

Transactions Report of the Samurdhi Micro Finance Stationery Revolving Fund - 2023

The audit of the operational activities of the Samurdhi Micro Finance Stationery Revolving Fund for three years ended 31 December 2023 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. My comments and observations which I consider should be report to Parliament appear in this report in terms of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibilities of Management and Those Charged with Governance for the Financial Statements

As per section 16 (1) of the National Audit Act No. 19 of 2018, every auditee entity 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 in respect of such entity. As per section 16 (2) of the above Act the annual financial statements in respect of every other auditee entity, is required to submit by the Chief Accounting Officer to the Auditor General along with the annual performance reports, within such period as may be provided by rules. As per section 38 (1)(d) of the above Act ensure the timely preparation and submission of annual and other financial statements and in addition the Chief Accounting Officer should be required to submit annual reports to Parliament pertaining to the auditee entity.

1.3 Submission of Financial Statements

In terms of the Financial Regulation 877 (2)(d) included in Paragraph 15 of the Public Finance Circular No.01/2020 of 28 August 2020. Even though the Financial Statements should be required to submit to the Auditor General along with the annual performance reports, with a copy to the Department of Public Finance of the General Treasury within 02 months after end of financial year. The Financial Statements of the years of 2020, 2021, 2022 and 2023 had not been submitted to the audit even by the date of this report.

1.4 Position of the Assets and Liabilities as at 31 December 2019

The details of assets, liabilities, income and expenses shown in the financial statements as at 31 December 2019 prepared at last by the Fund had been shown as follows.

Items of the Financial Statements	Value
Assets	Rs.
Non -current assets	33,198,564
	134,519,860
Total assets	167,718,424

Equity and Liabilities	

Equity	144,867,690
Liabilities	

Current Liabilities	22,850,734

Total Liabilities	167,718,424
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Total Income	13,336,957
Total Expenditure	2,318,911

Excess	11,018,046
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2. Audit Observations

2.1 Non - compliance with Laws, Rules, Regulations and Management Decisions

Reference to the Laws, Rules and Regulations	Non-Compliance	Comment of the management	Recommendation
Financial Regulations of the Democratic Socialist Republic of Sri Lanka.			
(i) Financial Regulations 381(i)	In terms of the financial Regulations the approval of the General Treasury had not been taken to the Current Accounts of the fund.	To that action will be taken to obtain the approval of the Treasury in the future.	Action should be taken in terms of Financial Regulations.
(ii) Financial Regulations 382	As per the bank reconciliation statement in the month of December 2023 action had not been taken in terms of Financial Regulations regarding value of Rs. 701,020 of 17 cheques deposited from 30 January 2017 to 08 August 2023 but not realized.	To that instructions have been given to the officers to settle these cheques as at the date of 31 December 2024, by taking action in returns of the Financial Regulations.	Action should be taken in terms of Financial Regulations.

(iii)Financial Regulations 383	As per the bank reconciliation statement as at the date of 31 December 2023 identifying the total value of Rs. 38, 108, 485 of direct remittances had not been accounted for in the cash book. 9 cheques of total values of Rs. 928,675 had been deposited as direct remittances by the Divisional offices from 05 October 2016 to 26 June 2019 had been in this remittances.	Since in the districts there had been a delay in sending the copy of the receipts depositing money, districts have been informed and the actions are being carried out informing of those districts and to that the districts are being made aware to send cheques directly to this section obtaining details relating to the deposits through the banks.	Action should be taken in terms of Financial Regulations.
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(b) Financial Regulation 880 included in the paragraph 9 of Section II	Although the Heads of the Departments must ensure that the officers who are required to give security to regarding receipt or custody of the public money regarding the cash and stock of the fund relevant officers had not given Security.	Security has been given by the officer who is First signed regarding the accounting activities of this fund, and that the action will be taken in future to give security by the two samurdhi Managers and Store keeper who keep the second Signature.	Action should be taken as per the Circular.
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3. Operational review
3.1 Procurement

Audit Observation	Comment of Management	Recommendation
(a) As per the paragraph 3.4 of the Procurement Guideline although shopping is appropriate procurement method for procuring small value commodities for which specifications are standard and readily available, due to without taking action to follow National Competitive bidding procedure by advertising in news papers as per the paragraph 3.2.2 of	Procureing bids had been made under the open competitive bidding method from the year 2024.	Action should be taken as per the procurement Guideline.

procurement guideline, in the procurement procedure of stationery purchased at a Rs. 115.7 million in the year 2023, the opportunity to participate any supplier, service provider or contractor who desires to participate had been not allowed and it was impossible to ensure maximizing economy in least cost together with high quality. And it was observed that evaluation and selection procedures are been occurred without ensuring the transparency and comply with the laws, rules and specifications.

3.2 Un settled Audit Paras

The proper action had not been taken regarding the following observations included in paragraph 3.2 in the report was tabled by me relating to the period from 01 January 2019 to 31 December 2019 in terms of 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

Un settled Audit Paras	Comments of Management	Recommendation
(a) Even though the stocks of stationery which stored in the warehouse owned to the Lanka Salusala had been removed in the year 2010, but an action had not been taken to recover the deposit of the warehouse rent paid amounting to Rs.1,454,112.	To settle this amount, action has been taken further checking to identify by now, the institute that has retained those money as a transfer.	Action should be taken to recover amounts receivable.
(b) Even though more than 04 years had elapsed action had not been taken to settle an amount of Rs. 21,269,895 payable to the Department of Government Printing for printing of stationery as at 31 December 2018.	The Final Accounts of this fund has been prepared in the year 2019 at a last time. Therefore action will be taken to settle checking all the transactions including cash books, invoices submitted.	Action should be taken to settle the balances.

4. Accountability and Good Governance
4.1 Budgetary Control

Audit Observation	Comment of Management	Recommendation
<p>As per the financial Regulation 877 (1) as included in paragraph 15 of public finance circular No.1/2020 dated 28 August 2020, annually preparing the budget of the coming year comply with the objective of that fund and although it should be submitted to the director General of public finance forwarding to the Director General of National Budget for the approval of the General Treasury, accordingly action had not been taken Accordingly, without an approved budget, Rs.115,720,800 had been incurred for purchasing bank stationeries within the year under review.</p>	<p>The Procurement plan of the year 2023 had been approved by the secretary to the Ministry. Accordingly Procurement activities has been made with the limitation of the money approved. The expenditure amount of stationery in the year 2023 was that Rs. 80,266,000.</p>	<p>Action should be taken in terms of Financial Regulations and as per instructions of the circulars.</p>