



Parliamentary Series No 393

The Tenth Parliament of
The Democratic Socialist Republic of Sri Lanka
(First Session)

**Seventh Report of
The Committee on Public Enterprises**

(The investigation conducted on 09.07.2025
regarding the Mahapola Higher Education
Scholarship Trust Fund)

Presented by
Hon. (Dr.) Nishantha Samaraweera, M.P.,
Chair of the Committee on Public Enterprises
on 18th Day of December 2025

*Ordered by Parliament of Sri Lanka to be printed
on 18th Day of December 2025*

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First Session of the Tenth Parliament

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The present Staff of the Committee on Public Enterprises is as follows;

- ❖ Assistant Director (Administration) - Ms. Himali Samaradiwakara
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Chair's Note

The Committee on Public Enterprises, established under the Parliamentary Committees for Special Purposes, conducted an examination on 09.07.2025 into the Auditor General's Reports for the years 2022 and 2023, as well as the current performance of the Mahapola Higher Education Scholarship Trust Fund, which falls under the purview of the Ministry of Trade, Commerce, Food Security and Co-operative Development, and I hereby submit the report of the investigation carried out in this regard.

The Trust Fund has been established under the Mahapola Higher Education Scholarship Trust Fund Act No. 66 of 1981, and its name has been amended to the Lalith Athulathmudali Mahapola Higher Education Scholarship Trust Fund by the Mahapola Higher Education Scholarship Trust Fund (Amendment) Act No. 1 of 2022. The attention of the Committee was drawn to the vision, mission, goals and objectives of the said Fund.

An investigation was carried out into the extent to which the Mahapola Higher Education Trust Fund, as one of the leading public institutions providing financial assistance to students at universities and higher educational institutions in Sri Lanka, has achieved its main objective in the process of fulfilling its goals and objectives.

The Committee paid special attention to the need to take immediate action to fill the existing vacancies in the executive positions of the Mahapola Higher Education Scholarship Trust Fund, as well as to ensure that meetings of the Board of Trustees are conducted properly and in a systematic manner, and accordingly issued relevant recommendations. This report also includes recommendations relating to the losses incurred by the Trust Fund's administrative companies, namely National Wealth Corporation (Pvt) Ltd and one of its subsidiary companies, NatWealth Securities Limited (NWSL), as well as to the re-vesting under the Mahapola Higher Education Scholarship Trust Fund of the Sri Lanka Institute of Information Technology (SLIIT), which was established using funds of the Trust Fund.

The maximum benefit that should accrue to the country through the investigations of the Committee on Public Enterprises can be achieved only by continuously following up on the Committee's recommendations, directing the attention of all responsible parties towards them, and ensuring that such recommendations are implemented in

practice. In this regard, as representatives of the sovereign people of the country, I wish to state that every possible effort will be made to properly and continuously uphold the responsibilities of this Honourable Assemble and to take all necessary steps to ensure the implementation of the recommendations presented herein, while striving to achieve their more effective execution.

In order to successfully carry out the functions of the Committee on Public Enterprises, I appreciate the support extended by the Hon. Members of Parliament serving on the Committee, the staff of Parliament led by the Hon. Speaker, the two advisors to the Committee, the officials of the Treasury, and in particular the support rendered by the National Audit Office under the leadership of the Acting Auditor General.

Dr. Nishantha Samaraweera
Chair
The Committee on Public Enterprises

Executive Summary

Investigations were carried out by the Committee on Public Enterprises (COPE) on 09.07.2025 into the Auditor General's Reports for the years 2022 and 2023 relating to the Mahapola Higher Education Trust Fund, as well as into its current performance.

Common matters relating to the institution, such as the establishment of the Mahapola Higher Education Trust Fund, the composition of the Fund, the conduct of the meetings of Board of Trustees, the corporate plan and strategic plan, the staff of the institution and a number of important issues, including the losses incurred by the Trust Fund's subsidiary companies, namely National Wealth Corporation (Pvt) Ltd and one of its subsidiary companies, NatWealth Securities Limited (NWSL) were discussed.

Attention was drawn to the need to expeditiously fill the existing vacancies in the executive-level positions of the Mahapola Higher Education Trust Fund, and the importance of conducting meetings of the Board of Trustees in a proper manner and arriving at important decisions was discussed.

The Sri Lanka Institute of Information Technology (SLIIT), which was established using the funds and land of the Mahapola Higher Education Trust Fund, has gradually been operating as a private institution independent of the Mahapola Trust Fund. The Committee noted that, according to the agreement entered into on 12.05.2015, the rights and benefits previously held by the Mahapola Trust Fund were removed, and accordingly, the connections with the Mahapola Trust Fund were also severed.

During the investigations, it was emphasized the importance of taking the necessary steps to re-acquire ownership of the Sri Lanka Institute of Information Technology (SLIIT) by the Mahapola Higher Education Trust Fund.

This report contains a number of important recommendations issued during the discussion, while emphasizing the importance of taking the necessary steps to grant Mahapola Scholarships to all students pursuing higher education who are qualified to receive them, and of maintaining an updated database when awarding scholarships to University students.

First Session of the Tenth Parliament Seventh Report of the Committee on Public Enterprises (CoPE)

It is with pleasure that Committee on Public Enterprises (CoPE) presents the Seventh Report of the First Session of the Tenth Parliament.

The function of the Committee on Public Enterprises is to examine, with the assistance of the Auditor General, the accounts and current performance presented to Parliament in respect of public corporations, businesses and other enterprises entrusted to the government under some written law as well as the companies that have been registered or deemed to have been registered under the Companies Act No. 7 of 2007 and the companies of which fifty or more than fifty percent of the shares are held by the Government, some public corporation or local authority.

At present, there are 462 public enterprises that come under the purview of the Committee on Public Enterprises and are regulated under the Department of Public Enterprises and the Department of National Budget. (Source: Department of Public Enterprises as at 04.09.2025)

The Committee Meetings held by the Committee on Public Enterprises (during the first 11 months) of the First Session of the Tenth Parliament are as follows.

No.	Institution	Committee Meeting Date
1.	The National Youth Services Council	18.02.2025
2.	The National Youth Services Council	20.02.2025
3.	Sri Lanka Bureau of Foreign Employment	27.02.2025
4.	National Gem and Jewelry Authority	05.03.2025
5.	National Medicines Regulatory Authority	12.03.2025
6.	National Gem & Jewelry Authority	27.03.2025
7.	Airport and Aviation Services (Sri Lanka) (Private) Limited	02.04.2025

8.	Land Reform Commission	08.05.2025
9.	Airport and Aviation Services (Sri Lanka) (Private) Limited	09.05.2025
10.	Sri Jayewardenepura General Hospital	15.05.2025
11.	Sri Lanka Bureau of Foreign Employment	23.05.2025
12.	Sabaragamuwa University of Sri Lanka	04.06.2025
13.	The University of Sri Jayewardenepura	20.06.2025
14.	Mahapola Higher Education Scholarship Trust Fund	09.07.2025
15.	The Land Reform Commission	17.07.2025
16.	The State Timber Corporation	23.07.2025
17.	Civil Aviation Authority	20.08.2025
18.	Sri Lanka Ports Authority	10.09.2025
19.	The Geological Survey and Mines Bureau	12.09.2025
20.	Ceylon Electricity Board	24.09.2025
21.	Construction Industry Development Authority	08.10.2025
22.	Lanka Sathosa	10.10.2025
23.	LTL Holdings in relation to the inquiry of the Ceylon Electricity Board	24.10.2025
24.	National Savings Bank	19.11.2025
25.	National Savings Bank	26.11.2025

Among them, the Committee on Public Enterprises (CoPE) has examined the Auditor General's Reports and special audit reports for the years 2022 and 2023 relating to the Mahapola Higher Education Trust Fund which falls under the purview of the Ministry of Trade, Commerce, Food Security and Co-operative Development, as well as its current performance on 09.07.2025, and the observations and recommendations of the Committee have been included in this report.

Auditor's Opinion on the Financial Statements

<u>Institution</u>	<u>Year</u>	
	<u>2022</u>	<u>2023</u>
Mahapola Higher Education Sholarship Trust Fund	Qualified Opinion	Disclaimer of Opinion

Types of Audit Opinions

01 Unqualified Opinion

The financial position of the institution has been presented fairly in the financial statements.

02 Qualified Opinion

Except for the effects of the matters mentioned in the report, the financial position, financial performance and cash flows of the institution give a true and fair view in accordance with Sri Lanka Accounting Standards.

03 Disclaimer of Opinion

That an opinion cannot be expressed on the accounts due to the inability to identify sufficient or appropriate audit evidence.

04 Adverse Opinion

That the financial position, financial performance and cash flows of the entity do not present a true and fair view in accordance with Sri Lanka Accounting Standards.

Mahapola Higher Education Trust Fund
(Ministry of Trade, Commerce, Food Security and Co-operative Development)

Date of Investigation – 09.07.2025

01. General facts relating to the Institution

1.1 Establishment of the Fund

The name of the Trust Fund established under the Mahapola Higher Education Scholarship Trust Fund Act, No. 66 of 1981 has been amended to Lalith Athulathmudali Mahapola Higher Education Scholarship Trust Fund by the Mahapola Higher Education Scholarship Trust Fund (Amendment) Act, No 1 of 2022. The attention of the Committee was drawn to the vision, mission, goals and objectives of the said fund.

1.2 Composition of the Fund

The Board of Trustees of the Fund shall consist of the Founder or his nominee; a Chairman who is a retired Judge of the Supreme Court or a retired Auditor General appointed by the President for a period of three years. The persons for the time being holding office as the Secretary to the Ministry of the Minister assigned the subject of Higher Education, the Secretary to the Ministry of the Minister assigned the subject of Education, and the Secretary to the Ministry of the Minister assigned the subject of Trade and two persons appointed by the Founder for a period of five years.

In certain occasions where a single officer serves as the Secretary (Chief Accounting Officer) for both the subjects of Education and Higher Education, practical difficulties have arisen in achieving the quorum (4) required for meetings of the Board of Trustees.

1.3 Meetings of Board of Trustees

Details of the Meetings of the Board of Trustees conducted from the year 2000 to April 2025 as follows.

Year	Number of Meetings Conducted	Year	Number of Meetings Conducted
2000	2	2013	-
2001	1	2014	-
2002	2	2015	5
2003	2	2016	4
2004	4	2017	3
2005	2	2018	5
2006	-	2019	5
2007	1	2020	6
2008	2	2021	8
2009	1	2022	4
2010	1	2023	4
2011	1	2024	6
2012	2	Up to 30 th April 2025	3

- Meetings of the Board of Trustees were not held on a regular basis, and in some years, Board of Trustees meetings were not held at all.

At present, arrangements have been made to conduct one Board of Trustees meeting per month. As the funds received from the Treasury are channeled to the Fund through the University Grants Commission, the Chairman of the University Grants Commission serves as a member of the Board of Trustees of the Fund (as an appointed trustee).

As the Trust Fund is one through which a large amount of funds is circulated, and as it provides a significant service to university students, and furthermore because continuous discussions are necessary regarding certain serious incidents that have occurred in the past, the importance of holding Board of Trustees meetings on a monthly basis was emphasized before the committee by the Hon. Minister in charge of the Ministry of Trade, Commerce, Food Security and Cooperative Development, who is the Founder trustee.

Recommendation

- i. Formulate appropriate guidelines relating to the conduct of Board of Trustees meetings.

1.3.1 – Representation of the Trust Fund on the Board of Directors of the Development Lotteries Board

As the profits of the Development Lotteries Board are credited to the Mahapola Trust Fund through the President's Fund, and since 50% of its shares are owned by the Mahapola Trust Fund, the Committee revealed that a member of Trust Fund also serves on the Board of Directors of the Development Lotteries Board.

It is further revealed that the profits of the Development Lotteries Board are credited to the President's Fund, and 50% of those profits are granted to the Trust Fund.

1.4 Conduct of Audit and Management Committee Meetings

Although Audit and Management Committee meetings are required to be held quarterly, the Mahapola Trust Fund conducted only one Audit and Managements Committee meeting each in 2022 and 2023, and no Committee meetings have been held since 2024.

Furthermore, the new Board of Trustees was appointed in January. No Audit and Managements Committee Meeting has been held for 2025 so far. In addition, the chairmanship of the Audit and Management is held by the Secretary to the Ministry of Education.

Recommendations

- i. Take necessary actions to activate the Audit and Management Committees.
- ii. Ensure that the chairmanship of the Audit and Management Committee is held by the most essential and appropriate person (e.g., the Secretary to the Ministry of Education, Higher Education, and Vocational Education).

1.5 The Corporate Plan and the Strategic Plan

Although the Mahapola Trust Fund has prepared a corporate plan for 2024-2026, it has not been updated for the year 2025.

At this juncture, the Committee emphasized the need for the strategic plan and the action plan to be aligned with the institute's goals, objectives, and current situation. The Committee further stressed that the strategic plan should be updated annually and that annual plans and action plans should be developed as integral components of the strategic plan. Additionally, the Committee inquired about the time frame required to prepare the updated strategic plan.

At the Committee meeting, it was revealed that there are vacancies in several essential staff positions and that the Chairman of the Fund is the only executive officer currently serving in the institute. It was further disclosed that the positions of Director, Accountant, and Internal Auditor have remained vacant for a long period.

Recommendation

- i. Update the strategic plan in alignment with the policies of the current government.

1.6 Composition of the staff

As per the approval of the Department of Management Services dated 20th December 2024, the composition of the Trust Fund as at 30th April 2025 is as follows.

Staff Category	Approved Cadre	Existing Cadre as at 30 th April 2025		Vacancies
		Permanent	Acting	
Senior Management Level	01	-	-	01
Middle Management Level	03	-	01	03
Junior Management Level	02*	02	-	-

Management Assistant	12	09	-	03
Primary Level	04	02	-	02
Total	22	13	01	09

* Approved on a personal-to-holder basis

Accordingly, there were 09 vacancies in the Trust Fund comprising one vacancy at the Senior Management Level, three vacancies at the Middle Level Management Level, three vacancies at the Management Assistant Level and two vacancies at the Primary Level.

Recommendation

- i. Recruit the required officers as a matter of primary priority and complete the recruitment process immediately in order to ensure the proper functioning of the Mahapola Trust Fund.

1.7 The Internal Auditor position remaining vacant.

The Internal Auditor who had been appointed on 04th April 2022 was removed from the service on 30th July 2023. Thereafter, with effect from 10th October 2023, the Accountant of the Department of Commerce was appointed to the said position on an acting basis. However, due to the resignation of that officer on 30th April 2024, the position of Internal Auditor of the Fund has remained vacant from that date onwards.

The former Secretary to the Ministry made several inquiries regarding the publication of newspaper advertisements for the recruitment of officers to the positions of Assistant Director (Finance) and Internal Auditor without obtaining the approval of the Chief Accounting Officer and regarding the possibility of incurring expenditure for the said purpose.

The Committee inquired into the actions of the former Secretary to the Ministry in attempting to obstruct the recruitment process while it was underway to fill two essential vacancies at the institution.

The former Secretary to the Ministry stated before the Committee that, although a circular had been issued specifying that all recruitments should be done based

on the recommendations of the Committee established under the patronage of the Secretary to the Prime Minister, the process of calling applications to fill these vacancies had not obtained the approval of the said Committee. As the Chief Accounting Officer, he is responsible for providing explanations regarding the failure to comply with the government-issued circular.

The Committee pointed out that, since the Secretary to the Ministry is an official member of the Board of Trustees, he had the opportunity to highlight any deficiencies during the meetings of the Board of Trustees, and inquired about the irregularities in this regard.

At the Committee meeting, it was revealed that when the former Director of the Fund was appointed to the said position, the then Minister of Trade had attempted to remove the officer from that post and the former Secretary to the Ministry had interfered with the officer's official duties.

Under the Mahapola Higher Education Scholarship Trust Fund Act, No. 66 of 1981, as amended in 2022, an independent authority exists to recruit officers to the Trust Fund. The Committee revealed that the vacancy in the position of Internal Auditor had been purposely allowed to continue.

The Director of the Department of Commerce explained that, although the Board of Trustees has the authority to decide on its staff, it is necessary to obtain the approval of the Committee headed by the Secretary to Prime Minister before making recruitments and the decision of the Board of Trustees should be presented to the said Committee through the Secretary to the Prime Minister, and the recruitment process should commence only after obtaining the relevant approval.

The Director of the Department of Management Services explained that, although the Board of Trustees has the authority to decide on its staff, it is necessary to obtain the approval of the Committee headed by the Secretary to the Prime Minister before making recruitments. The decision of the Board of Trustees should be submitted to the said Committee through the Secretary to the Prime Minister, and the recruitment process should commence only after obtaining the relevant approval.

The Committee highlighted that a major cause of inefficiency in public institutions is the existence of vacancies in essential staff positions and the failure to take necessary measures to expedite the recruitment process.

Due to the delay in recruitment, there was no qualified officer available to take over the duties of the former Director upon his retirement and as a result, the

funds of the Trust Fund could not be invested and it caused to a loss of Rs. 500 million to the Fund.

It was revealed that the former Secretary to the Ministry, submitted a Board Paper, requesting that a forensic audit be conducted regarding the subsidiary companies of the Fund, noting that investment decisions could not be made unilaterally by the Secretary and should be carried out through the Investment Committee.

Recommendation

- i. Expedite the recruitment process, considering it as a first priority, in order to ensure the proper functioning of the Mahapola Trust Fund.

03. Progress of the implementation of the recommendations of the Committee on Public Enterprises meeting held on 08th January 2021.

3.1 Recommendation No:10 – Losses incurred by the subsidiary companies of the Mahapola Trust Fund.

The Chief Accounting Officer/ Accounting Officer was directed not to liquidated the subsidiary companies of the Trust Fund, namely National Wealth Corporation (Pvt) Ltd and one of its subsidiary companies, NatWealth Securities Limited (NWSL) until the parties responsible for the losses incurred by these companies are identified. They were also instructed to examine the complete report prepared by KPMG in this regard and to obtain the relevant court orders.

NatWealth Corporation (Pvt) Ltd

With the objective of managing the investments of the Fund, this company was registered as Private Limited Company on 23rd March 2003 with an initial investment of Rs. 200 million, represented by 20,000,007 ordinary shares. In accordance with the agreement entered into between the Fund and the company on 18th November 2003, the management of the Fund's investment portfolio amounting to Rs. 3,160.7 million was entrusted to the company.

Furthermore, during the period of the Central Bank bond transactions, this company had leveraged its investments eight times and incurred losses amounting to around Rs. 800–1,000 million. A forensic examination was also conducted in this regard. However, the investigation being carried out by the Criminal Investigation Department in relation to this matter was subsequently discontinued. According to the special audit report dated 25th January 2025, the investment of National Wealth Corporation (Pvt) Ltd as at 31 December 2017 amounted to Rs. 985 million.

NetWealth Securities Limited (NWSL)

NatWealth Corporation (Pvt) Ltd established NatWealth Securities Limited (NWSL) as its subsidiary companies on 23rd June 2003 by making an initial investment of Rs.200, 000, 070 on 20, 000, 007 shares. As at 31st December 2021, NatWealth Corporation (Pvt) Ltd had invested Rs. 1,175,000,070 in the said company, representing 117, 500, 007 shares.

By the year 2024, there were only two members on the Board of Directors of each of the two companies. At present, there are no employees in both companies. Further, since the license granted to NatWealth Securities Limited (NWSL) to carry out the primary transactions was cancelled with effect from 01st December 2020, there is no ability to invest in the Share Market.

Based on the Cabinet decision conveyed under Cabinet Memorandum No. අම/21/0269/313/012 dated 02nd March 2021, the Cabinet of Ministers has decided to liquidate both companies. An amount of Rs. 200 million had also been invested in this company in the year 2016. Accordingly, assets valued around Rs. 22 billion of these two companies are currently owned by the Mahapola Trust Fund.

Furthermore, funds of the Mahapola Trust Fund had been wastefully spent on the payment of court fees in relation to a legal case arising from a dispute between the subsidiary companies and their employees.

Although the Auditor General was vested with powers to audit the state-owned companies with the enforcement of the 19th Amendment of the Constitution in 2015, the opportunity to conduct such public audits was not granted until the year 2018.

Furthermore, no financial statements relating to these two companies have been submitted to the Auditor General for audit after the year 2022. Also, by a decision of the Board of Directors, the preparation of the account of these companies has been assigned to a private accounting firm.

Founder Trustee's Observations: - (Minister of Trade, Commerce, and Food Security – Ex officio)

- Although there is a requirement to liquidate both companies, it has been observed that it would be prevented obtaining an accurate assessment of the manner in which the funds of these companies have been misused. Accordingly, the Board of Trustees has decided to recruit two more officers to the Boards of Directors of both companies.

Furthermore, losses have been incurred as a result of the utilization of the funds of the Mahapola Trust Fund for high-risk investments. The absence of talented fund managers within the institution was identified as the reason for that. Therefore, at present, as the most secure manner, the Mahapola Trust Fund carries out all its transactions only with two state-recognized banks, namely the Bank of Ceylon and the People's Bank.

The Committee emphasized that such funds have established to strengthen the fund by making appropriate investments from the total fund, thereby expanding investment opportunities, while reducing the burden on the Treasury.

Furthermore, it was pointed out that the legal provisions require the position of Chairman of this Fund to be held by a retired Supreme Court Judge in order to ensure independent and transparent functioning in the Fund.

It was revealed to the Committee that plans are in place to take the necessary decisions to administer this fund, which was established with a good purpose, with more transparency in the future.

Recommendation

- i. Conduct a complete forensic audit in this regard and, based on its recommendations, submit the report to the Criminal Investigation

Department or Commission to Investigate Allegations of Bribery or Corruption (CIABOC).

It was revealed to the Committee that, although the Board of Trustees had already decided to conduct a forensic audit, procurement arrangements have now commenced to carry it out through a private audit firm, as the National Audit Office stated that it could not conduct this forensic audit due to its tight schedules.

The Committee also stated that reconsideration should be given regarding the KPMG firm. It was revealed to the Committee that actions will be carried out as per the decision of the Procurement Committee, as the KPMG firm was not blacklisted when calling for tenders.

3.2 Recommendation No: 11- Ownership of the Sri Lanka Institute of Information Technology (SLIIT)

The Chief Accounting Officer/ Accounting Officer was recommended to submit the new information available with the Ministry and the Fund that can confirm the ownership of Sri Lanka Institute of Information Technology (SLIIT) and the ministerial observations on them, to the Secretary of the Committee on Public Enterprises within a month and this recommendation was brought to the attention of the Committee.

The Sri Lanka Institute of Information Technology (SLIIT), which was established under the objective stipulated in **Section 5 (c) of Act No. 66 of 1981**—namely, 'to establish vocational training institutes to enable youth to improve their professional skills and talents'—using funds from the Trust Fund and the General Treasury, has been incorporated as a Company Limited by Guarantee. Subsequently, the Institute gradually moved out of the control of the Mahapola Trust Fund and now operates as a fully private institution. The Committee pointed out that, as per an agreement entered on 12th May 2015, it has been released from all responsibilities previously held with the Mahapola Trust Fund.

The ownership held by the Fund was removed after SLIIT paid Rs. 408 million from the profit it had retained to the Mahapola Trust Fund.

All these actions took place after January 2015, and the Board of Trustees appointed by the government which came to the power in 2015 had made this decision and it was revealed to the Committee that the cheque for the said Rs.

408 million was received at the Office of the Chief Justice, who held the chairmanship of the Fund at that time. It was further revealed that two ministers (then ministers namely Gamini Jayawickrema Perera and Sarath Amunugama) had signed as witnesses for this agreement and at present, the only asset of the SLIIT that owned by the Mahapola Trust Fund is the land that SLIIT is located.

The Chairman of the Mahapola Trust Fund revealed that Attorney General's Department has advised that the Mahapola Trust Fund does not have ownership of the assets, and that access to those assets can only be obtained with the permission of the SLIIT.

Furthermore, it was revealed to the Committee that fraudulent information has been included in the Cabinet Memorandum dated 08th May 2017 regarding the transfer of this institution to the private sector.

The Chairman of NatWealth Securities Limited (NWSL) stated that this institution, which was established in good faith as a public institution, has been taken out of the control of government officials due to excessive greed and that at present all three members of the Board of Directors, including himself, have been removed from the Board. The Committee inquired about the actions taken by the new Board of Trustees regarding these matters during the period after 2019 and from January 2025 up to the present.

The Committee observed that Cabinet Memorandums on this matter has been submitted on three occasions by the ministers Wijayadasa Rajapaksha, Bandula Gunawardena, and again Wijayadasa Rajapaksha together with Nalin Fernando. Although a Cabinet Decision was obtained in 2022 to restore this institution to the position it held before 2015, that decision included a condition to seek the opinion of the Attorney General. Subsequently, by a Cabinet decision taken in 2023, the Cabinet decision obtained in 2022 was cancelled, and accordingly the present Board of Trustees is required to act based on the Cabinet decision taken in 2023. The Committee further observed that the true sequence of events was revealed through the submissions made by Mr. Sri Pavan before the Upali Abeyratne Committee in 2022.

Recommendations

- i. Appoint a Commission vested with full powers to conduct an investigation, as a serious fraud has occurred in the process of

transferring this institution to the private sector and to recommend punishments for those responsible for the fraud based on the information revealed through the investigation.

- ii. Take necessary legal action to reappoint the SLIIT as a subsidiary institution administrated by the Mahapola Trust Fund.
- iii. Submit a request to the Attorney General's Department to reconsider the recommendations, if such reconsideration is required, in order to carry out the necessary actions to re-vest the said institution in the Fund.
- iv. Bringing to the attention of the Hon.Minister the necessity of a Cabinet decision should a review of the decision regarding the transfer of this institution be required; and the responsibility thereof shall be borne by the Chief Accounting Officer and the Accounting Officer.

The Committee strongly emphasized that the sole objective of this discussion is to re-vest the ownership of the SLIIT under the Mahapola Trust Fund, and that there is no intention to interfere with its academic activities or courses. The Committee further stated that, by aligning the institution with the objectives of the Mahapola Trust Fund, it is expected to ensure fairness to the children of the country, and this position was also affirmed by the FounderTrustee.

The Founder trustee further stated that the present government is expected to take necessary action to rectify the mistake through a Cabinet Decision.

At this meeting, the Committee pointed out the necessity for a Performance Audit and the strengthening of the audit process.

3.3 Re-launch of Mahapola Online Lottery – 2021- Recommendation No: 09

The operation of the Mahapola Online Lottery has been suspended due to the resignation of the lottery operator selected for the said lottery.

Relevant procurement arrangements were commenced in the year 2022 to re-launch the Mahapola Online Lottery under the approval granted at the Cabinet Meeting held on 18th October 2021. Furthermore, an investor was selected as per the procurement guidelines, approval was obtained from the Board of

Trustees the bidder has agreed to the draft agreement, and the approval of the Attorney General's has also been received.

The Committee observed that, although the selected investor had agreed to revise the fixed royalty from 10%-15% to an amount ranging from Rs.100 million to Rs. 200 million, he was informed that his selection had been cancelled, as a lower bid had been received from another investor.

It was further revealed that recommendation of the Technical Committee and the Ministerial Procurement Committee had been received to select this new investor and the Board of Trustees had been informed to take the final decision following the negotiations on pricing.

It was revealed at the meeting that it had been decided to grant the procurement to the substantially responsive highest bidder in accordance with the recommendations of the Technical Committee and the Ministerial Procurement Committee had been given the approval to award it to the Genlot Game Technologies Company, and the Board of Trustees had been informed to take the final decision in this regard after completing the negotiations on pricing.

Recommendations

- i. Take necessary steps to expedite the investigations of the Commission to Investigate Allegations of Bribery or Corruption (CIABOC)
- ii. Do the needful to provide any additional information, if required.

04. The facts revealed by the audit reports for the years 2022 and 2023 and the current performance.

4.1 Selection of students eligible to receive the Mahapola Scholarship and minimization of delays in the payment of Mahapola Scholarship.

Although it had been targeted to grant Mahapola Scholarships to all students admitted to universities who were eligible to receive scholarships, only about 15,000 out of 20,000 eligible students (75%) in the 2020/2021 academic year and about 16,000 out of 26,000 eligible students (61.5%) in the 2021/2022 academic year were awarded scholarships. This was due to the criterion that the annual income of the parents should be less than Rs. 500,000.

The selection of students eligible to receive Mahapola Scholarships is carried out by the University Grants Commission (UGC).

It was revealed to the Committee that the number of scholarships is decided based on the cash reserves of the Fund, and scholarships are awarded to the maximum number of students possible. In addition to university students, scholarships are also granted to students at other

higher education institutions and technical colleges, with around 70,000-80,000 students receiving scholarships in each month.

At this meeting, the importance of maintaining an updated database when awarding scholarships to university students was emphasized.

Recommendations

- i. Draw attention to disparities in number of students and delays in payments, take measures to expedite the mechanism of Mahapola payments and make necessary arrangements to award scholarships to all students eligible to receive them.
- ii. Take the necessary steps to expedite the receipt of funds from the government.

4.3 Mahapola Trade Exhibition

A Mahapola Trade Exhibition was held from 13th to 17th December 2023 at the Urban Council's Grounds in Ja-Ela with the aim of raising funds and according to the submitted revenue statement, the exhibition incurred a loss of Rs.29,046,884.

It was revealed to the Committee that these facts were brought to the light through an audit inquiry and the documents states that the raised funds had been handed over to the Trade Exhibition Secretariat as per the decision of the Board of Trustees and a Trade Exhibition Secretariat had been established based on a decision of the Board of Trustees.

Furthermore, it was revealed that the Board of Trustees has no access to the account of the said Trade Exhibition Secretariat and a complaint regarding this matter had been filed with the Criminal Investigation Department (CID) with the permission of the Board of Trustees.

It was also revealed at the meeting that the Committee emphasized the need to investigate whether this activity had happened with an intention of misusing

state assets and it was further disclosed that the exhibition had been conducted as an educational and trade exhibition and details were revealed regarding the manner in which responsibilities had been assigned among the several committees.

Recommendation

- i. Submission of information on the actions taken in this regard by including this fact during the conduct of the forensic audit.

4.4 Recruitment of officers on the contract basis during the year 2023

In 2023, appointments were given on a contract basis for a two-year period to five Trade Exhibition Coordinating Officers and three Management Assistants. However, no acceptable written evidence was submitted for audit regarding the legality of their appointments, the recruitment process, the basis for determining their allowances, the conduct of their duties, their reporting lines, the supervising officer, and the performance of their duties. These officers were paid a total of Rs. 1,920,833 by the Fund as salaries and allowances for the period from July 2023 to February 2024

It was also revealed that the Trust Fund had not issued the appointment letters for the staff.

Recommendation

- i. Inclusion of this matter when conducting the forensic audit.

4.5 Millewa Waththa Land

The Mahapola Trust Fund had paid approximately Rs. 200 million for the Millewa Waththa land in Horana, which was purchased for the construction of the proposed International University Village. Although the Urban Development Authority had informed the Fund to make an additional payment of Rs. 2 billion, it was revealed to the committee that the Fund does not have the financial feasibility to make such a payment. As this investment was considered harmful to the Fund, discussions have been held with the Urban

Development Authority to obtain a refund of the amount already paid and to hand over the said land back to the Urban Development Authority.

It was further revealed to the Committee that the ownership of the said land rests with the Divisional Secretary of Padukka and that the Urban Development Authority has no legal right or ownership in relation to this land. It was also revealed that the Mahapola Trust Fund had made payments for this land despite the ownership not being properly and clearly established.

Recommendation

- i. Inclusion of this matter in the forensic audit

