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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

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# Press Release

Issued By **Communications Department**

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## FORENSIC AUDITS

Arising from the recommendations of the Presidential Commission of Inquiry to investigate and inquire into and report on the issuance of Treasury Bonds during the period 1 February, 2015 to 31 March 2016 and matters that had come to light over the recent years in audit reports and findings of internal investigations relating to certain regulatory and agency functions undertaken by the Central Bank of Sri Lanka, the Monetary Board of the Central Bank of Sri Lanka, in consultation with the Auditor General, commissioned Forensic Audits (FAs) which were carried out entirely by personnel based outside Sri Lanka, of audit firms with a global practice and international experience who were selected by a Cabinet Appointed Consultants Procurement Committee (CACPC) in compliance with applicable government procurement guidelines. The Auditor General's representative was an observer on the CACPC.

As stated in the notice issued to the public on 14 January 2019 on the progress of the procurement process to select audit firms, the FAs were conducted in five assignments as set out below on Terms of Reference that were finalized in consultation with the Auditor General and the Attorney General:

1. Issuance of Treasury Bonds during the period from 01 January 2002 to 28 February 2015 by the Public Debt Department
2. Primary and secondary market transactions of the Employees' Provident Fund involving Treasury Bonds issued/transacted during the period from 01 January 2002 to 28 February 2015

3. Transactions of the Employees' Provident Fund from 01 January 1998 to 31 December 2017 in listed and unlisted equities
4. Issuance of Treasury Bonds and remittance of funds received to the General Treasury during the period from 01 February 2015 to 31 March 2016 by the Public Debt Department
5. Conduct of the supervisory and regulatory role by the Superintendent of Public Debt / Director, Supervision of Non-Bank Financial Institutions pertaining to selected Primary Dealers from 01 January 2009 to 31 December 2017

It was initially expected that all FAs would be completed by mid-October, 2019. However, the terrorist attacks in April 2019 and challenges faced in the gathering of some important information, some of which were from external sources, resulted in extensions having to be granted. All 5 FAs have now been completed and the final reports have been submitted to the Monetary Board by the auditors.

Given the nature of findings, the Monetary Board sought the opinion of the Attorney General about the distribution of the FA reports including, specifically, as to whether the reports should be made public.

The Attorney General has opined that the findings in the reports, annexes and exhibits should be treated as having the potential to be evidence in investigations and ongoing and future legal actions and access should be limited to those who have statutory authority to access them while emphasizing that the recipients maintain confidentiality in respect of the contents of the reports in order to avoid any possible prejudicial effect on investigations and ongoing and future litigation. The Attorney General has further informed that once the reports and related documents have been fully considered, any extracts thereof which can be disseminated in the public domain without prejudice to investigations and ongoing or future litigation will be notified to the Central Bank.

The public are hereby informed that the Monetary Board will act in accordance with the advice given by the Attorney General.