

Head-331 Department of Samurdhi Development

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head-331 Department of Samurdhi Development for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 containing my comments and observations on the financial statements of the Department of Samurdhi Development was issued to the Accounting officer on 31 May 2023 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 15 June 2023 in terms of Section 11(2) of the National Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 to be read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Samurdhi Development as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Accounting Officer are 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 the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1) (c) of the National Audit Act, Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department 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

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 summary 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 and its materiality depends on the influence on economic decisions taken by users 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 Requirements

I express the following matters in terms of 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 by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Deposits

The following deficiencies were observed in the payment of deposits and accounting for balances relating to the financial statement.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| i) A difference of Rs.124,709,327 between the balance as per the financial statements of 5 General Deposit Accounts and according to the schedules of the Head office and District offices which were presented by the Department was observed. | Instructions are given to make adjustments to department books after recognizing this difference when submitting compression reports in balancing to the Department of State Accounts. | Action should be taken to adjust to the accounts of the department identifying the difference. |
| ii) Total value of Rs.2,392,568,462 of 05 items which was recorded in the General Deposit Register had not been included in the list of individual balances | The balance of Rs.2,392,568,462 had been included in the transferred list of individual balances under the Department of Samurdhi Commissioner General and this balance has been reported when reporting transfers under that Department. | Action should be taken to enter this balance in the list of individual balances. |

(b) Property Plant and Equipment

The following deficiencies were observed in accounting for Property, Plant and Equipment.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| (i) The value amounted to Rs.1,600,000 from the valuation of Rs.2,500,000 the Samurdhi Bank land at Galagama which was valued at Rs.900,000 as at 01 January 2022, had been under stated under the non-current assets and reserves in financial statements. | That amount had been accounted in the month of April 2023. | Action should be taken to correct the balance of the assets by making adjustments needed in the financial statements of the year 2023. |
| (ii) Even though the land Hipankanda Galkanda which was valued at Rs.5,650,000 has been handed over to the Divisional Secretariat Karandeniya for a Medical Centre, it had been further shown in financial statements under lands. | Actions are to be taken to remove this amount which shows under the land through the summary of the month of May in the year 2023 | Action should be taken to correct the balance of the assets by making adjustments needed in the financial statements of the year 2023. |
| (iii) The sum amounting to Rs.7,749,000 of the value of the land which the Matara official quarters situated , had not been shown under lands. | The value of Rs.7,749,000 of the land which the Matara official quarters situated , had been shown under lands as at 31 December 2022 had corrected by transferring under the quarters through the accounts summaries of the month of April 2023. | The value of the land should be included in the financial accounts. |

| | | | |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| (iv) | The value of electrical items (Microwave Oven) purchased under the vote 1205 amounting to Rs.115,000 had been shown under electrical items as Rs.1,150,000. | This error had occurred when accounting the value of electrical items as at 31 December 2022 had been corrected through the accounts summaries of the month of April 2023. | Action should be taken to accurate the balance of the assets by making adjustments needed in the financial statements of the year 2023. |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|

2. Financial Review

2.1 Reconciliation Statement on the Advances to Public Officers Account

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Outstanding loan balances elapsed from 01 year to 05 years from 100 employees as at 31 December 2022 amounted to Rs.2,467,073. There were loan balances exceeded 05 years amounted to Rs.302,233, outstanding balance from 4 to 5 years amounted to Rs.922,180 , outstanding loan balance between 3-4 years amounted to Rs.321,336 and outstanding balance between 1-3 years amounted to Rs.921,324. | An amount of Rs.742,759 out of the balance mentioned in this observation had been recovered as at 31 January 2023.Actions are being taken to recover the rest of the outstanding balances. | Action should be taken in terms of Establishment Code regarding the balances which could not be recovered. |

2.2 Exceeding Limits

The audit observations on exceeding and failure in reaching the limits authorized by Parliament for Government advance account activities are given below.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| The minimum credit limit according to the budget estimate of the year 2022 was amounted to Rs.280,000,000 but the actual amount received was amounted to Rs.222,888,467. However, the value had not reached to the minimum limit credit amounted to Rs.57,111,533. | Relevant limits had been decided considering all the facts indicated when deciding the limits of the Advance B account. Limitation of the loan issuing and non-receiving of imprest for the payment of loans was the main reason for unable to reach to the expected limits during the year 2022. | Action should be taken to revise the limits of the advances having approval for revision. |

2.3 Incurring of Commitments and Liabilities

The following observations are made.

| | Audit Observation | Comment of the Accounting Officer | Recommendation |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| (a) | Total amount of Rs.947,730 payable to other institutions under the Vote No.331-1-1-1202 and 331-2-2-1402 had not been included in the Liabilities Register. | A mistake which was happening when recording the liabilities. And action had been taken to record this liability. | Liabilities should be recorded identifying accurately. |
| (b) | The value of commitments and Liabilities amounted to Rs.3,045,956 shown in the financial statements had not been stated under accounted liabilities of the previous year in the Vote Ledger. | Action to be taken to correct the expenses which mentioned under accounted liabilities of the previous year in the observation by putting notes to the revisions in the Vote Ledger. | Accounted liabilities of the previous year should be recorded in the Vote Ledger. |

- (c) The value of commitments of Rs.125,521 payable to the officers of the Department had been shown under commitments, contrary to the Public Accounts Circular No.255/2017 dated 27 April 2017. The expenditure of payments of the prior year had included as liabilities on the basis of having authority to incur from the current year provisions of that votes. Action should be taken in accordance with the circular.

2.4 Certification of Accounting Officer

Accounting Officer should certify the following matters in terms of provisions set out in Section 38 of the National Audit Act, No. 19 of 2018. However, it had not been so done.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| <p>The Accounting Officer should ensure that an effective internal control system for the financial control exists in the Department 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. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General, but no statements had been furnished to the Audit that the reviews had been carried out.</p> | <p>Even though the changes in internal administrative methods had been done by reviewing of financial control of the department that had not inform in writing.</p> | <p>Action should be taken in terms of Section 38 of the National Audit Act, No. 19 of 2018.</p> |

2.5 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

| Reference to Laws, Rules and Regulations | Value of the Observation Rs. | Non-compliance | Comment of the Accounting Officer | Recommendation |
|-----------------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| (a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka | | | | |
| (i) F.R.135 and 381(i) | | Bank current accounts had been maintained in 03 training centers without obtaining the approval of the Treasury. | All the documents needed to open new bank accounts for training centers under the approval of the Department of Treasury Operations had been forwarded to the Department of Treasury Operations by that time. | Action should be taken in terms of Financial Regulations. |
| (ii) F.R.206(3) and (1) | 1,388,691,509 | Even though each voucher should certify by two officers for payment from a deposit 50 paying vouchers relevant to November, December months of the year 2022 had been certified by one officer. | Internal control had been formatted being aware of officers of the subjects not to presented relevant vouchers for payment without taking signatures of authorized two officers in each payment occasions Department of Treasury Operations when paying from the General deposit account. | Action should be taken in terms of Financial Regulations. |

- | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| b) Public Administration circular No. 30/2016 dated 29 December 2016. | Action had not been taken to repair 24 vehicles which were removed from running, can be made to a running condition after repairing according to the vehicle survey of the year 2019. | According to the board of survey in the year 2019 out of the recognized vehicles to repair the vehicles which could be used by repairing on economically fruitful, and to dispose other vehicles which are not productive before the date of 31 July 2023 had been planned by this time. | Action should be taken in accordance with the circulars. |
| c) Public Administration circular No. 02/2018 dated 24 January 2018. | Human Resource plan had not been prepared as per the Circular and staff agreements had not been prepared for the whole staff. | Action could not be taken as per the instructions of this Circular during the year 2022 due to the limitation of capital expenditure and non-receiving of adequate provisions. | Action should be taken in accordance with the circulars. |
| d) Paragraph 7.4 of Public Finance Circular No.2/2020 dated 28 August 2020 and Public Accounts Circular No.243/2015 dated 24 June 2015 | Even though the year ended balance for each deposit accounts categories which are opened, should be compared with individual balance list obtained under CIGAS programme and forwarded to the Department of State Accounts before 28 February of the ensuing year of finance by completing the formats properly to | Comparing reports of the deposit accounts categories could not be forwarded before 28 February due to the action to be taken to settle some differences recognized when deposit balances had been compared. | Action should be taken in accordance with the circulars. |

follow up and analysis of deposit account activities, action had not been taken in accordance with the Circular.

2.6 Deposit Balances

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| (a) Action had not been taken to settle the sum amounting to Rs.2,374 million which was obtained from the Samurdhi Authority by then Samurdhi Commissioner for payment of Samurdhi subsidies in months of August, September and October in 2013, even passed more than 8 years period. | Requests had been done from the Treasury to settle this balance but action had not taken to settle that balance up to now. Necessary action had taken to submit cabinet memorandum to settle the balance amount by that time. | Action should be taken to settle this amount. |
| (b) The contribution totaling Rs.3,221,847 of Employee Provident Fund relevant to the period from 01 June 2014 to 30 December 2022, had been retained in the deposit account of the District Samurdhi office in Galle without taking action to remit to the same Fund. | Instructions had received in the month of February 2023 about the way of actions should be taken regarding this money therefore actions are to be taken to direct the relevant money to the Employee Provident Fund after receiving the imprest for these payments. | Action should be taken to send contribution of money to that fund immediately. |
| (c) The sum amounting to Rs.90,318,300 which was remained after payment of subsidies out of the sum amounting to Rs.39,619,307,119 which was credited within the period of May-August 2022 to | Balances of the deposit account had been settled an amount of Rs.93,011,970 including the balance mentioned in the observation paying to the Director General of | Action should be taken to refund the balance after paying subsidies to the treasury without delaying. |

Samurdhi Banks for the payment of beneficiaries who were registered in the months of May June, July National Planning Department on the date of 11 April 2023.

Samurdhi/Elderly/Disabled and kidney patients waiting list under World bank aids, had been remitted back to the National Policy Planning Department on 11 April 2023.

- (d) The loans which was obtained by keeping the fixed deposits under the department as sureties for granting COVID subsidies in the years 2020/21 , had been issued to Samurdhi Community Based Banks. The sum amounting to Rs.177,731,499 which was remained after completion of the payment of subsidies to beneficiaries, had been retained in the General Deposit Account without releasing to the Fund even as at 31 December in the year under review.
- This balance could be able to use to settle a part of an interest amount of the loan amount which should be paid to the Peoples bank and Bank of Ceylon for the loan borrowed in the year 2021 therefore officers had been made aware to take steps to settle this balance having necessary imprest for that from the Treasury.
- Action should be taken to settle the balance amount.
- (e) Cash total amounting to Rs.654,589 of 49 cheques which was issued within the period of May 2019 to June 2021 but not presented for the payment had been retained in the General Deposit Account without being act in terms of Financial Regulations.
- Action had been taken to credit this balance to the Government income due to relevant payees had not been up to now to received that payments which relevant to the balance of Rs. 654,589 issued but not realized remain in the General deposit account
- Action should be taken to credit to the Government income.

2.7 Operation of Bank Accounts

Deficiencies revealed at the audit test checks carried out on operation of bank accounts, appear below.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Action in terms of Financial Regulations had not been taken relevant to 84 cheques valued at Rs.2,668,654 deposited within the period of 4 to 8 years but unrealized in the bank reconciliation check in December 2022 relevant to Employee Revolving Fund Account . | The balances mentioned in the observation were recognized as errors which had occurred when making adjustments between the accounts at the time of starting the department and letters had sent to the institutes which to get information to verify cheques were issued. Actions are to be taken to correct following the systematic accounting processes after calling information from that institute. | Action should be taken in terms of Financial Regulations. |

3. Operating Review

3.1 Vision and Mission

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| (a) Samurdhi programme had been implemented for the purpose of totally eradicate the poverty alleviation based on units of families by using development projects upgrading socially and economically and contribute youths in the country directly to the development activities. The government had implemented various development programmes for Samurdhi subsidies and social | A sum of Rs.1,260 million had been spent for various Samurdhi development programs on empowering of Samurdhi beneficiaries by the Government during the period from the year 2019 to year 2022. | Action should be taken identifying specific targets of empowering when implementing development programs. |

empowering by spending money annually in relation to the mission of the Samurdhi Development Department. Even though a sum of Rs.1,260 million had been spent for various Samurdhi development programmes on empowering of Samurdhi beneficiaries by the Government during the period from the year 2019 to year 2022 specified target had not been identified on empowerment.

- (b) A number of 312,307 Samurdhi beneficiaries who were identified as Samurdhi beneficiaries in the year 1995, had been further received subsidies without being empowered, even 29 years has passed as at 2023.
- There are a large number of elder/disable/chronic and vulnerable families among the samurdhi beneficiaries had included here.
- Operational activities should be done according to the tasks and activities to be done as per the fundamental objectives.
- (c) As beneficiaries empowered annually by the Department, number of beneficiaries 1,958 and 18,629 and 21,189 in the years 2020, 2021 and 2022 respectively had been identified. Action had not been taken in accordance with a plan included in specific targets on the beneficiaries who were empowered annually. Accordingly, relative to the programmes conducted by the Government for the empowerment of Samurdhi beneficiaries annually, the empowerment was taken a minimum level.
- Even though empowering had been happened slowly and empowering had increased from the year 2022. Activities of empowering each one of low income earners for each one year had been done from the year 2023.(from one Grama Niladari Wasama)
- Empowering should be done accordingly specific target.
- (d) Even though in terms of Circular No.DSD/HO/SW/14/18/04/18and dated 20 August 2018 Circular No. DSD/HO/SW/14/19/01 and dated 11 February 2021, action should be taken to cut off the Samurdhi
- Instructions had been given to remove the subsidies of the families which are empowered with a considerable high income through the facts mentioned
- Action should be taken to remove subsidies recognizing the beneficiaries empowered as per the circular.

subsidies who are engaged in income earning projects utilizing trained labour and technical skill within the criteria of non-eligibility of Samurdhi subsidies on the recommendation of rural committees, the recommendation of rural committees had not been given to cut off the Samurdhi subsidies of 1,112 Samurdhi beneficiaries in 34 Divisional Secretariat Divisions which the audit test checks done.

in the circular relating the facts that families empowered with high income generating through income generating process and families which identifying by the rural committee receiving considerable daily income with skilled labourers.

- (e) The total deposits amounting to Rs.155.1 billion of 4,115,100 members of 1,089 Community-Based banks as at 31 December 2022 and the outstanding balance thereof granted to the beneficiaries was only Rs.68 billion. Investment had been done under a high interest rate of 149 billion as at 31 December 2022 and interest as low as 3 percent had been paid for the savings of Samurdhi beneficiaries. Accordingly, it was observed that it has been operated with the purpose of making profits and directed towards profitability at present by acting away from the purpose of empowering the Samurdhi beneficiary even though the. Community Based banking system had been started with the purpose of empowering the Samurdhi Beneficiaries.
- The loan interest rate for the loans of the Samurdhi banking system is 3.5per cent and 13per cent value comparing with other banks. The reason for giving interest rates for savings 3 per cent when issuing loans the interest rate is less comparing with the other banks. Action had not been taken contrary to the objectives of the Samurdhi banks as per the audit report and loans have been issued for more than 350,000 families yearly by the total bank system. As well it seems to be more than 50000 families out of the amount of this loan borrowed had increased their own income annually. However Samurdhi banks do not functioning for earning maximum profit at all and the main objective is to provide micro finance facilities to beneficiaries. Action has been taken to invest the balance of the money in the banking system due to decrease of applying loans .because of the interest income received from those investments caused to increase in profit.
- Using of funds which available in the Community Based banking system should be done as much as possible with the purpose of empowering Samurdhi beneficiaries.

- (f) Samurdhi beneficiary aids which are monthly remitted to the Community Based Banks had been remained in their bank accounts in a long period by certain Samurdhi beneficiaries without being withdrawn monthly. In the audit test check conducted in this regard, it is observed that the amount remained in that manner in the savings accounts of 2,433 Samurdhi beneficiaries in 41 areas in 10 Community Based banks was a Rs.59,951,537.
- After remitting subsidies monthly to Samurdhi beneficiaries the department has free from that commitment and withdraw of money which credited to their own accounts is totally owned to the beneficiary who is the accountholder of money that credited.
- Examining the reasons for remaining subsidies money in the accounts and action should be taken to remove the subsidy if the Samurdhi beneficiary has empowered.

3.2 Non achievement of expected Output Level

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| (a) Even though plans had been made to conduct 5 programmes to establish a Samurdhi e-marketing network and to grant a standard certificate for Samurdhi productions, it had not been implemented. | This project could not be implemented due to the limitation of the provisions in the year. | Planned activities should be properly implemented. |
| (b) Even though it was planned to conduct 15 training programmes on production of carbonic fertilizer, only 6 programmes had been conducted and according to that, the physical progress had been 40 percent. | According to the approved action plan of the year 2022 within the limitation of provision allocated for implementing lively hood development programs an amount of Rs. 2.99 million had been allocated for workshops on producing carbonic fertilizer for 22 Districts. Even though the adverse economic condition had prevailed in the country due to non- receiving of | Planned activities should be properly implemented. |

allocated provision these workshops had been implemented only 05 Districts.

- (c) A sum of Rs.7 million had been allocated to develop 25 new Samurdhi Community Based Banks under Micro Finance programme. Out of the same amount, incurring a sum of Rs.4.90 million that is 70 percent of the provisions, full infrastructure facilities of 6 banks had been developed and only 50 percent of the infrastructure facilities of 9 banks had been developed.
- Due to limitation of provisions allocated in the year 2022 treasury provisions had not granted to the development of infrastructure facilities of remaining new nine Community Based Banks and the infrastructure facilities of 9 banks had been developed by 50 percent using funds of old banks which owned to the Grama Niladhari divisions of the new bank.
- Planned activities should be properly implemented

3.3 Weaknesses in implementation of Projects

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| <p>(a) Even though government contribution of Rs.1,9 70,000 for 11 projects for 72 beneficiaries of the Keeragala Samurdhi model village in the Kuruwita Divisional Secretariat Division and a sum of Rs.5,824,451 had been granted to 255 beneficiaries for Kitul productions at Malmeekanda Samurdhi model village in the Divisional Secretariat Division Opanayake, follow up action had not been carried out on the ability to empower by obtaining information on income generation even 4 years has passed by launching these projects.</p> | <p>To implement follow up actions regarding these projects using more formal and accurate methods than earlier situation under the supervision of Samurdhi development officers and managers had been prepared plans by this time, on the basis of that action to be taken to empower relevant beneficiaries in future.</p> | <p>Should be followed up about the ability to empower.</p> |

- (b) A sum of Rs.38,442,329 had been incurred by the Department for 11 model villages in the Gampaha District from the year 2016 to 2020 for the betterment of the livelihood, empowerment of Samurdhi beneficiaries through establishing production villages belonging to 13 Divisional Secretariat Divisions in the Gampaha District. Even though 04 years had been elapsed as at the year 2020 by implementing 06 model villages which were presented for audit, follow up actions relevant to the projects had not been carried out.
- As there were no sufficient time to implement projects for model village of sweets in Kaleliya Ja -Ela had not implemented due to granting of provisions amounting to Rs.2,270,950 had been at the end of the year. Provision had been cancelled for that received Therefore adequate time had not Further follow up actions about model villages which had been implemented under the supervision of Samurdhi development officers and managers.
- Should be followed up about the ability to empower.
- (c) A sum of Rs.293,281,808 had been incurred for 7986 beneficiaries for the implementation of industry, sales, agriculture ,animal husbandry projects within 30 Divisional Secretariat Divisions in Kurunegala District from 2017 to 2021.
- At the audit test check, there were instances that providing income generating equipment to the same beneficiary in two instances and providing goods and equipment to the beneficiary by non-identifying the industry of the beneficiary properly as well as providing equipment variant from the business carried out in the previous year when input equipment provided to Samurdhi beneficiaries in the Grama Niladhari Wasam belonging to 10 Divisional Secretariats selected in the livelihood income generated
- Action needed to carried out projects successfully had been done by discussing monthly progress and following up through Wasam level, zonal level, divisional secretariat level. It was a constraint to have a progress of expected level of the projects that the high rates of the prices of raw material, difficulties in marketing due to the economic crisis prevailing in the country. Identifying projects which are not succeed and after recovering their beneficiary contribution and had been alienated project equipment to the beneficiaries who had successfully implemented by signing to a new agreement. It had been
- Equipment should be given Identifying the necessity.

projects which were put into action. As such, in providing equipment, it had not been done a follow up action whether the beneficiary obtained equipment for new project or otherwise for the old project.

done under the approval of the Divisional secretariat. Arrangements had been made to remove Samurdhi subsidy of the beneficiaries whose living status are high.

- (d) Even though a sum of Rs.19,748,110 had been incurred for construction of 4 Suwa Bojun Centers in the years 2020 and 2021, it was unable to open those sales centers up to March 2023. However, estimates has been prepared for the expected amount of Rs.19.55 million to be spent further for the Suwa Bojun Centres in Habaraduwa, Matugama and Kilinochchi , provision for this purpose had not been provided in the year 2023. Accordingly, it was observed that although 2 years period has passed by commencing of the construction of Suva Bojun Centers those are remained idle due to non-completion of the work. And further observed that it is not adequate to take action to empower the Samurdhi beneficiaries through earning income by directing to Bojun Centers.
- Even though it was planned to allow provisions for this in the year 2023 due to non – releasing of treasury allocation up to now construction could not be completed. This situation is beyond the control of the department. However rates of prices of the construction field are relatively very high rate in the years of 2020 and 2021 and therefore expenses incurred in advance are not idle and as soon the balance of money received finalizing the construction job opportunities could be given to the entrepreneurs
- Assets should be utilized economically

3.4 Other Observations

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Financial Irregularities | | |
| It had been shown by the audit reports 2018 and 2019 on 135 frauds at a value of Rs.115,723,619 occurred during the period of 2014-2018 in Samurdhi Banks and Societies. According to the information presented to the audit on 21 April 2023, a sum of Rs.63,817,207 for 15 frauds for the period of 2014-2018 , a sum of Rs.172,189,227 for 92 frauds for the period from 2019 to 2023 had been identified. Even though connecting all Samurdhi Banks and Bank Societies to the computer system, it was expected to provide most efficiency service to the customers and minimize the errors and financial frauds done willfully in manual operations, the financial frauds and irregularities reported were at a considerable value. | Disciplinary action had been done by that time regarding financial frauds reported to the investigation section and action had been taken to issue disciplinary orders for officers who admit to the offence that they have done after paying total amount defrauded. Otherwise after the formal disciplinary inquiry action to be taken to recover the total defrauded amount. Also when issuing the disciplinary orders. If an officer is ordered to be dismissed lawful action will be taken to recover the total defrauded amount and penalty interest. | Action should be taken to create well equipped internal control system in the banking system as per minimize the frauds and errors and maintain effectively. |
| (b) Divineguma Development Fund should be established in accordance with the paragraph 36 of Divineguma Act No. 01 of 2013 and all grants, rewards by Banks ,Bank societies established by Rewards Act , other contributions , money determined by the Minister from the profit of banks as a | The approval of the Department of Treasury Operations had been requested for the opening of accounts regarding establishment of Samurdhi Fund however the approval had not received so far. | Fund should be established in terms of the Act. |

percentage, all receipts should be credited to the Consolidated Fund. Even though after that, credited to the Divineguma Fund with the approval of the Parliament, Divineguma Fund had not been established up to date.

- (c) The Department had maintained 6 Funds in terms of Section 45 of the aforesaid Act, Samurdhi Fund and Employee Loans Revolving Fund was at a non-operational condition by now. Activities of the Samurdhi fund is collecting income of installments and rents received from income generating and investing, reinvesting of income receiving from income generating projects which implement all over the country and those activities are being continuously implemented. Employee revolving loan fund have not activated further more however loans paid from that fund should be recovered further. Recovering all the loans this fund to be winded up after crediting those money to the consolidated fund. Money which had fund should be credited to the accumulated fund being winded up inactive funds.
- (d) Even though according to the Paragraph 15.2(b) of the Public Finance Circular No.2020/01 dated 22 August 2020 , if it is seem to come into the Funds existed as yet are a National requirement, the same Funds should be approved by a parliament Act, the Samurdhi National Social Fund had been operated without getting approval by a parliament Act. It is mentioned that in terms of Divineguma Act No.01 of 2013 Samurdhi Authority has become a Department and in terms of section 45 of the Samurdhi Development Act the funds that are maintained by the department ensuring that there shall be no change with regard to the object and the purpose for which such funds were established. And Community Based Organizations, Divisional Organizations as National Social Development Fund is implemented connecting to the Community structure and therefore this is not a new fund. Action should be taken in accordance with the circular.

- (e) The legitimacy of the aforesaid Fund was not presented to the audit and financial statement of the year 2017 of the Fund had been presented to the audit on 22 May 2023. Only 03 projects amounting to Rs.8,481,773 had been implemented in the years 2021 and 2022 by this Fund , which has been established to fulfill social justice among the community. A balance amounting to Rs.8,048,684 had been remained in the Fund as at 31 December 2022. Fixed deposit balance amounting to Rs.91,000,000 has been maintained up to 31 December 2022 by selling flags and registration of societies and only Rs.10,000,000 had been credited to the Consolidated Fund.
- Preparing of financial statements had been finalized. It was unable to do any other social activities in the bad situation prevailed in the country in the year 2021/2022 was a generally affected to the fund. Further, selling flags had not implemented in the year 2019/2020/2021/2022 and a programe of utilization of this fund effectively for projects from the year 2023.
- Action should be taken to utilize funds for effective programs to perform objectives of the fund.
- (f) Action had not been taken to amend the Act by establishing statutory provisions in a manner to audit the Divineguma Community Based Banks and Community Based Banking Societies by the Auditor General.
- Accordingly, instructions were given by the Public Account Committee held on 25 April 2023 A letter had forwarded to the Hon. Attorney General on 26 April 2023 and through this request had been done to get the opinion of the Attorney General soon to submit to the Public Account Committee.
- Action should be taken to amend the Samurdhi Development Act.
- (g) A sum of Rs.53,594.67 million had been given from the money remained in compulsory savings accounts of Samurdhi beneficiaries and fund accounts in the department which were established for various objectives , for the various requirements of the government contrary to the same objectives. A sum of Rs.53,294.97 million
- On the basis of giving support to implement government policies and decisions these are the transactions which expenditure incurred for and the treasury had been agreed to reimbursed, paying Samurdhi subsidies, compensating of gratuity, expenditure incurred for the financial assistance of Rs. 5000 for the people who affected from
- Action should be taken to utilized funds which had been established for the wellbeing of the Samurdhi beneficiaries by their subsidiary portions and necessary actions should be taken to reimbursed relevant money.

(with interest) from this amount had been remained for further recovery at the end of the year under review.

Covid in August/September/October/ 2013 had implemented .Some amount out of all these transactions had been reimbursed and also a cabinet memorandum have been forwarded for the reimbursement of the balance amount.

3.5 Foreign Aid Projects

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| (a) A sum of Rs.39,640 Million had been granted as a financial subsidy under the World Bank Funds in 2022 for minimize the effect of current economic crisis and for establishing social stability and the following matters were observed in this regard. | (i) Even though cash had been sent to banks according to the Samurdhi waitlisted as per the data system, though the accounts of 78,604 beneficiaries had been omitted in May, June and July months by the banks due to various reasons , money had been sent to the same beneficiaries. Non-updating of the data system of the department properly is the reason for this matter. | The data base of the department should be updated. |
| (ii) At the audit test check conducted at several Community Based Banks in relation to distribution of subsidies, two Community | Instructions required had been issued to the Community Based Banks Accordingly, action had been taken to avoid this situation informing to take steps to credit | Actions should be taken to credit subsidies to the accounts of the beneficiaries without delaying. |

Based Banks of 02 Divisional Secretariat Divisions had retained a sum totaling of Rs.55,529,060 of additional allowances as financial subsidies from 22 days to 106 days in Community Based Banks without distributing to the beneficiaries.

beneficiaries accounts as soon subsidies received.

3.6 Procurement

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| (a) According to the Public Finance Circular No. PFD/08/2019 and dated 17 December 2019 public institutions should follow the e-procurement procedure from the year 2020 and the Department should be registered in the National e-Government Procurement System. However, the Department had not been registered even up to the date of this report. Even though the purchasing which is done through the shopping method should be done via e procurement method action had not been taken accordingly. | Action to be taken to register for the National e- Government Procurement System. | Action should be taken in accordance with the circular. |
| (b) When preparing the Procurement Plan, It had not been prepared including detailed procurement activities and procurement time table in accordance with the 4.2.1(c) and 4.2.2(a) of the Government procurement guideline. | Officers who in charge of the subject are given instructions to take needed action preparing Procurement Plan. | Action should be taken in accordance with the with the Procurement Guideline. |

3.7 Uneconomic Transactions

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| A sum of Rs.7,723,900 had been spent for launching of “e” paper including purchase of the software as at 31 December 2022. The number using e paper as at the end of the last quarter of 2022 was 56,234 and the number who use e paper app was 21,565 or it was 4.6 percent of the total Samurdhi beneficiaries. Therefore the implementation was at a very low level. | Calculating as 4.6 percent out of Samurdhi beneficiaries through users and App was incorrect the reason for that there were so many WhatsApp groups regarding various sections in district level and the e-paper was added to that groups monthly . | Appropriate procedure should be prepared to communicate basic objectives and targets among public more effectively and efficiently. |

3.8 Failure to reply Audit Queries

Replies to following Audit queries issued to the Department had not been furnished even by 09 June 2023.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| The delay in replying to 12 audit queries which issued during the year under review was a period from 1 to 5 months and answers had not been given to the four audit queries and the amount to be accounted to those queries were Rs. 4,254,728,365. | Answers for all the audit queries had been presented for audit relating to the year under review up to now. And also it was accepted that there have been a delay in time due to answers for audit queries should be presented having answers and clarifications from District Secretariat Offices/ Divisional Secretariat Offices and other institutes in connection with the Department as well. | Action should be taken to give answers for audit queries immediately. |

3.9 Management Weaknesses

The following observations are made

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| (a) Beneficiary Management Module | | |
| <p>A sum of Rs.4.3 million had been incurred in the year 2016 for the e-Samurdhi Project for developing of data system by the management module including the information of the Samurdhi beneficiaries and low income earners which was created by the Sri Lanka Information Technology Institution in the year 2012 and again a sum of Rs.4.07 million had been incurred for CRM module in the year 2019. However, the system had not been updated by entering information to the following sub-module even by the year 2023.</p> | <p>After creating this module for the continuous implementation of those an agreement procedure regarding maintenance and supply of service with the institute of this module created had not been introduced by the ICTA and also unable to maintained continuously and properly due to the changes had been occurred in the management after Samurdhi Authority had become a Department.</p> | <p>Customer Relation Module should be maintained updating.</p> |
| <ul style="list-style-type: none"> Information on water and electricity consumption had not been entered. | <p>Collecting of data had been postponed on being busy due to other subsidies (Elderly, kidney patients and disable) had to be paid through Samurdhi banks in the time of this activity has planned.</p> | |
| <ul style="list-style-type: none"> The information on providing COVID-19 subsidies had not been entered. | <p>Information had been entered relating to cash transfer of Rs. 5,000 had been given to 2,376,826 number of persons at the time of COVID-19 pandemic situation.</p> | |
| <ul style="list-style-type: none"> The information on the current progress of the livelihood projects and operative condition and the manner of | <p>Even though the training had been given to the Social Service Officer preparing User Name for</p> | |

beneficiaries empowered had not been entered.

- To make suspend of the sum amounting to Rs.61.8 million of Samurdhi Housing Development Lottery prize money of 309 beneficiaries from 2018 to 2021 due to non –updating of the system.

- Information on elderly, disabled, and kidney patients had not been entered.

- When sending monthly subsidies to divisional offices, it had been sent excess subsidies due to un availability of accurate data.

logging in to the system in each divisional Office. Maintaining updated information had not been done relevant two institutes (National secretariat for Elders and Disability).

Data of the CRM module had not used to draw Housing Lottery from 2018 to 2021. This savings had occurred due to collecting data through Excel Files once in six months and use to draws.

The necessary assistance was not received from the two institutions for the above allowances.

The accurate report has been prepared by the CRM module along with this module has implemented it was observed that savings are small amount.

(b)

Human Resource Management Module.

Human Resource Management Module had been commenced with a view to carry out the human resource activities of the Samurdhi Development Department more efficiently. Only the basic information of 97 percent from the staff of 25,235 of the Department as at the date of this report, had been entered. Only 306 personal files had been completed by scanning important documents including educational

Human Resources Module should be updatedly maintained.

Developing basic steps had been given to use in the year 2021 and module of entering personal files had been started from mid of the year 2022. Training has given to the relevant officers over the zoom technology and entering of personal files to the system in order to retirement basis.

- (c) certificates. Accordingly, the operation of this system which has been identified in the year 2021 was at a preliminary stage even as at 2023.

Community Based Banks Computer System

Two software as Soft Watch and SLTS had been introduced for carry out the transactions of Samurdhi Community Based Banks efficiently. This software is used by 1026 Samurdhi Bank branches and 12 branches which are not connected with the Head Office are used a software older than 10 years. The following deficiencies were observed at the audit test check carried out in 9 Community Based Banks relevant to operation of the system.

Slow activities in the system due to only a limited payments can be operated, no regularity in recovery of loans, account balances are not accurate, unable to check prior transactions, failure in the computer system time to time, existence of made changes in data due to the software institution has an ability to enter the live data of the Bank, subsidies amounting to Rs.3,857,777 credited to the accounts of 173 beneficiaries belonging to 05 Banks had been charged as loan installments due to providing the facility of recovery of loans automatically through the money credited to the beneficiaries by the computer system, were observed in audit test checks.

The new software which implement on the way of online method had been introduced although the loans could be recovered the cash received for subsidies cannot be used to settle loans without the consent of the beneficiary. When recovering loans those cash is held in the software and when recovering loans automatically that money does not settle to the loan. However with the consent of the beneficiary removing the holding by managers loan has been settled. The client had given the permission to log in to the database to make arrangements in the database by the Department deficiencies arise While using the software in the system. The permission to make changes has been given only the approval of the relevant bank and the Department. The main reason for taking those services from that institute was there had not been software engineers or data base administrators with the Department. A few officers who selected even those institutes had provided those opportunities.

Computer system of banks should be updated and maintained to have efficient service to the beneficiaries.

3.10 Failure to implement the directives given by the Committee held on 16 December 2016

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Order No.7.3 | | |
| <p>Internal investigation reports were not submitted regarding Order given to submit a report by conducting internal investigation on carrying out printing activities amounting to Rs.54.02 million by the Divineguma Development Department in 6 instances contrary to the Financial Regulations.</p> | <p>Since the recommendations have not been included in the report of the investigation carried out by the Committee of the Ministry dated 28 September 2018, the relevant investigation is being carried out by appointing a new Committee consist of three members with the Chairmanship of additional secretary was nominated by the Secretary of the State Ministry of Samurdhi, household economy, micro finance, self-employment and business development.</p> | <p>Internal investigations should be ended soon.</p> |
| Order No.9.1 | | |
| <p>Even though it was mentioned that the relevant investigation is being carried out by the Ministry regarding the purchasing of water inserted containers incurring a sum of Rs.106,873,148 without the approval of the General Treasury, non- presentation of information to the audit, and selecting of institutes for transportation without calling bids and payments done. Information relating to the purchases had not been furnished for audit.</p> | <p>This had been referred to the Ministry of Public Administration to conduct a preliminary investigation according to the report which had referred to the Ministry an internal investigation had been done by the department. The Ministry of Public Administration, Disaster Management and Rural economic Affairs had been informed by the letter No. IRM/Ad1/MU,VI/Refuse dated 26 June 2019 it could not be conducted as there had</p> | <p>The preliminary investigation should be ended soon and the information regarding the purchasing should be furnished for audit.</p> |

been no sufficient officers to conduct the investigation. Accordingly, the relevant preliminary investigations are being carried out by the Ministry.

Order No.9.4

Equipment and chairs which were purchased at Rs.16,629,435 including of Rs.1,954,300 had been incurred for the infrastructure and the propagation activities for Divineguma conference and information regarding the distribution of equipment and chairs totaling to Rs.16,629,475 had not yet been provided to the audit.

These expenses had been incurred for the conference held at Camble Park. After that action has been taken to provide 10,000 chairs to Hambantota, Kurunegala and Kandy District Samurdhi banking associations. It has been arranged to get and submit information at the district level regarding the receipt of those chairs.

Information regarding distribution of equipment and chairs should be furnished for audit.

Order No. 9.5

A report of internal investigations regarding a sum of Rs.29,400,000 had been spent for the printing of 5,000,000 Divineguma Lith and it was not confirmed to the audit that all the printings has been distributed had not yet been presented.

With regard to this relevant investigation is being carried out by appointing a new Committee consist of three members with the Chairman ship of additional secretary nominated by the Secretary of the State Ministry of Samurdhi, household economy, micro finance, self-employment and business development.

Investigation activities should be ended soon.

5. Human Resources Management

The approved and the actual cadre as at 31 December 2022 was as follows.

As at 2022.12.31

| Category | Approved | Actual staff | Vacant | Excess |
|-----------|---------------|---------------|--------------|-------------|
| ----- | ----- | ----- | ----- | ----- |
| Senior | 108 | 79 | 29 | - |
| Tertiary | 1942 | 1646 | 296 | - |
| Secondary | 25,509 | 23,339 | 2170 | 2485 |
| Primary | 516 | 417 | 99 | 6 |
| Total | <u>28,075</u> | <u>25,481</u> | <u>2,594</u> | <u>2491</u> |
| | ===== | ===== | ===== | ===== |

The following matters were observed in this connection.

| | Audit Observation | Comment of the Accounting Officer | Recommendation |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| (a) | According to the policy decision of the Government, 2,287 graduate Development Officers had been attached and action had not been taken to revise the approved cadre accordingly. As such 132 employees had been recruited for the post of Samurdhi Manager exceeding the approved cadre. | Graduate Development Officers had been attached even for this department the program which implemented by the government. Accordingly, the staff was being caused to excess in the year 2022. Requests have been done by the letter dated 15 September 2021 to have the approval being accurate this number for the Department of Management accordingly. The approval has not received so far. | Action should be taken to solve the administrative issues. |
| (b) | Attachments had been done without reviewing of the staff relevant to the duties of the Head office, duties of the District offices, duties of each Community Based Bank zones under the | Numbers of 100 Samurdhi Managers has been approved to the Head Office, and those officers are assumed to office works. There are 97 Samurdhi managers attached to the Head | Reviewing of the staff attachments should be done. |

District and duties to be done according to the post of the officer. Office by now. Two officers are being released to the President Office, and six number of Samurdhi managers have being served as attached to the Training Centers.

- (c) Number Of 108 officers of the post of Samurdhi Manager had been attached to the Head office. However,123 managers had been appointed to the Samurdhi managers bank staff for acting duties and covering up duties of the Community Based Banks and a sum of Rs.4,096,380 had been paid in the year 2022 as acting allowances. Accordingly, it was observed that the staff was not deployed in a manner to do the duties of the Department efficiently. Appointment has not been given as Samurdhi managers to covering up duties of the Community Based Banks, and acting allowance has not been given. Only the travelling expenses and bata allowance had been paid. Acting payment has only been paid only officers who assuming duties in the Wasam. Cadre should be deployed in a manner to do the duties of the Department efficiently.
- (d) According to Section 25 (3) of the Divineguma Act , the Attorney General had informed that it was contrary to the law, appointing of government servants with pensions on a permanent basis for Community Based Bank staff as per the letter of Director General of the Department of Management Services dated 05 July 2019 and officers who had attached to the Department under 44 (e) i and ii of the Divineguma Act and already working in the Community Based Bank Societies should be considered as released to the institutions on a temporary basis and although it had been informed that the separate posts for the bank cadre should be approved in future and after that arrangements should Action should be taken to consider the Staff who are working in the Community Based Bank Societies as released to the institutions on a temporary basis and letters had been forwarded requesting the approval for the Bank staff from the Department of Management Service on 22 June 2022,20 October2022,17 January 2022 and 02 December 2022. Action should be taken to release these officers to Community Based Banks after approval had been given Action should be taken to attach as per increasing the performance of the department.

be made to recruit accordingly for the vacant posts, actions had not been taken up to date in respect of that matter and the Department had paid salaries from the Expenditure Head of the Department for 7605 number of bank cadre. The amount paid for the year 2022 was Rs.4,295.25 million.

- (e) It is failure to approve the promotion scheme up to date for the officers who are appointed to the Departmental service with the continuous contribution to the Employee Trust Fund and Employee Provident Fund without having contribution to the pension scheme and the number of said employees are 546 as at 31 December 2022 and the number made retirement as at that date had been 41.
- Approval of the promotion scheme officers of the continuous contribution to the Employee Trust Fund had been forwarded to the Department of Management Service through the secretary of the Ministry.
- Action should be taken soon to solve the administrative issues.
- (f) Even though the actual cadre of the Department had been shown in the estimate as 24,647 according to the annual appropriation Act, the number actually salaries are paid was 25,481. Accordingly it was problematic in audit that the payment of salaries for the remaining number of 389 employees except from the 445 officers of Combined Service which are not included in the annual budget estimate.
- The additional cadre mentioned in the observation are the officers who were paid salaries which provision received under the vote 130.
- Estimates should be prepared accurately.