

## Transacritions of the New Village Development Authority for the Plantation Region - 2024

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The operations of the New Village Development Authority for the Plantation Region for the years ended 31 December 2024 were audited under my direction in accordance with the provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 22 of the New Village Development Authority for the Plantation Region Act, No. 32 of 2018 and the National Audit Act, No. 19 of 2018. This report contains my comments and observations on the functioning of the Authority, which I consider to report to Parliament in accordance with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### 1.1 Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the Authority's financial statements in accordance with Sri Lanka Accounting Standards and for determining such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## 2. Financial Statements

### 2.1 Presentation of Financial Statements

Audit Observation	Comments of the Management	Recommednation
Although financial statements and draft annual report should be submitted to the Auditor General within 60 days after the end of the accounting year as per paragraph 6.6 of the Operations Manual submitted along with the Public Enterprises Circular No. 1/2021 dated 16 November 2021, the financial statements for the year 2021 were submitted to the audit on 07 October 2025 with a delay of 1315 days, and the financial statements and draft annual reports for the years 2022, 2023 and 2024 had not been submitted to the Auditor General even by 27 October 2025.	Agreed. These delays have occurred due to the absence of a permanent accountant or support staff in the Authority. Since the Board of Directors was not appointed for the Authority from September 2024 to June 2025, it was possible to get the approval of the Board for the financial report of the year 2021 on 29.08.2025. The financial report for the year 2021 was submitted for audit on 03 October 2025. The approval of the Board of Directors was received for the financial report of the year 2022 on 30.09.2025.	Financial statements and draft annual reports must be submitted to the Auditor General on the due dates as per the circulars.

**2.2 Non-compliance with laws, rules, regulations and management decisions, etc.**

<b>Reference to Laws, Rules, Regulations, etc.</b>	<b>Con-compliance</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a) New Villages Development Authority for Plantation Region Act, No. 32 of 2018	(i) Paragraph 20 (i) Although the Authority should have its own fund, a fund had not been established for the Authority as at 07 October 2025.	Accepted. I will inform the Board of Directors in the future and take advice from the Department of Public Finance and take steps to establish a fund.	Action should be taken to establish a fund for the Authority in accordance with the provisions of the Act.
(ii) Paragraphs 22 (2) and (3)	Proper books of accounts should be maintained and accounts should be prepared in accordance with Sri Lanka Accounting Standards, and the advance registers and fixed assets registers had not been prepared with a proper understanding of accounting.	The scheme of recruitment of the Authority has been approved by December 2020. However, opportunity has not been given to recruit the necessary staff. Under a special Cabinet approval obtained in the year 2023, an accountant has been permanently recruited from the year 2024 and arrangements have been made to ensure proper documentation. By now, steps have been taken to properly prepare advance registers and fixed assets registers.	Action should be taken to prepare advance registers and fixed assets registers properly.
(b) Financial Regulations as amended by Public Finance			

Circular No.  
01/2020 dated 28t  
August 2020

- (i) Financial Regulations 371 (2) (b) Even though only staff officers should be given ad hoc sub-impres, advance amounting to Rs. 364,000 had been provided to a non-staff officer on 06 occasions during the period from 06 February to 14 May 2024. Agreed. Action has been taken in every possible occasion to provide ad hoc sub impres only to staff officers. However, in a situation where the advance amount obtained through one staff officer is not sufficient for the development work carried out by the Authority, special approval has been granted to a non-staff permanently appointed officer to receive such advance money due to the lack of staff officers in the Authority. As there are currently 05 staff officers (03 part-time, 02 permanent) in the Authority, such a problem does not arise. Action should be taken as per the financial regulations.
- (ii) Financial Regulations 371 (5) Although the relevant work should be completed and adhoc sub impres should be settled within 10 days after obtaining the adhoc sub impres, the advance of Rs. 702,000 received by 04 officers in 08 occasions from February to April 2024 had not been settled within 10 days after the completion of the relevant work. Agreed. During the relevant period, the Authority, in collaboration with the Land Reforms Commission, carried out the initial work of preparing the deeds at several places for several consecutive days (03-05 days) under the expedited process of preparing the deeds in Nuwara Eliya, Kandy, Matale and Badulla districts. Since the advance money was spent by those groups of officers, it was practically Action should be taken as per the financial regulations.

difficult to obtain the relevant bills for settling the bills within 10 days. As a result of that, this delay has occurred. This is simply due to the complexity of performing that work.

(c) Government Procurement Guidelines

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| (i) Paragraph 4.2.1      | Although the Authority should prepare a master procurement plan including the expected procurement activities for a period of at least three years, such a plan had not been prepared for the years of 2022 - 2024 | Accepted. Action has already been taken to rectify it. | The procurement plan should be prepared in accordance with the Government Procurement Guidelines. |
| (ii) Paragraph 4.2.2 (b) | Although a procurement time schedule should be prepared and proper management should be carried out, such a procurement time schedule had not been prepared by the Authority for the years of 2022 - 2024.         | Accepted. Action has already been taken to prepare it. | A procurement time schedule should be prepared.   |
| (iii) Paragraph 4.3.1    | Total cost estimates for the years of 2022, 2023 and 2024 had not been prepared and approved.  | Accepted. Action will be taken in the future.          | Total cost estimates should be prepared in accordance with the Procurement Guidelines.            |

**3. Operational Review**  
**3.1 Management Inefficiencies**

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a) Although the Management Board of the Authority has the power to formulate rules for the meetings of the Authority and the procedure to be	Since special requirements have not yet arisen for the formulation of specific rules for the Authority as	Action should be taken to formulate rules for other matters related to the management of the affairs

followed at such meetings and for other matters related to the management of the affairs of the Authority in terms of Section 35 of the New Villages Development Authority for Plantation Region Act, No. 32 of 2018, such rules had not been formulated.

empowered by the Act, special rules have not been formulated and published in the Gazette. However, meetings of the Board of Directors are held on the accepted traditions with prior agreement. The Board of Directors will be informed and action will be taken in the future as per the instructions of the Board.

(b) Although, the meetings of the Board of Directors should be held at least once a month as per 2.2.2 (a) (ii) of the Guidelines for Corporate Governance of State-owned Enterprises submitted with the Public Enterprises Circular No. 1/2021 dated 16 November 2021, only 06 meetings of the Board of Directors were held during the year 2024.

Agreed. The Board of Directors has been dissolved from September 2024. The new Board of Directors was appointed in June 2025. The Board of Directors for the year 2024 existed for about 08 months, and 06 meetings of the Board of Directors meetings were held during that period.

Arrangements should be made to hold meetings of the Board of Directors at least once a month in accordance with the circular and guidelines.

### 3.2 Operational inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Only a sum of Rs. 1,437,126 had been spent on the tasks assigned to the Authority, out of the total expenditure amounting to Rs. 14,380,622 incurred by the Authority during the year under review. It was as low as 10 percent of the total expenditure.	There have been no specific Object allocated to the Authority or provision directly allocated for the development activities of the Plantation Region, which is a role of the Authority. Therefore, the expenses incurred for the development activities carried out by the Authority have been recorded under the Objects of the institutions, for which the relevant provision has been allocated. The relevant parties have been informed that this problem has arisen due to not allocating Objects or not	Action must be taken to perform the functions assigned to the Authority.

receiving provision directly for development activities to the Authority and it directly affects the performance of the Authority.

- (b) The Authority issues deeds for houses constructed under various schemes by the Ministry and the Ministry had not provided information to the Authority for issuing deeds regarding houses constructed under the Indian Aided Housing Project from 2019 to 2025, the Housing Project implemented with the loan assistance of the Government of Sri Lanka, and the Disaster Housing Project.
- Agreed.
- Action should be taken to grant ownership of houses in the designated areas to the legal occupants in coordination with the Ministry.
- (c) In 2024, the Authority had started providing the necessary facilities to issue title deeds for houses, of which constructions had been completed, under the projects of construction of 4,000 houses and 1,300 houses initiated with Indian assistance in 2016 and 2023, respectively, and although deeds had been prepared for 1,081 houses constructed in the 04 districts, Matale, Nuwara Eliya, Badulla, and Kandy, only 737 deeds had been distributed as at 10 September 2025.
- Although the deeds were prepared, there was no opportunity to distribute the deeds in accordance with the election circulars due to the announcement of elections from September to November 2024. As a result of that, this delay has occurred.
- Action should be taken to issue the deeds that had been prepared without delay.
- (d) Although the construction work of 47 houses constructed in the Kandy district had been completed, it had not been possible to issue title deeds due to deficiencies in the plans. Although title deeds had been prepared for 234 houses constructed in the Badulla district, action had not been taken to distribute them even by 10 September 2025, and 44 title deeds were still in the custody of the Authority due to not returning of the line rooms and 19 title deeds were still in the custody of the Authority due
- It has been planned to correct deficiencies in 47 deeds in the Kandy district and to provide them. Although the deeds were prepared, there was no opportunity to distribute the 234 deeds in the Badulla district as the presidential election had been gazette in August 2024 and subsequently the general election had been gazetted. The deeds that the Authority has retained in the Matale and
- Action should be taken to rectify the deficiencies in the plans and issue deeds to applicants, who have fulfilled the specified criteria.

- to not attending to collect the deeds. Kandy districts are scheduled to be issued after completing the basic requirements for issuing them.
- (e) It had been decided to recover a portion of the cost, borne by the Government for houses constructed under the provision of the Government, from the house owners. The Authority had not prepared the deeds for the houses constructed under provision of the Government as the Ministry had not provided information about the owners who had paid off the loans. Furthermore, this process had been slowed down as the Authority had not received the information required to issue title deeds for the houses that had been completed, the reluctance of the New Villages Development Authority for Plantation Region to release the land plots belonged to the houses constructed, and practical problems in allocating the land belonging to the houses that had been constructed, As pointed out by the audit, the Authority is designing plans to optimally perform the role of the Authority by conducting relevant data surveys in order to overcome the problems in providing information to the Authority by the Ministry, and action is being taken to obtain the necessary infrastructure and human resources for that purpose. Accordingly, it will be possible to overcome that problem in the future. The process of issuing title deeds for houses should be completed on the due dates.
- (f) Although one of the functions of the Authority is to support the youth community in the estate sector in the designated areas to enroll in to tertiary and higher education institutions for their educational development, the activities in this regard had not been included in the action plan for the year 2024 and that function had been accomplished only in the year 2023. Since development Object had not been allocated to the Authority, action plans are prepared on the basis of priority of the institutions providing funds to the Authority. Since the Ministry had not allocated provision by giving priority to that purpose in the year 2024, its activity has not been included for the year 2024. The functions of the Authority should be included in the action plan and efforts should be made to achieve those goals.
- (g) The New Villages Development Authority for Plantation Region was established by the Act of Parliament, No. 32 of 2018 dated 04 October 2018. Although the activities and functions of The Authority has taken measures to approve the necessary scheme of recruitment for the approved staff consisted of 28 officers. The relevant functions should be planned and action should be taken accordingly to

the Authority should be planned to cover the functions to be performed by the Authority according to Section 6 of the Act, action had not been taken accordingly.

However, I admit that it has not been possible to perform all the matters mentioned in the Act due to not providing an opportunity to recruit the approved permanent staff and not allocating provision for the performance of the development functions.

perform the functions assigned to the Authority by the Act.

### 3.3 Human Resource Management

Audit Observation	Comments of the Management	Recommendation
<p>Although 28 permanent officers had to be appointed for the approved posts of the Authority as approved by the Department of Management Services by the letter No. DMS/1849 dated 15 August 2019, only 04 permanent appointments had been made to 03 posts of the Authority by 31 December 2024. It was observed that the other 08 members of the staff were serving on acting, contract and secondary basis. Accordingly, there had been 16 vacancies in the Authority as at that date. It was observed that the staff had reduced to 10 as at 31 August 2025 and this situation had further worsen, and had adversely affected the achievement of the desired objectives and functions of the Authority.</p>	<p>Although the relevant departments and officers have been informed about this for a long time and efforts have been made to make permanent recruitments, results have not been obtained. Therefore, necessary recruitments will be made as temporary measures under the approval of the Board of Directors by considering the performance of the expected functions of the Authority as a priority,</p>	<p>Action should be taken to recruit officers for the approved permanent posts.</p>

## 4. Accountability and Good Governance

### 4.1 Corporate Plan

Audit Observation	Comments of the Management	Recommendation
<p>(a) Although the strategic plan prepared along with the action plan and annual budget should be submitted to the Secretary, Line Ministry, Director General, Department of Public Enterprises after obtaining the approval of the Board of Directors for the strategic plan in accordance with</p>	<p>Accepted. The Corporate Plan has been prepared for the years of 2021-2025, and since provision had not been allocated to carry out the activities related to the year 2021 and there was no staff to implement those activities, it was not practically</p>	<p>As per the circular, these plans should be submitted 15 days before the commencement of the accounting year.</p>

Section 2.3 of the Guidelines for Corporate Governance for Public Enterprises submitted with the Public Enterprises Circular No. 1/2021 dated 16 November 2021, the strategic plan for the years of 2021-2025 had not been submitted to the relevant parties. Although action should be taken to prepare corporate plans by including the relevant revisions from year to year by taking into account the changes in the business environment, and to submit it to the General Treasury 15 days prior to the commencement of the relevant year, the relevant corporate plan had not been revised and submitted.

updated. Therefore, there has been no opportunity to implement the Corporate Plan cyclically. As pointed out by the audit, the Corporate Plan has been prepared from the year 2024 onwards.

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| (b) | The Corporate Plan prepared by the Authority covering the years of 2021-2025 had not covered the objectives of the Authority in terms of Section 4 of the New Village Development Authority for Plantation Region Act No. 32 of 2018 and the functions of the Authority in terms of Section 6 of the Act and the analysis of the strategies, strengths, weaknesses, opportunities and threats to be used to carry out those functions, and therefore, it was observed as an incomplete corporate plan. | The Corporate Plan for the year 2021-2025 was prepared in the year 2020. Only a Director General and 02 graduate trainees were employed by the Authority as at the year 2021. Therefore, there has been no practical opportunity to prepare an analytical corporate plan that identifies the strengths, weaknesses, opportunities and threats of the institution and includes strategic approaches related to that. However, the Authority has already taken steps to prepare such an analytical comprehensive plan for the years of 2025-2029. | The corporate plan should be prepared to cover the objectives and functions of the Authority. |
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## 4.2 Annual Action Plan

	Audit Observation	Comments of the Management	Recommendation
(a)	Although the Authority should prepare an action plan covering the objectives and functions of the Authority in accordance with	Only 02 functions were included in the action plan as provision amounting to Rs. 22.4 million allocated under the	The action plan should be prepared to cover the objectives and functions of the Authority.

Section 2.3 of the Guidelines for Corporate Governance of State Owned Enterprises submitted with the Public Enterprises Circular No. 1/2021 dated 16 November 2021, the action plan of the Authority for the year 2024 had not been prepared to cover any other function of the Act except the function of issuing title deeds to the estate community and conducting a survey of estate houses.

Presidential Secretariat Object in the year 2024 to carry out the expected functions of the Authority and Rs. 2 million allocated by the Ministry for housing censuses.

- (b) The action plan for the year 2024 had not been prepared to include the organizational structure of the institution updated for the relevant year, details of the approved staff and the current staff, the budget for the year, the action plan prepared according to the priorities based on the annual budget during the year, the operational timeframe and expected outputs/results of the activities, the imprest requirement plan for the annual activities in relation to major procurements, and the internal audit plan, etc., which should be included in the annual action plan as per the Public Finance Circular No. 01/2014 dated 14 February 2014.
- The institution has an organizational structure, a budget, an approved action plan, an operational timeframe and expected outputs of the activities and an imprest requirement plan for the year 2024. Since the Authority does not have an Internal Audit Division, the internal audit department of the Ministry conducts the internal audit of the Authority. This work is covered by the audit plan of the Ministry.
- Action should be taken to prepare the action plan as per the circular.
- (c) According to the action plan for the year 2024, 04 activities had been identified for conducting a housing census. Although it was expected to collect data from 12,000 beneficiary families in 7 districts, it was observed that only the data collection format had been prepared and training of officials in the districts of Kegalle, Matara, Kalutara and Galle had been carried out by 31 December 2024.
- Since this data survey was carried out to prepare deeds for the beneficiaries of houses and for that purpose, it is necessary to go to the estates to inform the community. Since elections had been declared during that period, the implementation of the programme had to be delayed in accordance with the election circulars, and there was no opportunity to utilize the
- Action must be taken to achieve the goals of the Action Plan.

Accordingly, the physical progress of the relevant work was 10 percent and the expected targets had not been achieved. provision as expected. However, the work will resume from December 2024 and it will be included in the Action Plan for the year 2025 and the activity will be implemented.

### 4.3 Audit Committees

Audit Observation	Comments of the Management	Recommendation
<p>Although the Authority should conduct Audit and Management Committee meetings at least once in every three months as per Section 4.2 of the Guidelines for Corporate Governance of State Enterprises submitted with the Public Enterprises Circular No. 1/2021 dated 16 November 2021, the Authority failed to hold any meetings during the years of 2022 and 2023 and from 01 January 2025 to 31 August 2025.</p>	<p>Since there is no position of Internal Auditor within the approved staff of the Authority or since there was no Audit Officer in the Authority, the Secretary to the Ministry has been informed to carry out the task through the Internal Audit Department of the Ministry. The relevant audit is already being carried out by the Ministry through the Audit and Management Committees held once in every three months. This Authority has been included in the internal audit plan of the Ministry.</p>	<p>According to the circular, arrangements should be made to hold audit and management committee meetings once in every three months.</p>

### 4.4 Sustainable Development Goals

Audit Observation	Comments of the Management	Recommendation
<p>The United Nations had introduced the Sustainable Development Agenda based on achieving economic growth and social development and environmental protection in all member countries by 2030, and although the desired goals should be identified accordingly, the Authority had not identified the desired goals, targets and indicators and had failed to identify and implement methods for obtaining accurate data and</p>	<p>In accordance with the role and objectives assigned to the Authority, the Authority has identified alleviation of poverty among the plantation community as a primary sustainable goal. Since the main factors associated with poverty in the plantation sector are low household income or lack of adequate housing facilities, the Authority has now commenced obtaining the necessary data (basic line) to prepare targets in this regard. The failure to deploy a minimum staff or financial provision</p>	<p>The desired goals, targets and indicators should be identified and implemented in line with the sustainable development agenda.</p>

managing physical resources to achieve those goals during the previous 05-years.

to carry out the expected activities by the Authority has led to the delay in this process. I would also like to mention that since action had been taken to obtain financial provision through external parties, if approval is received to obtain the necessary human resources, this delay can be avoided.