

## Head 334 - Department of Multipurpose Development Task Force

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### 1. Financial Statements

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#### 1.1 Opinion

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The audit of the financial statement of the Department of Multipurpose Development Task Force for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. The summary report including my comments and observations on the financial statements of the Department of Multipurpose Development Task Force was issued to the Accounting Officer on 27 May 2022 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 and the Detailed Annual Management Audit Report relating to the Department in terms of Sub-section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 29 June 2022. This report will be presented in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the financial statements give a true and fair view of the financial position of the Department of Multipurpose Development Task Force as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Opinion

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### 1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

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The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Department of Multipurpose Development Task Force is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department of Multipurpose Development Task Force exists, and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### 1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 1.5 Report on Other Legal and Regulatory Requirements

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I express the following matters in accordance with Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

(a) The financial statements are consistent with the preceding year.

(b) The recommendations made in my report on the financial statements of the preceding year had been implemented.

## 2. Financial Review

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### 2.1 Management of Expenditure

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| Audit Observation<br>-----   | Comment of the<br>Accounting Officer<br>-----  | Recommendation<br>-----  |
|--|--|--|
| A sum of Rs. 9,557,479,050 had been utilized out of the total net provision of Rs. 25,959,720,000 made for the year 2021 whereas the saving represented 63 per cent equivalent to Rs. 16,402,240,950. The savings occurred under 08 Objects totaled Rs. 15,385,192,167, and those savings ranged between 80 per cent and 100 per cent. | Due to failure in carrying out the planned activities such as, paying salaries to 100,000 Multipurpose Development Officers after being made permanent, and providing uniforms and training, the provision could not be made use of. | The annual provision should be utilized with maximum efficiency. |

### 2.2 Issue and Settlement of Advances

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| Audit Observation<br>-----   | Comment of the<br>Accounting Officer<br>-----   | Recommendation<br>-----                                |
|--|---|--|
| The maximum limit on debit balance under the Advances to Public Officers Account "B" had been exceeded by Rs. 19,768,427. Despite being informed by the National Budget Department that recommendations would be | The Budget Department was queried in that connection, and they informed that action was being taken to obtain Parliamentary approval prior to 2022/05/31. | The maximum debit balance approved should be followed. |

presented to revise the approved limits relating to those excesses, approval had not been granted even by May 2022.

### 3. Operating Review

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#### 3.1 Failure to Achieve the Expected Output

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| Audit Observation   | Comment of the<br>Accounting Officer | Recommendation  |
|---|--------------------------------------|---|
| -----   | -----                                | -----   |
| Of the 34,605 trainees enrolled in October 2020, only 22,306 of them had fulfilled payment conditions as of 2022 by completing the training of third stage following the 06 month training period. The trainees who had successfully completed the training, were not awarded with the NVQ 03 certificate even by May 2022. | Not commented.                       | Activities such as, providing training for the trainees, awarding the NVQ 03 certificate, and making them permanent, should be expedited. |

#### 3.2 Assets Management

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| Audit Observation   | Comment of the<br>Accounting Officer  | Recommendation  |
|---|---|---|
| -----   | -----   | -----   |
| A Board of Survey should have been appointed before 15 December in terms of Financial Regulation 756 (6) as amended by Public Finance Circular, No. 01/2020 dated 28 August 2020. However, the Department had done so on 15 March 2022, and hence, the survey could not be completed even by 30 April 2022. | The survey on stores as at 2021.12.31, has been completed, and the report is to be forwarded to the Auditor General . | Survey on stores should be conducted in terms of the Financial Regulations. |

## 3.3 Uneconomic Transactions

| Audit Observation   | Comment of the<br>Accounting Officer  | Recommendation   |
|---|---|--|
| <p>Although the trainees were expected to be enrolled for suitable Government employment by awarding them with the NVQ 03 certificate after the training, 2,470 trainees had left the course during the training period. The expenditure of Rs. 22,500 paid monthly per trainee, had become uneconomic. The payment made per month to the said 2,470 trainees, totaled Rs. 55.58 million.</p> | <p>Those who vacated the course represented 7 per cent. Due to miscellaneous reasons, trainees vacated the courses during the initial and various stages. As the trainees, after being theoretically trained, had been employed at various institutions under primary level, the payments made to them should not be considered uneconomic.</p> | <p>As the objectives of the Department can not be achieved with the trainees vacating the courses, measures should be taken to minimize the number of trainees who vacate the courses.</p> |

## 4. Human Resource Management

The following observations are made.

| Audit Observation  | Comment of the<br>Accounting Officer | Recommendation   |
|--|--------------------------------------|--|
| <p>a) The existence of vacancies ranging from 25 to 100 per cent at all levels including primary and senior levels of the approved cadre, had hampered the functioning of the Department.</p>  | <p>Not commented.</p>                | <p>Action should be taken to fill vacancies in view of an increased performance.</p> |
| <p>b) Two posts of Administrative Officer, 15 of the 20 posts of Information Communication Technology Assistant, and 23 of the 30 posts of Management Officer, remained vacant. As such, it was observed that daily functioning of the Department had been hampered.</p> | <p>Not commented.</p>                | <p>Action should be taken to fill vacancies in view of an increased performance.</p> |

- c) A Human Resource Development Plan for the year under review had not been prepared based on Annexure 02 of the Public Administration Circular, No. 02/2018 dated 24 January 2018. Not commented. The Circular should be followed.