <p>The Committee emphasized that when formulating a national policy for vehicle imports, it should include provisions for the importation of used vehicles. Specifically, it should assess the fuel consumption and the expenditure incurred on vehicle spare parts, while also establishing a policy for the importation of new vehicles. Furthermore, the Committee emphasized that this national policy must be developed considering factors such as the economy, impact on the environment, and prevention from road accidents.</p> <p>The Accounting Officer (AO) stated that a gazette notification has been issued containing the standards/regulations related to the importation of vehicles. The Accounting Officer (AO) further stated that the issuance of licenses for the importation of used vehicles has been subject to control, and that although the import of new vehicles is not subject to license control, the import</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>of such vehicles must comply with the emission standards and safety standards.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer (CAO) / Accounting Officer (AO) to implement the report prepared by the committee appointed by the Presidential Secretariat to prepare the National Policy for Vehicle Importation.</p>
08	<p><u>Auditor General's Audit report 1. (5.4)</u></p> <p>The subsequent transfer of vehicles imported under the Gift scheme to various parties</p>	<p>The Accounting Officer (AO) stated before the Committee that once import licences are issued for vehicles imported under the Gift scheme, ownership of that vehicle cannot be transferred to another party without paying the applicable taxes.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer (CAO) / Accounting Officer (AO) to examine, in coordination with the Department of Motor Traffic, whether ownership of vehicles imported under the Gift scheme has been transferred after the issuance of import licenses and whether any irregularities have occurred in this regard, and to inform the Department of Motor Traffic that such transfer of ownership is not possible.</p> <p>The Controller General of Imports and Exports has informed the Commissioner General of the</p>

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>Department of Motor Traffic, vide letter No. IECD/02/2023/004 dated 07.02.2024 that if a request is made to the Commissioner General of Motor Traffic to transfer vehicles imported under the Gift scheme to another party, registration for the relevant transfers should not be carried out without prior consultation with the Department of Imports and Exports Control.</p> <p>A copy of the letter No. IECD/02/2023/004 dated 09.04.2024 addressed to the Commissioner General of Motor Traffic requesting current information of vehicles for which import permits have been issued under the Gift scheme from 2014 to the present has been submitted.</p>
<p>09</p>	<p><u>Auditor General's Audit report 1. (6.1)</u></p> <p>It was recommended at the meeting of the Committee on Public Accounts held on 08.06.2022 to pass the necessary legal provisions to</p>	<p>It was revealed by the audit before the Committee that although there are provisions in the Imports and Exports (Control) Act to blacklist such importers and publish them in the gazette as substandard imports continue to occur, the Ministry of Finance, Economic Stabilization and National Policies and the Department of Imports and Exports (Control) have not yet taken a final decision in this regard.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
	cancel the registration of importers who import goods in contravention of the standards, in accordance with Section 11E of the Import and Export (Control) Act, No. 1 of 1969, as amended by Act No. 28 of 1978, within 03 months and submit a report to the Committee.	
10	<u>Auditor General's Audit report 1. (6.2)</u> Issuance of import licences for used vehicles	It was revealed in the Committee that a tax fraud had been committed by importing 33 used vehicles at a time when the importation of used vehicles was prohibited. The Committee observed that, as per the recommendation of the previous Committee on Public Accounts, the Department of Imports and Exports Control had inquired about the progress of the investigation initiated by the Criminal Investigation Department in this regard, and that the investigation has not yet been completed.

	<p>Main points discussed</p>	<p>- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
<p>11</p>	<p><u>Auditor General's Audit report 1. (6.4)</u> Importing expired medicines using the registration certificate issued for the importation of medicines</p>	<p>The Committee drew attention to the condition included in the pharmaceutical import license requiring that, at the time of importation, at least 75% of their total shelf life must remain.</p> <p>The Accounting Officer (AO) stated that the Ministry of Health, the Ministry of Finance, Economic Stabilization and National Policies, National Medicines Regulatory Authority (NMRA), Department of Exports and Imports Control and all other relevant institutions have agreed that at least 75% of the shelf life of such imported medicines must remain. It was further stated that the Department of Imports and Exports Control grants clearance through Sri Lanka Customs only if 75% or more of the total shelf life of the medicines remains at the time of importation. The Accounting Officer (AO) further stated that if the remaining shelf life of the imported medicines is between 74% - 65%, NMRA must certify the quality of those medicines and the feasibility of releasing them to the market; in such cases, permission is granted to release the medicines from Customs after imposing a fine on the relevant importer. Furthermore, the Accounting Officer (AO) stated that, if the remaining shelf life of the medicines is less than 65%, the importer must</p>

	Main points discussed	<p style="text-align: center;">- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee</p>
		<p>submit a special justification report in order to obtain clearance from Customs.</p> <p>The Committee observed that when medicines with a short shelf life are imported, there is a high tendency for them to expire due to the significant time taken for distribution to provincial hospitals; consequently, the Committee emphasized that the importation and provision of quality-assured medicines to the public is of paramount importance</p> <p>Furthermore, the Committee observed that during the period 2018-2020, there were a high number of cases of imported medicines with a shelf life of less than 75%, and emphasized that there should be a formal mechanism for importing medicines.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer (CAO) / Accounting Officer (AO) to consult with all relevant institutions, including the Ministry of Health, the Ministry of Finance, Economic Stabilization and National Policies, and the National Medicines Regulatory Authority (NMRA), and to submit a report regarding the maintenance of at least 75% of the total shelf life of a given medicine at the time of its importation.</p>

	Main points discussed	- Explanations of the Chief Accounting Officer (CAO)/Accounting Officer (AAO) - Observations and Recommendations of the Committee
12	<u>Auditor General's Audit report 2. (2.1)</u>	<p>The Auditor General pointed out before the Committee that although the Gazette No. 2044/40 dated 09.11. 2017, which includes provisions to prevent the import of restricted and prohibited goods, and the Gazette No. 1971/10 dated 14.06. 2016, which restricts the entry of old vehicles into the country, have prevented illegal imports from entering the country, the Department does not have a follow-up mechanism in place after the issuance of import licenses due to the weakness of the interconnection between the data systems of Sri Lanka Customs and the Department of Imports and Exports Control.</p>
1	<u>Auditor General's Audit Observations 2. (2.2- ii)</u> <p>Although the license system for importing sugar came into operation on 30.10.2020, the issuance was delayed until 18.11.2020. During that period, 18 importers</p>	<p>The Accounting Officer informed that the inclusion of sugar imports under control of license had been delayed at the time the Special Commodity Levy imposed on one kilogram of sugar was reduced. Further, import licenses had not been issued at the first time the levy was reduced and their initial stage of the levy reduction, as there were no proper criteria in place at that moment for the issuance of import licenses. He further informed to the Committee that the importers had imported sugar without licenses during the aforesaid period, and the Controller General is empowered to grant approval for the release of such goods while imposing a fine for importing without licenses, and to reduce the fine based on reasonable grounds.</p>

	<p>imported sugar without licenses. In terms of Extra Ordinary Gazette Notification No.1953/28 dated 11.02.2016, an additional levy of 5% of the CIF value should have been charged. However, only 2% of the CIF value was charged on the sugar bulks imported without licenses.</p>	<p>The Accounting Officer further informed that although the importers had applied for import licenses, such licenses had not been issued and accordingly, the importers had proceeded to import sugar. He also informed that, out of the fine imposed at the rate of 5% as referred to in the audit query, a certain share had been reduced and the fine was imposed accordingly.</p>
<p>1</p>	<p><u>Auditor General's Audit Observations 2. (2.2 - iii)</u> The audit query related to the incident in which the relief expected to be provided to consumers was not realized as a result of reducing the Special Commodity Levy imposed on one kilogram of sugar from Rs. 50 to 25 cents.</p>	<p>The audit query revealed that, although one of the main objectives of issuing import licenses for sugar was to control the large-scale importation of sugar following the tax reduction, the average monthly quantity of imported sugar that prevailed prior to the introduction of the licensing system had increased after the introduction of import licenses.</p>

<p>1</p>	<p><u>Auditor General's Audit Observations 2. (2.4)</u> The audit query related to the incident in which a vessel carrying containers of fish that had traveled from Seychelles to Thailand experienced a mechanical failure and a power outage while in sea waters close to the Colombo Port and subsequently approached the Sri Lanka Ports Authority. Thereafter, the fish containers were sold on 09.03.2022 to a local private company identified by the local agent of the foreign vessel for the purpose of producing organic fertilizer.</p>	<p>The Accounting Officer informed that, after the relevant fish containers arrived at the Sri Lanka Ports Authority, Sri Lanka Customs had appointed a committee to inspect them. He further informed that the committee had reported that the discarded fish portions were not suitable for human consumption and should be classified as fish waste required for the production of organic fertilizer. Accordingly, the Accounting Officer informed that the relevant import license for the importation of fish waste had been issued.</p> <p>It was revealed at the Committee that the Central Environmental Authority had provided recommendations for the disposal of the discarded fish containers, and that such disposal had been carried out under the supervision of both Sri Lanka Customs and the Central Environmental Authority. It was further informed that the organic fertilizer was produced under the supervision of the Central Environmental Authority.</p> <p>The Accounting Officer stated that it has been reported in writing that inquiries were made with the Central Environmental Authority regarding the process of manufacturing organic fertilizer with waste fish. Out of 98 containers of waste fish were used for the production of organic fertilizer. Of the remaining 55 containers, 40 were re-exported and balance 15 containers were inspected by Sri Lanka Customs and the and under the supervision of those institutions, were utilized for the production of compost.</p> <p>An audit query revealed that the local private institution which purchased the said containers of fish waste operates a salmon processing factory, the</p>
----------	---	---

	<p>importation of those containers into the country caused environmental damage. The audit further disclosed that, as some of the waste fish containers were re-exported later and, it is confirmed that the decision to import those containers into the country was incorrect.</p> <p>The audit query further disclosed that there were 102 containers on board, not 98 and information of those 04 containers was unavailable. Although the importer should have applied to obtain the relevant import license, it is problematic that Sri Lanka Customs had made the request for the license. Furthermore, the audit revealed that the relevant importer had submitted a fake invoice for the said purpose, and this was also revealed by the audit.</p> <p>The Accounting Officer informed that Sri Lanka Customs had submitted a recommendation to bring these waste fish containers into the country, and that Eco N Rich Organic Fertilizer had applied to obtain the import license through the application form introduced by the Department of Import and Export Control.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer/ Accounting Officer to submit:</p> <p>I. Details of the officers of the committee appointed by Sri Lanka Customs to submit a report to the Department of Import and Export Control regarding the identification of the fish containers as fish waste and the assignment of the relevant Harmonized System (HS) Code for those goods; and</p>
--	--

	<p>II. Details of the officers who prepared the report submitted by the Central Environmental Authority to the Department of Import and Export Control in this regard.</p> <p>The information regarding the officers of the committee appointed by Sri Lanka Customs for the preparation of the relevant report, and the information regarding the officers who prepared the report submitted by the Central Environmental Authority to the Department of Import and Export Control, have been submitted through the letter dated 07.03.2024 and numbered MF06/10/Import & Export/COPA/2024 issued by the Secretary to the Ministry of Finance, Economic Stabilization and National Policies.</p> <p>Also, it has been reported that,</p> <p>I. The Secretary to the Ministry of Finance, Economic Stabilization and National Policy has informed to take appropriate measures to investigate and dispose the 15 containers containing fish waste, which are said to have been imported for use in the production of organic fertilizer,</p> <p>And</p> <p>II. The Director General of Customs, in his letter No. CDD/DES/MISC/2023/65 dated 26.02.202, informed that the Secretary to the Ministry of Finance, Economic Stabilization and National Policies has reported that Sri Lanka Customs has taken action to release 15 containers containing spoiled fish to M/C Agri Star Compost Pvt Ltd located in Peliyagoda, for the production of organic fertilizer. This action was based on the agreement with M/S Eco Rich Organic Fertilizer</p>
--	---

	<p>Company as per his letter No. MF06/10/Import & Export/COPA/2024 dated 18.03.2024 of.</p> <p>However, it was also reported in that letter that the process of releasing the said 15 containers has not yet commenced, pending approval from the Ministry of Health.</p> <p>The Committee also directed the Chief Accounting Officer/ Accounting Officer;</p> <p>I. To conduct a field inspection to determine the quantity of fertilizer already produced by the relevant factories that using the discarded fish portions for fertilizer production, in relation to this audit inquiry.</p> <p>And</p> <p>II. To include and officer from the Ministry of Finance, Economic Stabilization and National Policies in the committee appointed to carry out the said field inspection.</p> <p>The relevant field inspection committee has been appointed, and, through the letter of the Secretary to the Ministry of Finance, Economic Stabilization and National Policies numbered MF06/10/Import and Export/COPA/2024, dated 11.06.2024 from the Secretary of the Ministry of Finance, Economic Stabilization and National Policies, it has been reported that the committee conducted field inspection activities on 25.03.2024, 29.04.2024, and 30.04.2024. Accordingly, the final report prepared based on these inspections has also been submitted.</p> <p>The Board of Directors decided that the next meeting would be convened on 05.03.2024, with the participation of the relevant government</p>
--	---

		<p>institutions involved in this incident, namely Sri Lanka Customs, the Central Environmental Authority, and the Sri Lanka Police. It was also decided that the officers from the relevant committees of Sri Lanka Customs and the Central Environmental Authority, who are associated with this incident, would be invited to attend the meeting of the Board of Directors on that day.</p>
1	<p><u>Auditor General's Audit Observations 2. (2.5)</u> At a time when the country was experiencing a foreign exchange crisis and ethanol imports were restricted, the Department took action to issue an import license on 21.01.2022 for Lanka Sugar Company to import molasses required for ethanol production, with a value of USD 1,960,000.</p>	<p>The Accounting Officer informed that, at the time of the aforementioned audit inquiry, the Excise Department had made recommendations for the import of molasses required for ethanol production, and although import permits were issued based on that recommendation, that permit has now been cancelled.</p> <p><u>Recommendation</u></p> <p>The Committee recommended to the Chief Accounting Officer/ Accounting officer to obtain a report from Sri Lanka Customs along with copies to the Committee on Public Accounts and the Auditor-General to confirm that the import permit for molasses for ethanol production has been cancelled.</p> <p>The Committee also instructed the Accounting Officer to properly coordinate with the 36 institutions that submit recommendations for issuing import permits and to implement a follow-up process.</p> <p>The letter numbered MF06/10/Import & Export/COPA/2024 dated 18.03.2024 of the Ministry of Finance, Economic Stabilization, and National Policies informed that it had been reported that no import has been made using the import permit no. 1M-3-540-2022-000199 dated 21.01.2022, which allowed Sri Lanka Sugar</p>

		Company (Pvt) Limited to import 5,000 metric tons of molasses, even though the permit was valid from 01.01.2022. This was confirmed in a letter from the Director General of Customs numbered IECD/03/01/03 and dated 15.02.2024.
1	<u>Other matters related to the COPA</u>	It was decided at the Committee that the Chairs of the Committee on Public Finance, the Committee on Ways and Means, Sectoral Oversight Committee on National Economic and Physical Plans and the Sectoral Oversight Committee on Alleviating the Impact of the Economic Crisis should also be invited to attend the next meeting of the Committee on Public Accounts scheduled to be held on 24.01.2024 with the Ministry of Finance, Economic Stabilization and National Policies, Sri Lanka Customs, the Inland Revenue Department, and the Excise Department.
<p>The Ministry of Finance <i>(Audit reports for the financial years 2021 and 2022 relevant to the Ministry of Finance, Economic Stabilization and National Policies, the current performance of the said Ministry, and the current status of the meetings held at Sri Lanka Customs on 17 November 2023, at the Inland Revenue Department on 15 November 2023, and at the Excise Department on 05 October 2023.)</i></p> <p>Investigated Date – 24th January 2024</p>		
<p>The institutions summoned-</p> <ul style="list-style-type: none"> ❖ The Ministry of Finance, Economic Stabilization and National Policies ❖ Tax Appeal Commission ❖ Sri Lanka Customs ❖ Inland Revenue Department ❖ Excise Department of Sri Lanka 		
0	Intervention of the Ministry of	The Committee inquired whether there is an actual requirement for the intervention of the Ministry of

<p>Finance, Economic Stabilization and National Policies to increase government revenue.</p>	<p>Finance, Economic Stabilization and National Policies to increase government revenue.</p> <p>The Committee observed that the failure of the Inland Revenue Department to properly collect tax revenue was due to the conduct of audit firms. It pointed out that audit firms should be properly regulated and that the Inland Revenue Act should be amended with the objective of increasing revenue.</p> <p>The Committee further informed that, in order to face the economic crisis, the Ministry of Finance, Economic Stabilization and National Policies should operate with a clear economic plan for the year 2024. It also expressed that weaknesses within the Ministry were being observed.</p> <p><u>Recommendations</u></p> <p>The Committee recommended to the Chief Accounting Officer/ Accounting Officer of the Ministry of Finance, Economic Stabilization and National Policies that the discussions containing the directives/recommendations/proposals issued during the past year (01.01.2023–26.01.2024) by the Committee on Public Accounts, the Committee on Public Finance, the Committee on Public Enterprises, the Sectoral Oversight Committee on National Economic and Physical Plans, and the Sectoral Oversight Committee on Alleviating the Impact of the Economic Crisis, in relation to the three institutions namely, Sri Lanka Customs, the Inland Revenue Department, and the Excise Department.</p> <p>The Secretary to the Ministry of Finance, Economic Stabilization and National Policies submitted a set</p>
--	---

		of proposals and an action plan to increase revenue in relation to the Department of Excise, along with the necessary proposals to enhance revenue relating to Sri Lanka Customs and the Inland Revenue Department by letter No. MF6/4/COPA/General/2023 dated 05.03.2024.
0	<u>Weaknesses in the coordination between the Ministry of Finance, Economic Stabilization and National Policies and the relevant institutions.</u>	<p>The Committee on Public Finance had pointed out the necessity of appointing a Casino Regulator and the Chair of the Committee on Public Finance drew the attention of the Committee to the fact that, although the Ministry of Finance, Economic Stabilization and National Policies had stated that the appointment would be finalized by 30.09.2023, it has not been implemented to date.</p> <p>The Committee observed that it had been caused by the lack of proper coordination between the Inland Revenue Department and the Ministry of Finance, Economic Stabilization and National Policies. Furthermore, the Committee pointed out that the failure to recover Value Added Tax (VAT) from foreign companies at the time they sell software systems in Sri Lanka is due to weaknesses in the coordination between the Ministry of Finance, Economic Stabilization and National Policies and the Inland Revenue Department.</p>
0	<u>Sri Lanka Customs (Amendment) Bill</u>	<p>It was disclosed to the Committee that the Sri Lanka Customs Ordinance is currently being amended, that the amendments will also revise the percentages of funds allocated to the Reward Fund, and that the amendments are expected to come into effect in June 2024.</p> <p>The Committee inquired about the proportional allocation to the Reward and Welfare Funds of Sri Lanka Customs from customs penalties or other</p>

	<p>such collections under the new amendments being introduced to the Customs Ordinance.</p> <p>In this regard, the Chief Accounting Officer/Accounting Officer of the Ministry of Finance, Economic Stabilization and National Policies stated that, under the proposed amendments, 50% of fines collected from the offending party would be allocated to the Consolidated Fund, 5% of the remaining 50% would be allocated to the Welfare Fund, and the remaining 45% would be allocated to the Reward Fund.</p> <p>The Committee emphasized that the percentage allocated to the Prize Fund is excessively high and should be further reduced.</p> <p><u>Recommendation</u></p> <p>The Committee recommended to the Chief Accounting Officer/ Accounting Officer of the Ministry of Finance, Economic Stabilization and National Policies that a copy of the draft bill incorporating the proposed amendments to the Sri Lanka Customs Ordinance be provided to the Committee within one week.</p> <p>The Committee further recommended that the proposed amendments be carried out with particular attention to the following points during the amendment of the Customs Ordinance.</p> <ol style="list-style-type: none">i. To ensure that, under the legal framework of import and export control laws, regulations, and the Customs Ordinance, any amounts collected by Sri Lanka Customs from offending parties as fines
--	--

		<p>or other charges, after allocating the full amount of duties ordinarily payable to the Consolidated Fund, may be appropriately allocated in specified proportions to the Prize Fund and the Welfare Fund of Sri Lanka Customs; and to emphasize that action should be taken to amend the Customs Ordinance accordingly; and</p> <p>ii. To address the loss of revenue to the government caused by certain fraudulent activities of wharf clerks serving in Sri Lanka Customs, and to recommend that the existing legal provisions be amended to prevent such occurrences.</p> <p>A draft bill has been submitted by letter No. MF6/4/COPA/General/2023 dated 05.03.2024 from the Secretary to the Ministry of Finance, Economic Stabilization and National Policies.</p>
0	<p><u>The alternate minimum tax (AMT)</u></p>	<p>The Committee expressed its dissatisfaction that, except for a few countries, Sri Lanka has not implemented the worldwide minimum alternate tax (MAT) policy, resulting in a significant loss of tax revenue to the government and a failure by the responsible officials to take a policy decision on the matter.</p> <p>The committee informed that because Sri Lanka has not implemented the Minimum Alternate Tax (MAT) policy, which is levied by almost all countries in the world except a few, the government is losing a significant amount of tax revenue. The committee also expressed its displeasure that the officials responsible have failed to make policy decisions regarding this matter.</p>

0	<p><u>Temporary Value Added Tax (VAT) registration</u></p>	<p>The committee observed that the government is losing a significant amount of tax revenue due to temporary VAT registrations. It also pointed out that temporary VAT numbers are being issued to entities that are not eligible for permanent VAT registration.</p> <p><u>Recommendations</u></p> <p>The committee observed that the government is losing a significant amount of tax revenue due to temporary VAT registrations and noted that temporary VAT numbers are being issued to entities that are not eligible for permanent VAT registration; accordingly, it recommended to the Chief Accounting Officer of the Ministry of Finance, Economic Stabilization and National Policies that a committee be appointed to study the matter and propose appropriate actions, that the possibility of suspending the issuance of temporary VAT registration numbers be examined and a circular issued to halt the practice, and that if such suspension is not feasible, a report outlining the reasons be submitted to the committee before 22.02.2024.</p> <p>By letter No. MF5/PA/04/2024/Tax dated 11.03.2024, the Secretary of the Ministry of Finance, Economic Stabilization and National Policies submitted the report of the committee appointed to study the loss of significant revenue resulting from the granting of temporary VAT registrations and to recommend appropriate actions.</p>
0	<p><u>The Department of Inland Revenue's</u></p>	<p>The Chief Accounting Officer/ Accounting Officer informed that while structural amendments to tax-related laws would require submitting change requests, changes in tax rates can be directly</p>

<p><u>RAMIS data system</u></p>	<p>updated in the data system. It was also revealed that, compared to issues within the RAMIS software, communication weaknesses are a more significant concern.</p> <p>The Commissioner General of the Department of Inland Revenue informed that, following the instructions of the Secretary of the Ministry of Finance, Economic Stabilization and National Policies, a multi-level committee of officials has been appointed to identify shortcomings in the RAMIS data system and submit proposals, and that necessary follow-up actions will be taken once those proposals are presented.</p> <p><u>Recommendation</u></p> <p>The Committee recommended to the Commissioner General of the Ministry of Finance, Economic Stabilization and National Policies that the Technical Committee I, appointed by the Committee on Public Accounts on 24.01.2023 to prepare a report on the RAMIS data system, be reconvened to review the implementation of the report's recommendations, discuss the necessary matters, and submit a progress report to the Committee before 22.02.2024, and that a copy of the report on the RAMIS data system provided by the International Monetary Fund (IMF) also be submitted to the committee.</p> <p>By letter No. MF06/04/COPA General 2023 dated 08.05.2024, the Secretary of the Ministry of Finance, Economic Stabilization and National Policies submitted information on the progress and timeline of the action items contained in the report of Technical Committee 1, presented by the Information Technology Management Department</p>
---------------------------------	--

		regarding the RAMIS data system. Additionally, by letter No. MF6/4/COPA/General/2023 dated 05.03.2024, a copy of the report on the RAMIS data system provided by the International Monetary Fund (IMF) was also submitted.
	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
07	Streamlining the tax administration	The Committee emphasized that steps should be taken to address the economic crisis through effective tax administration. Accordingly, the Committee also proposed the establishment of a separate unit under the administration of the Ministry of Finance, Economic Stabilization and National Policies to increase the revenue of the Sri Lanka Customs, the Inland Revenue Department and the Excise Department.
08	The use of fingerprint identification machines.	<p><u>Recommendations</u></p> <p>The Committee recommended to Sri Lanka Customs that the use of fingerprint identification machines be made mandatory for all the officers. It further recommended that, in instances where the use of such machines becomes difficult due to participation in raids or other official duties, the relevant authorities should be formally notified, and appropriate measures should be taken accordingly.</p> <p>The Secretary to the Ministry of Finance, Economic Stabilization and National Policies, by letter No. MF6/4/COPA/General/2023 dated</p>

	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
		<p>05.03.2024, indicated that, having considered the matters submitted by the Sri Lanka Customs Trade Union Alliance regarding the trade union action taken in relation to their work related issues, discussions should be held on the use of fingerprint machines and practical solutions should be determined.</p>
09	<p>Use of counterfeit stickers on liquor bottles.</p>	<p>The Committee observed that investigations are conducted at the level of the Criminal Investigation Department and the Excise Department regarding the incident of using counterfeit stickers on liquor bottles. The Chief Accounting Officer (CAO)/ Accounting Officer (AO) also stated that the assistance of the Department of Government Analyst, the State Printing Corporation and the Department of Government Printing will be sought for the investigation in this regard. Accordingly, it was also stated that a complete alteration in the stickers is expected to be carried out within the next 06 months.</p> <p>The Committee highlighted that, once the stickers are issued, the responsibility of sticker activation with respect to the stock quantity of taxed products lies with the excise officer attached to the licensed institution and the liquor manufacturer. Failure to do so constitutes a serious act of fraud, and those responsible should be subject to appropriate punishment. The Chief Accounting</p>

	<p>Key matters discussed</p>	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO) - Observations and recommendations of the Committee</p>
		<p>Officer/Accounting Officer further stated that substantial fines have been imposed on liquor manufacturing companies that used counterfeit stickers, and that investigations are being conducted.</p> <p><u>Recommendations</u></p> <p>The Committee has made recommendations to the Excise Department to install CCTV camera systems in the relevant liquor factories and instruct the companies owning these factories to provide access to the Excise Department for remote monitoring to prevent the use of counterfeit stickers on liquor bottles, and to ensure that all liquor factories are effectively monitored through the CCTV system.</p> <p>The draft proposal for the installation of a CCTV camera system is submitted by letter No. ED/11/2/COPA-2024 dated 07.05.2024 of the Commissioner General of Excise.</p> <p>The Chief Accounting Officer/Accounting Officer of the Ministry of Finance, Economic Stabilization and National Policies stated that, by a letter from the Secretary to the Treasury addressed to the Commissioner General of Excise regarding the fraud involving the use of counterfeit stickers, several recommendations were made. These</p>

	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
		<p>included the cancellation of licenses of institutions that used counterfeit stickers, the transfer of excise officers, installation of CCTV camera systems in liquor manufacturing companies, the activation of stickers used on liquor bottles, and the public disclosure of certain security features contained in those stickers.</p>
<p>Public Service Commission (Examining the Auditor General's Reports for the Financial Years 2021 & 2022 and the Current Performance) Date of Examination - 24 January 2024</p>		
<p>Institutions summoned -</p> <p style="padding-left: 40px;">❖ Public Service Commission</p>		
01	<p><u>Annual Reports of Public Service Commission for the years 2021 and 2022</u></p>	<p>The Committee observed that, although the annual reports of the Public Service Commission for the years 2021 and 2022 had been tabled in Parliament, the annual reports after 2020 had not been uploaded to the official website of the Commission. The Chief Accounting Officer of the Public Service Commission stated that this omission was due to an oversight and confirmed that steps will be taken to upload the reports to the official website.</p>
02	<p><u>According to the observations in the Auditor General's report</u></p>	<p>(i) The performance report for 2021 included only the number of tasks completed by the Establishments Division, Disciplinary Division, Appointments Division, and Promotions</p>

	<p>Key matters discussed</p>	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO) - Observations and recommendations of the Committee</p>
	<p><u>for 2021, the performance report of the Public Service Commission did not provide adequate information to measure the performance of the Commission.</u></p>	<p>Division of the Commission, and it did not provide information on the number of complaints (tasks) received by each division during the year under review, the extent to which those complaints were addressed, or the number of pending matters. Accordingly, the report did not contain sufficient information to evaluate the performance of the Commission for 2021. The Committee was informed that the 2022 performance report similarly did not provide such detailed information.</p> <p>The Chief Accounting Officer of the Public Service Commission stated that steps are being taken to separately record the number of resolved complaints and the number of complaints being processed in the performance reports submitted from September 2023 onwards.</p> <p>(ii) Although the number of appeals received by the Appeals Division during the reviewed year was presented quantitatively, it was noted that the reports, which included observations and recommendations, presented the number of appeals called and the number of appeals resolved, encompassing both the reviewed year and preceding years (without providing a time based analysis). Consequently, the Committee observed that sufficient information was not</p>

	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
		<p>provided to accurately determine the performance level of the Division for the reviewed year. It was further noted that the performance report of 2022 reflected the same.</p> <p>The Chief Accounting Officer stated that such problems arise because complaints received in November and December of the preceding year are addressed during January and February of the reviewed year, and issues arise due to delays of the institutions in providing the required responses from which reports are requested for appeals.</p> <p>The Chief Accounting Officer further stated that the Secretary to the President has been formally informed in writing regarding the non response or delayed response by institutions to complaints. The Committee observed that such delays prejudice the parties lodging the complaints and emphasized the importance of taking prompt corrective action in this regard.</p> <p><u>Recommendations</u></p> <p>Accordingly, the Committee instructed the Chief Accounting Officer to provide a list of institutions (ministries, departments, and other institutions /individuals) that have delayed submitting reports requested by the Public Service Commission in order to take necessary action on complaints</p>

	<p>Key matters discussed</p>	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
		<p>submitted, indicating the exact periods for which delays were occurred, to the Committee before 22.02.2024.</p> <p>The relevant report has been submitted by the Secretary of the Public Service Commission through letter No. PSC/ACC/R01/AUDIT/03/202 dated 22 February 2024.</p>
<p>03</p>	<p><u>Internal audit</u></p>	<p>The Committee observed that although the Chief Accounting Officer is required to appoint a suitable auditor to conduct the internal audit of the Commission in terms of Section 40 of the National Audit Act, No. 19 of 2018, the post of Internal Auditor of the Commission has been vacant since 03 October 2023. The Chief Accounting Officer further stated that a request has been made to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government to assign an internal auditor to the Commission.</p>
<p>04</p>	<p><u>Staff information</u></p>	<p>The approved cadre of the Commission was 238 as at 31 December 2023, while the actual staff strength was 219. Accordingly, there were 19 vacancies, comprising 07 at the senior level, 04 at the tertiary level, 02 at the secondary level, and 06 at the primary level. The Committee further observed that</p>

	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
		<p>no action had been taken either to fill these essential vacancies or to revise the staff cadre considering the service requirements.</p> <p>The Chief Accounting Officer stated that, following the establishment of the National Police Commission, the approved cadre of the Public Service Commission was revised and formally approved in December 2022. He further noted that, due to the suspension of recruitments, it has not been possible to fill the existing vacancies.</p>
05	<p>Although Section 13.3 of Chapter XI of the Establishments Code of the Democratic Socialist Republic of Sri Lanka requires that a permanent appointment be made to any post that necessitates full time service, and Section 139 of the Procedural Rules published in</p>	<p>A permanent appointment to the post of Administrative Officer was made on 24 May 2023, and a permanent appointment to the post of Secretary was made on 02 August 2023.</p> <p>The Chief Accounting Officer stated that, in accordance with Article 56(4) of the Constitution of the Democratic Socialist Republic of Sri Lanka, the Commission has the powers to appoint a Secretary to the Public Service Commission.</p> <p>The Committee further observed that although the procedural rules stipulate that officers should be transferred within a period of 05 years, the Public Service Commission has acted contrary to this provision. The Chief Accounting Officer stated that officers of the Public Service Commission are not subject to annual transfers, and that an officer may</p>

	<p>Key matters discussed</p>	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO) - Observations and recommendations of the Committee</p>
	<p>Extraordinary Gazette No. 2310/29 of the Public Service Commission dated 14 December 2022 stipulates that an appointment to act or perform duties should be limited to a maximum period of one year, the Auditor General’s Report for 2022 has revealed that actions have been taken in contravention of these provisions.</p> <p>Accordingly, for the post of Administrative Officer, which had remained vacant from 01</p>	<p>be transferred upon request with the approval of the Commission. She further noted that, in accordance with the Transfer Procedure of Independent Commission, transfers may not be effected for Public Service Commission at the discretion of the Commission.</p>

	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
	<p>March 2019 up to the audit date of 31 March 2023, an officer was appointed on acting basis for a period of 04 years. Similarly, for the post of Secretary, which had remained vacant since 09 December 2021, officers were appointed on both a contract basis and acting basis.</p>	
06	<p><u>Implementation of the orders of the Previous meeting of the Committee on Public Accounts held on 08 July 2016.</u></p> <p><u>Direction No. 07</u></p>	<p>The Committee observed that, although annual action plans were prepared in accordance with paragraph 03 of Public Finance Circular No. 02/2020, issued on 28 August 2020, progress reports reflecting the progress of this action plan have not been prepared.</p> <p>The Chief Accounting Officer stated that the progress of the action plan is prepared annually as at 30th September each year. She further stated that the progress in resolving complaints received from</p>

	<p>Key matters discussed</p>	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO) - Observations and recommendations of the Committee</p>
	<p>The Secretary to the Commission had stated that action plans had not been prepared for the years 2010, 2011 and 2012, but that the action plan for the year 2016 had been prepared, and that progress reviews and progress reports should be prepared according to the annual action plan</p>	<p>ministries cannot be quantified precisely, as it depends on the responses provided by the relevant institutions. Therefore, the proportion of work completed under the action plan is presented approximately in percentages.</p>
<p>07</p>	<p><u>Senior level posts of the Public Service Commission</u></p>	<p>The Committee recommended that, for senior level posts of the Public Service Commission, officers should be recruited not only from the Sri Lanka Administrative Service but also from other island wide services. The Committee further noted that structuring the composition of the Public Service Commission to include representation from various services/ fields within the public service would enable it to provide more practical and effective</p>

	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
		<p>solutions to matters such as appointments, promotions, and other related issues referred to the Commission by officers from various fields. The Committee additionally suggested that the existing organizational structure of the Public Service Commission should be amended for this purpose.</p> <p><u>Recommendations</u></p> <p>The Committee recommended that the Chief Accounting Officer analyze/categorize the complaints received from all services of the Public sector during the past 05 years and submit a report with statistics on the same to the Committee before 22.02.2024.</p> <p>The relevant reports for respective years were submitted by the Secretary to the Public Service Commission, through letter No. PSC/ACC/R01/AUDIT/03/202 dated 22 February 2024.</p> <p>The Committee recommended to the Chief Accounting Officer that, in order to ensure that the decrees/decisions of the Public Service Commission are more fair and effective, officer representation from the island wide services and other relevant services should be incorporated into the cadre of the Public Service Commission. If this is not feasible, steps should be taken to facilitate</p>

	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
		<p>representation from all services at least at the advisory level to the Public Service Commission. For this purpose, the required number of posts should be discussed with the Department of Management Services of the Ministry of Finance, Economic Stabilization and National Policies, and a report containing the relevant proposals should be submitted to the Committee before 31.01.2024.</p> <p>The Secretary to the Public Service Commission has submitted the reply of the Commission on this matter through letter No. PSC/ACC/R01/AUDIT/03/202 dated 22 February 2024.</p>
08	<p>Although the Commission was required to align the Sustainable Development Goals with the National Development Strategies, in accordance with National Budget Circular No. 02/2017 dated 25</p>	<p>In response to the audit reports issued in this regard, the Committee noted that, although the Commission had been informed on several occasions that the Sustainable Development Goals were not relevant, 05 Sustainable Development Goals were identified in 2024, 07 years after the relevant circular was issued. The Committee further noted that, although action should now be taken to achieve the targets outlined in the 2030 Agenda for Sustainable Development, the audit was unable to determine whether any plan or preparations for this purpose have been initiated.</p>

Key matters discussed	- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO) - Observations and recommendations of the Committee
<p>July 2017, the performance reports prepared for the years 2021 and 2022 indicated that the Sustainable Development Goals were not relevant.</p>	<p>The Committee emphasized that the Public Service Commission should take the necessary measures to achieve the Sustainable Development Goals, and to implement development programmes, awareness initiatives, and public services. It further highlighted that a separate unit should be established within the Commission to review the Sustainable Development Goals, identify those relevant to the institution, and take action accordingly.</p> <p><u>Recommendations</u></p> <p>i. The Committee recommended that the Public Service Commission should take steps to forecast the changes and improvements required in a timely manner when approving service minutes and formulating recruitment guidelines, and to prepare those procedures accordingly and monitor their implementation.</p> <p>ii. The Committee recommended to the Chief Accounting Officer to analyze the complaints received by the Public Service Commission from each institution in the last 05 years and submit a report on the key issues identified in the Public Service to the Committee before 22. 02.2024.</p> <p>The observations and recommendations of the Public Service Commission have been submitted</p>

	<p>Key matters discussed</p>	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO) - Observations and recommendations of the Committee</p>
		<p>to the Committee by the Secretary to the Public Service Commission through letter No. PSC/ACC/R01/AUDIT/03/202 dated 22 February 2024.</p> <p>iii. The Committee recommended to the Chief Accounting Officer to submit a report on the Stay Orders issued by the Court suspending recruitment in each institution to the Committee before 22.02.2024.</p> <p>The relevant report has been submitted by the Secretary to the Public Service Commission through letter No. PSC/ACC/R01/AUDIT/03/202 dated 22 February 2024.</p>
<p>09</p>	<p><u>Appeals referred to the Public Service Commission.</u></p> <p>In accordance with Section 237 of the Procedural Rules of the Public Service Commission,</p>	<p>The decisions related to 04 out of 10 appeal files which were subjected to sample testing had not been given by 22.01.2024 and a period of 02 to 08 years had been spent to give the decisions for 06 files.</p> <p>The time period for giving decisions on appeals receiving relate to the promotion has not been indicated in Procedural Rules No.2310/29 dated 14 February 2022 which had been issued revoking the above Procedural Rules.</p>

	Key matters discussed	- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO) - Observations and recommendations of the Committee
	<p>published in Extraordinary Gazette No. 1589/30 dated 20 February 2009, the Commission is required to give a decision on an appeal referred to it within 15 days in the case of transfers and within 45 days in the case of promotions.</p> <p>However, out of the 21 appeal files examined, 07 transfer appeals had taken between 45 to 1,504 days to give a decision, and a decision had not been given for one promotion appeal even though more than two years had passed since it</p>	<p>The Chief Accounting Officer stated that the Commission has decided to amend Procedural Rules No. 2310/29, issued on 14 December 2022.</p>

	<p>Key matters discussed</p>	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO) - Observations and recommendations of the Committee</p>
	<p>was received, as at the date of audit on 20 February 2023.</p>	
<p>10</p>	<p><u>Officers retired under Section 12 of the Pension Minute.</u></p>	<p>The data system of the Commission did not have the facility to obtain the number of officers who had been retired under Section 12 of the Pension minute. From the files examined, the Committee observed that due to the prolonged time taken to complete the disciplinary investigation procedures, there were cases where the payment of pensions and other retirement benefits of some accused officers were delayed for several years until the disciplinary investigation procedures were completed and disciplinary orders were issued.</p> <p>The Chief Accounting Officer stated that this Board of Disciplinary Investigation had been appointed in accordance with the provisions of the Establishments Code, and that these officers had not been assigned any disciplinary investigation work as no such instances had arisen thus far.</p> <p>The Committee observed that the Commission requests information from other government institutions periodically, while handling disciplinary matters relating to officers. It was further noted that reminders had been sent in</p>

	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
		<p>instances where those institutions had delayed providing the requested information. However, it was also noted that these reminders were not issued according to specific time limits applicable uniformly to all files.</p> <p>The Chief Accounting Officer stated that, since the time limits applicable to each stage of disciplinary proceedings differ, the time limits adhered to when issuing reminder letters also vary accordingly.</p> <p>The Committee emphasized that steps should be taken to include guidelines in the procedural rules of the Public Service Commission to ensure that reminder letters are sent within specific time limits applicable uniformly to all files.</p>
11	<p><u>Using the Networked Computer Based Document Management System to obtain up to date information.</u></p>	<p>Although the system developed by the Commission enabled verification of the present status of a letter received by the office, including the division in which it was being processed, the Committee observed that the progression of files could not be tracked through this system, as separate numbers were assigned to letters received on different occasions relating to the same file.</p> <p>The Chief Accounting Officer stated that the Networked Document Management Information System, developed in 2012 to manage approximately 200 letters received daily by the</p>

	<p>Key matters discussed</p>	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO) - Observations and recommendations of the Committee</p>
		<p>Public Service Commission, enables the identification of the division in which a given letter is located on any particular day. However, the Committee proposed that this system should be enhanced and configured to facilitate the generation of reports.</p>
<p>12</p>	<p><u>Time analysis of the files pending completion in each division, submitted for audit as at 30 November 2023.</u></p>	<p>The Committee observed that the above mentioned time analysis was not accurate when reviewing the years in which the files had been initiated, based on the time analysis of pending files in each division submitted for audit as at 30 November 2023, together with the file register of files in progress of the Commission provided for audit on 12 January 2024.</p> <p>Furthermore, the Committee observed that according to the information provided as at 30 November 2023, the numbers of files being processed by the Appeals Division, Disciplinary Division, and Promotions Division were 292, 180, and 168 respectively, and all of those files related to a period of less than one year. However, based on the information provided on 12 January 2024, the numbers of files being processed in the Appeals Division, Disciplinary Division, and Promotions Division were 247, 131, and 178 respectively, and</p>

	Key matters discussed	<p>- Explanations by the Chief Accounting Officer (CAO)/ Accounting Officer (AO)</p> <p>- Observations and recommendations of the Committee</p>
		<p>the time analysis of those files ranged from less than 01 year to more than 04 years.</p> <p>The Chief Accounting Officer stated that the time analysis could exceed 04 years, as the files of the Appeals Division and the Disciplinary Division are maintained on a case by case basis. She further stated that the above time analysis is not accurate, as the files of the Promotions Division are organized based on institutions.</p>

Annexures

Annexure 1

Index

D

Department of Animal Production & Health
Department of Government Factory
Department of Imports and Exports Control
Department of Inland Revenue
Department of Samurdhi Development

H

Human Rights Commission of Sri Lanka

M

Ministry of Defence
Ministry of Finance

N

National Community Water Supply

P

Public Service Commission

S

Sri Lanka Customs

Special Investigations

To examine the current status of the non financial asset management process in government institutions and examining the related issues.

A review of the current performance, issues and improvements of the National Education Management Information System (NEMIS)

