

Head - 331 Department of Samurdhi Development - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 331 The audit of the financial statements of the Department of Samurdhi Development for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 Department of Samurdhi Development summary report containing my comments and observations on the financial statements of the was issued to the Accounting Officer on 30 May 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 30 May 2025 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

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 2024, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation of the financial statements set out in Note 1.

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 are 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 qualified opinion.

1.3 Emphasis of matter - Basis of preparation of financial statements

The attention is drawn to Note 1 to the financial statements, which describes the basis of preparation of the financial statements. The financial statements have been prepared for the use of the Treasury and Parliament of the Department of Samurdhi Development in accordance with Government Financial Regulations 150 and 151 and Public Accounts Guideline No. 6/2024 dated 16 December 2024, as amended on 21 February 2025. Accordingly, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Department of Samurdhi Development, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 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 Government Financial Regulations 150 and 151 and Public Accounts Guideline No. 6/2024 dated 16 December 2024 as amended on 21 February 2025 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, the 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.

1.5 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.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Property Plant and Equipment

Observation	Comment of the Accounting Officer	Recommendation
A difference of Rs.5,815,071 was observed between the opening balance in the statement of non-financial assets in the year 2024 and the closing balance as at the date of 31 December 2023.	The difference that occurred due to the inaccurate reconciliation of the opening balances of the year 2024 will be corrected.	Property, Plant and Equipment should be accurately accounted.

(b) Non-maintenance of Registers and Books

Observation	Comment of the Accounting Officer	Recommendation
In terms of the Financial Regulation 1645(a) Vehicle Log Books had not been maintained.	Action is been taken to maintain the registers and books updating.	In terms of provisions in Financial Regulation 1645 (a), Vehicle Log Books in Form General 267 should be maintained in respect of each vehicle.

2. 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.

- The financial statements are consistent with the preceding year,
- The recommendations made by me on the financial statements of the preceding year had been implemented.

Referring to the paragraph of the report related to the previous year	Recommendation that had not been implemented	Reference to the Paragraphs of this report
2.3(a)	In terms of the provisions of the Section 38 of the National Audit Act No.19 of 2018 although the Accounting Officer should ensure that regarding the following matters, accordingly action had not been made. 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 the same review should be done in writing and a copy of the same document should be presented to the Auditor General. However, the statements whether carried out such review, had not been presented to the audit.	3.3(a)
1.6.1 (e)(i)(c)	Even though 10 years has been elapse from the establishment of the Samurdhi Development Department, it was failure to transfer the balance of monies which were to be paid from the funds completed in terms of Paragraph 15 (2) (c) of the Public Finance Circular No.2020/1 dated 28 August 2020 and the aforesaid Section of the Act, non - functioning funds and the remaining funds after settling other obligations to the consolidated fund and to transfer the investments done in the external institutions as immediate as matured, to the consolidated fund or subject to the audit of the Auditor General by making statutory of the funds functioning. Accordingly, it could not be examined whether the government money is misused and the same monies have been excluded from the public finance control as well.	3.5 (b)
1.6.1(e)(ii)(b)	The balance recoverable as at 30 June 2023 of the Employee revolving Loans Fund existed under the finance division of the department amounting to Rs.30,449,227 and the same Employee revolving Loans Fund had been suspended from the year 2020. A sum of Rs.186 million which was collected from the employees had been remitted to the	3.5 (i)

treasury. The financial statement from the year 2014 to the year 2023 of the same fund, which is coming from the period of Samurdhi Authority existed, had not been prepared and furnished to the audit.

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| 2.3 | Without the supervision of the accountant of the department, 11 current accounts under bank finance division and 2 current accounts and a savings account in the name of general society, had been maintained. The balance as at 31 December 2023 of these accounts is 42 million. In terms of the financial regulations 381 approval of the treasury had not been obtained for any of these current accounts. | 3.9 (b) |
| 5.(a) | In terms of Section 97 and according to Section 59 of the Procedural Rules of the Public Service Commission, when it was revealed that erroneous information or false (forge) documents had been presented to the appointing authority by any person, to any post in the government service. Action should be taken to recover all the monies from the relevant officers which were paid by the government as salaries and allowances by that time, by cancelling the appointment immediately and making it null and void however, it had been confirmed that the educational certificates submitted to the personal file to obtain their appointments by 363 officers were false. Out of that, 77 persons had been dismissed from the service and 20 persons had been removed from the service on the agreement of obtaining compensations in terms of the Act. The officers who were served in Hambantota district and terminated the service without the pension salary and 30 officers who are engaged in the service at present who were subject to the audit test check, a sum of Rs.195,215,660 from the date of appointment, a sum of Rs.40,383,176 from the year 1999 for 4 officers in 4 divisional secretariats in Monaragala district , a sum of Rs.8,732,204 only for the year 2023 for 17 officers in Colombo and Matara districts had been paid for salaries and allowances. However, necessary action had not been taken by the officers responsible in this regard. | 6 (a) |

3. Financial Review

3.1 Management of Expenditure

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) In 02 votes a total of provision had been saved amounting to Rs.2,995,000 due to improper estimation for expenses.	Since the time duration obtained the approval needed for activities that planned to purchase was nearly to close the accounts, it was impossible to incur expenses.	Provisions should be maximally utilized.
(b) Provisions had not been allocated under the vote of 331-2-2-2509/17 in the estimate for custom clearance of textiles and goods to be distributed for the low- income families under Korean Aid. And although Rs.9,525,865 had been transferred, under the Financial Regulation 66 that provision had been completely remained.	Some approvals has needed for custom clearance of goods has not received as at the date of 31 December 2024.	In terms of the Financial Regulation 66 that provision should be transferred, only accordingly the needy.
(c) Due to non-incurrence of expected expenses, and non-utilization of provision Rs.5,544,431 out of total provision of Rs.7,700,000 of 06 votes had remained. It was as a percentage range from 50 percent to 91 percent.	Internal provisions have been made to avoid under-utilization of provision up to now.	Provisions should be utilized maximally.

3.2 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
As at the date of 31 December 2024 as per SA - 92, the liabilities and the commitments for the year were recorded as Rs.11,531,005 however, due	When preparing liabilities report relating to the year 2024 through the CIGAS computer software has been prepared with also the liabilities related to the year 2023.	Liabilities should be accurately accounted.

to the recording of Action will be taken to that avoid Rs.11,491,078 which had this type of mistakes. been remained as liabilities relating to the year 2023 and payment had been made in the year 2024, the liabilities for the year under review were overstated by that amount.

3.3 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 done so.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) 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.	Due to no proper format for this reporting, this report has not been possible to submit for the past few years. Action will be taken to that submit the report accordingly the proper format in the year 2025.	Action should be taken in accordance with Provisions in Section 38 of the National Audit Act No.19 of 2018.
(b) The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the internal audit activities to be properly implement however, accordingly the observations mentioned in the paragraph 5.1 of the report that requirement had not been fulfilled.	Action is being taken in the year 2024 identifying the deficiencies existing in the internal audit activities and to correct those deficiencies as much as possible. Instructions have being given to officers to carry out internal audit activities taking actions accordingly the audit plan in the year 2025	-do-

3.4 Non-compliance with Laws, Rules and Regulations

Observation

	Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance	Comments of the Accounting Officer	Recommendation
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
(i)	Financial Regulation 880		Although securities should be give accordingly the Ordinance of Securities Act by the officer engaged in collection activities of cash in the field in bank, officers who are responsible for signing cheques and cash counters, in the audit test checks in Tangalle, Medamulana, Weerawila and Gonadeniya Samurdhi Community Based Banks, Securities had not been gave by the bank manager, accounts clerk, shroff field officers of collecting loans.	All district directors have been informed to give Securities of all officers who should give Securities in terms of the Ordinance of Securities Act.	Action should be taken in terms of the Financial Regulations.
(ii)	Financial Regulation 1647(a)		Although the assets of the Government Departments should be annually survey, regarding the vehicles of the department a survey had not been done as at the date of 31 December 2024.	Action will be taken to submit vehicle survey report relating to the year 2024 as at the date of 30 June in the year 2025.	-do-
(b)	Public Administration Circular No. 09/2009 dated 16 April 2009		Although the arrival and departure of government officials including Secretary to the Ministry should be verify by the finger print machine, as per the audit test checks all the	After locating finger print machines payments will be made based on that reports when paying overtime	Action should be taken as per the Circular.

Samurdhi Community allowances and Based Banks that located in holiday payments Sewanapitiya and Polonnaruwa District are not being used finger print machine and no proper supervision had been done by the authorized officers. As per the afore said Circular, although only the finger print machine data should be based for the payment of overtime allowances and holiday payments, however it was observed that in the Community Based Banks in the District over time allowances and holiday payments has been paid non-using of finger print machine was a weakness of internal control.

3.5 Irregular Transactions

Audit Observation	Comments of the Recommendation Accounting Officer
(a) It was mentioned that all the movable and immovable properties belonging to the Samurdhi Development Authority, Southern Development Authority, Up Country Development Authority which were established under the Acts which were removed in terms of Section 44 (b) of the Divineguma Act, should be vested to the government. Fixed assets of the above institutions had been vested to the Samurdhi Department and the balances of the above mentioned funds also had been vested to the Department and remained under bank finance sector as fixed deposits up to now. It is unable to include those funds in the annual financial	Relevant documents has been submit to the Attorney General on the date of 16 May 2025 on the instructions given in the discussion held in the Ministry of Finance on the date of 14 May 2025, obtain a report whether the funds of the department are statutory as per the Samurdhi Act and to take future actions accordingly. All funds should be legalized and financial statements should be prepared annually in accordance with the accounting standards.

statement of the department and annual financial statements had not been prepared for any of these funds and not furnished to the Auditor General

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| <p>(b) Non - functioning funds, in terms of Section 39(4) of the Public Finance Management Act No.44 of 2024 and the Paragraph 15 (2) (c) of the Public Finance Circular No.2020/1 dated 28 August 2020 money has to be paid from the funds which was being winding up and the remaining funds after settling other obligations and transfer to the consolidated fund and immediately after matured the investments that has been done in the external institutions, transfer to the consolidated fund or the funds which are functioning by making statutory and subject to the audit of the Auditor General. Although 10 years has been elapse from the establishment of the Samurdhi Development Department was failure. Accordingly, it was impossible to examine whether the public money has been misused and this money has been beyond the control of public finance.</p> | <p>-do-</p> | <p>Regarding the funds that are not functioning, action should be taken as per the circular and the funds that are functioning should be subjected to the control of Public finance.</p> |
| <p>(c) As per the Section 6 (e) of the Extra Ordinary Gazette of the Democratic Socialist Republic of Sri Lanka dated 07 March 2017 although authority has been granted to act as an insurer, general insurance cover should be obtained for Government Institutions by calling competitive bidding from the insurance service providers who registered under Sri Lanka Insurance Regulatory Commission in government institutions or their agents/brokers under procurement guidelines. However, insurance methods had been approved in</p> | <p>As per the Sri Lanka Samurdhi Authority Act No. 30 of 1995 Samurdhi Banks were established under the Samurdhi Authority, situations of loan risks has been occurred when functioning Samurdhi Banks as a solution insurance schemes has been started under the approval of the Board of Directors had prevailed then as an internal insurance scheme and the Maha Sangamya has granted</p> | <p>Insurance activities should be done under the approvals and as per the insurance Act and as per the existing laws and rules.</p> |

various occasion by the board of management and payment of compensations had been also made by implementing those insurance methods contrary to the circulars issued by the government and without transparency and noncompliance with the insurance principles.

permission through the gazette to act as an insurer however, to do so the assets insured in the reinsurance will be reinsured. And also a financial asset does not has with the Maha Sangamya to do so and after transferring this money to the Maha Sangamya in future, action will be taken accordingly.

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| (d) | <p>According to the Paragraph 15(3) of the Part 1 of the Public Finance Circular No.2020/01 dated 28 August 2020, non - statutory funds should be abolished with immediate effect and the balances of them should be credited to the Consolidated Fund. However, if there are reasonable factors for continuing action should be taken to legalize the existing Fund by an Act of Parliament. Further, in terms of Section 39(4) of the Public Finance Management Act No.44 of 2024 non statutory funds should cease its operations from the date of coming in to operation of this Act and should be dissolved within one year from such date. However, it was observed that no action has been taken regarding the Insurance Fund has been maintained by the department.</p> | <p>On the instructions given in the discussion held in the Ministry of Finance on the date of 14 May 2025, obtaining a report inquiring Attorney General whether the funds of this department are statutory as per the Samurdhi Act and to take future actions accordingly, relevant documents have been submitted to the Attorney General on the date of 16 May 2025.</p> | <p>Action should be taken as per the Act and the Circular.</p> |
| (e) | <p>Compulsory savings amounting to Rs.30, 356.57 million are remained in the bank finance sector retained as compulsory savings from the subsidies of the Samurdhi beneficiaries as at 31 December 2024 and out of this value an unidentified compulsory savings amount was Rs.29.51 million. All this money had been deposited as investments and that amount was Rs.44,382.63 million. The investment interest as at</p> | <p>Beneficiaries have been possible to pay more interest amount by now. Instructions have been given to officers to take actions for that.</p> | <p>Compulsory savings money should be fruitfully used for livelihood development of the beneficiaries.</p> |

31 December 2024 amounted to Rs.4,461.47 million. Although the compulsory saving money in the year 2024, has been invested by the Bank Finance Sector, lower interest rate such as 1 percent had been given to the banks. However in terms of the management decision No.2024/133/01 the interest to be paid to the Samurdhi beneficiaries by banks for compulsory savings is 3.6 percent. Accordingly by investing compulsory savings money remaining in bank finance section without remitting directly to the bank, receiving of less interest than the interest income could be received investing by the Community Based Bank itself and possibility to give that money as loans for the livelihood development activities of people had been minimized.

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| <p>(f) The Maha Sangamya that is under the department during the year under review, in terms of the Chapter 5 (c) of the Gazette No. 2009/8 dated 07 March 2017 Maha Sangamya had not been established and a separate fund has maintained for it and the investment own to that fund as at the date of 31 December 2024 was Rs.9 million.</p> | <p>In accordance with the Gazette No. 2009/8 dated 07 March 2017 Maha Sangamya has been established holding the first general meeting in the month of August 2017.</p> | <p>In terms of the Gazette No. 2009/8 dated 07 March 2017 Maha Sangamya should be established with the accurate composition.</p> |
| <p>(g) In terms of the Paragraph 877 (1) (c) and (d) of Financial Regulation Paragraph 15 of the Public Finance Circular No.2020/1 dated 28 August 2020 preparing the budget annually of a fund should be get approval of the treasury through the approval of the secretary to the Ministry and also without approval of the budget although incurring of any expenditure was impossible from the funds owned to the bank finance section under the department without any approval of</p> | <p>In accordance with the instructions of the circulars discuss with the relevant parties regarding submit for the approval of the Treasury future actions will be taken regarding that.</p> | <p>Action should be taken In accordance with the circulars.</p> |

the above, preparing expenditure estimates incurring of expenses had been done annually. According to that only the expenditure estimate amounting to Rs.3745.9 million had been prepared for the year 2024 and for that expenses incurred, the sources of income generating that is the annual income had not been identified. Accordingly all the expenses incurred as this without approval were observed to be illegal during the audit.

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| <p>(h) Although the procurement should be done preparing Procurement Plan based on the annually approved budget, Community Based banking Section had not been taken action accordingly and a procurement plan had been prepared only for the Rs. 477 million of procurement for the year 2024. Without preparing budget estimates for the procurements of purchasing of finger print machines amounting to Rs. 460 million for Samurdhi banks, purchasing of Generators and providing Solar Panels had been included in the procurement plan.</p> | <p>Up to now 38 Generators had been purchased.</p> | <p>Action should be taken to include all the purchases in to the Procurement Plan.</p> |
| <p>(i) A sum of Rs. 12.9 billion of outstanding balance had been as at 31 December 2024 given from the employee loan schemes such as employee consumer loans, employee housing loans, special employee loans and special distress loans contrary to the paragraph XXIV of the Establishments Code for the officers of the Community Based Banks, district offices and bank finance division staff under the department. As at the date of 28 February 2025 a sum of Rs.45.72 million out of these employee loans had been made provisions as bad debts without taking</p> | <p>Issuing of these employee loans have been suspended by now and only the recovering of loan installments are being done. The amount of bad debts as at the month of February 2025 was Rs.45.724 million. Various procedures have been taken to recover these loans and, resigning of debtors and guarantors from the service, suspension of service on disciplinary action such issues were mainly attribute to occur bad debts.</p> | <p>Since government servants are not possible to being issued employee loans using funds contrary to the Establishment Code and the rules and regulations existing, action should be taken in accordance with the State Accounts Circular for the loan balances that are not being recovered now.</p> |

actions to recover that money due to defaulting to recover those loans.

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| (j) | <p>The balance recoverable as at 31 December 2024 of the Employee revolving Loans Fund existed under the finance division of the department amounting to Rs. 49,962,589 and the same Employee revolving Loans Fund had been suspended from the year 2020. A sum of Rs.186 million which was collected from the employees had been remitted to the treasury. The financial statement from the year 2014 to the year 2024 of the same fund, which is coming from the period of Samurdhi Authority existed, had not been prepared and furnished to the audit.</p> | <p>It is planned to complete preparing all the Accounting Reports as at the date of 30 October in the year 2025. After that transfer all the loan balances to the Advance 'B' Account, action will be taken to wind up the Employee Loan Revolving Fund Account.</p> | <p>Preparing financial statements should be submitted to the audit.</p> |
| (k) | <p>A sum of Rs.53.6 billion 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 A sum of Rs.2.7 billion from this amount had been remained for further recovery as at the date of 31 December 2024.</p> | <p>In the year 2013 from the Samurdhi Commissioner General Department at that time the amount obtained for the payment of Samurdhi subsidies and further more recovered, and the amount of Rs.2,374 million remained in the General Deposit account of the department and to obtain the approval to reimbursed from the treasury preparing a cabinet memorandum at last has been forwarded to the Ministry on the date of 03 April 2025</p> | <p>Action should be taken to settle the receivable balances.</p> |
| (l) | <p>Although the funds of the Maha Sangamya is possible to deposit in a bank that has approved the Director General contrary to that in the year 2004 Rs. 80,579,226 had been incurred for purchasing shares 5,557,188 of Rs. 10 per each Rs. 14.50 from a private bank.</p> | <p>Through the investment committee that has been appointed with the approval of Board of Management of Samurdhi Community Based Banks and Societies having services of the broker company after over the value per share Rs.40 it has been planned to sell as per the</p> | <p>Investment should be done after correct approval.</p> |

instructions of the General Treasury.

3.6 Fraudulent transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) 252 number of financial frauds valued at Rs.243.52 million have been reported to the investigation division of the Department relevant to the time period from the year 2019 to 31 December 2024 and relating to the 138 financial and finalizing disciplinary actions of 138 officers' the amount surcharge from the financial frauds was Rs.52.91. Furthermore disciplinary actions relating to 114 of financial frauds amounting to Rs. 190.61 million are being carried out and actions relevant to 9 out of financial irregularities of Rs.75.40 million occurred in banks and bank societies from 03 January 2014 up to 31 August 2018, had not been completed. The increasing of frauds caused to carry out frauds by the officers continuously due to non -correcting of the deficiencies in the bank system and lenient punishment are imposed through disciplinary orders.	After disclosing the financial frauds had been occurred operational instructions are been issued strengthening internal control methods to minimize such a situations occurring in future. And to that action is being taken as per that instructions follow up banks and bank societies the responsibility has been assigned to the bank supervising unit officers. Under the Micro finance bank section and this job subject to the supervision of head office.	System should be strengthen preparing the deficiencies prevailing in the bank system as per the financial frauds may not be occurred.
(b) Even though preliminary investigations should be completed in 2 months period in accordance with Public Administration Circular No.30/2019 dated 30 September 2019 relevant to paragraph 13.2 of the Chapter XLVIII of the Part II of the Establishments Code, delaying of giving disciplinary orders by conducting preliminary investigations in relation to corruptions and irregularities, was ranged from 2 years to 10 years period.	Due to the complexity of investigations hold regarding the financial frauds has been reveled in relation to the Samurdhi Community based banks a long time period has to be spent.	Action should be taken as per the Establishments Code regarding investigations.
(c) It was observed that without taking accurate disciplinary action regarding the financial irregularities has been committed in the Elahera Samurdhi Community Based Bank, three officers who were appointed to	In the year 2011 two officers who were related to financial irregularities and subject to disciplinary action and	Disciplinary actions should be given to the officers who were done financial irregularities.

the service subject to disciplinary action and had been transferred to the Seanapitiya Samurdhi Community Based Bank and one of them offer a higher position, was a weak internal control measure and this will be an issue to the control of financial irregularities that will be happened in future.

had been attached to the Welikanda Divisional Secretariat after that had been attached to the Seanapitiya Bank zone for field duty. After the interview had been held with the District Secretary and the interview had been held with the Head Office , after the incident in the year 2011 inspecting the services period and on the qualification higher position has been offered.

3.7 Issuance and Settlement of Advances

Audit Observation

Comments of the Accounting Officer

Recommendation

Loan balances totaling Rs.2,177,121 to be recovered from 62 employees as at 31 December 2024 were remained in due from 01 year to more than 20 years. Within this loan balances there were outstanding balances from 5 to 10 years amounting to Rs.630,731 outstanding balances from 10 to 20 years amounting to Rs.140,120 and also outstanding balances more than 20 years outstanding balances amounting to Rs.162,402. As per the Guideline No. 01 of the Public Finance Circular No. 01/2020 dated 28 August 2020

Action is being taken to identify the balances that should be further settled.

Action should be taken as per the Guideline of the Circular.

3.8 Deposit Balances

Audit Observation

Comments of the Accounting Officer

Recommendation

According to the time analysis reports of the general deposit accounts, 4 types of deposits are being maintained in the head office and district offices relating to the year 2024 and the unsettled

To that a Cabinet Memorandum has been prepared and forwarded to the Ministry on the date of 03 April 2025 finally, to obtain the approval

Since the Rs.2,374 million should be payable to the Bank Finance Division that is under the Department and any fund own to that section

deposit balance relating to that was Rs.2,387,236,132. Out of that, the balance between 1-2 years amounted to Rs.2,033,468 the balance between 2-5 years was Rs.3,912,260 and the balance more than 5 years amounted to Rs.2,375,752,987.

from the Treasury for the reimbursement of the amount of Rs.2,374 million that remaining in the Department's General Deposit Account, which is further outstanding more out of the amount of Samurdhi subsidies payment obtain from the Department of Samurdhi Commissioner.

is not legalized and therefore action should be taken to settle by the accounting entries within the Department and the Bank Finance Division.

3.9 Operating of Bank Accounts

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) In terms of Financial Regulations 396 actions had not been taken relevant to 21 cheques totaling to Rs.100,970 of 6 months elapsed from the issuance as at 31 December 2024 in an account.	If a written notice is issued and the vouchers are not submitted for payment accordingly, the necessary steps will be taken to credit to the income in accordance with the Financial Regulations 396.	Action should be taken in accordance with Financial Regulations.
(b) Under the Micro Finance Bank Division 11 currents accounts and a saving account had been maintained. The balance as at 31 December 2024 of these accounts had been Rs.48,111,167. In terms of the financial regulations 381 approval of the Treasury had not been obtained relating to these current accounts.	The approval of the General Treasury has not been obtained for these accounts and there was no need to obtain the approval of the General Treasury for this type of accounts operating within an Authority. 06 essential accounts have been identified that need to be further maintained for the programmes currently being implemented. And the other 05 accounts have been proposed to terminate (closed) and to that action will be taken to obtain necessary approvals for the accounts that should be maintained further more in future.	Action should be taken to get approval of the General Treasury in terms of the Financial Regulations.

4. Operating Review

4.1 Non- performances of Functions

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) For the construction of the compost fertilizer yard at the Samanalawewa Training Center, Rs.619,945 had been incurred and the production capacity from December 2021 to April 2022 was 5700 Kilograms. In December 2021 out of this 500 Kilograms were purchased from the provision received to the tea cultivation that cultivated in the Center's land and only a Rs.7,500 had been earned. Accordingly, the compost fertilizer yard of the Center had been remained idle at the end of the year under review.	The staff officers of the Training and Livelihood Section in charge are being assigned to submit a report regarding the way of this fertilizer yard activated and utilize for tea cultivation. After receiving the relevant report future action will be taken regarding this compost fertilizer yard.	Income should be gained maximally utilizing the assets.
(b) When implementing the programme of "Fully equipped domestic economy" centralizing 02 Lks of Samurdhi and low income families although the projects of 20 beneficiaries in 11 Grama Niladhari divisions in Mathara divisional secretariat division had failed, and since no action had been taken to recover the value of equipment provided to them incurring Rs.723,453 as the Government's contribution according to agreements, the government expenditure had been uneconomic expenditure and 23 beneficiaries who were provided benefits incurring Rs.809,510 as a Government contribution and being families that receiving Aswesuma benefits up to the date of audit, since those families had not been "empowered" and the money spent on this had also been uneconomic.	No answers have been given.	Action should be taken in accordance with the agreements and the progress of the programmes should be reviewed.
(c) In the of "Fully equipped domestic economy" centralizing 02 Lks of Samurdhi and low income families, the equipment provided to 07 beneficiaries in the Akuressa Divisional Secretariat Division at a cost of Rs.188,412 as a government contribution and	No answers have been given.	Progress of the programmes should be reviewed.

the equipment distributed to 32 beneficiaries in the Weligama Divisional Secretariat Division incurring total of Rs.1,003,388 had been kept in idle or destroyed and therefore the government contribution had been idle.

4.2 Non-achievement of expected Outcome

Audit Observation	Comments of the Accounting Officer	Recommendation
In the year under review, under the Treasury allocation of Rs.50 million, Rs.43.40 million had been used for empowerment and out of that expenditure Rs.20.59 million had been incurred for training and awareness and other activities. For empowerment programmes Rs.22.52 million had been incurred. That is only 51 percent of the total expenditure. The main objective of the department is the economic empowerment, to eradicate poverty and ensure social justice however Rs.20.51 billion had been incurred in the year under review for salaries and wages which is a recurrent expenditure of the department. Accordingly, the cost of employees in the department had taken a very high value compared to the cost incurred to achieve the objectives of the department.	The amount incurred for the development programmes in the year 2024 was Rs.43.41 million and out of that Rs.4.48 million was incurred on awareness and training of officers.	Programme should be implemented to ensure the achievement of the main objectives of the department.

4.3 Annual Performance Report

In terms of Sub Section 47(4) of the Public Finance Management Act No. 44 of 2024, the Annual Performance Report should be published on 180 days or earlier after the end of the financial year. In accordance with the paragraph 10.2 of Public Finance Circular No.2/2020 of 28 August 2020, the Annual Performance Report should have been prepared in accordance with the Format specified in Guideline 14, issued by the Department of Public Finance. As per Section 16(2) of the National Audit Act, No.19 of 2018, Performance Report should have been presented together with the Annual Financial Statements. The following observations are made in this connection.

Audit Observation	Comments of the Accounting Officer	Recommendation
As per Section 16(2) of the National Audit Act, No.19 of 2018 and In terms of the paragraph 10.2 of Public Finance Circular No.2/2020 of 28 August 2020, the Annual Performance Report which should have been presented together with the Annual Financial Statements had not been prepared including paragraphs specified in Annexure 1 of Guideline 14 of the Department of Public Finance.	There have been practical difficulties in presenting Performance Report which have been prepared as specified in Annexure 1 of Guideline 14 of the of Public Finance. As at the date of 28 February.	Action should be taken in accordance with the Circulars.

4.4 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the Defender Jeep, Mitsubishi Pajero Jeep and Van owned by the Department had been taken to 02 private Garages without a recommendation of a Technical Officer and proper approval, no dates of reference to Garages had been with the transport section. Files relating to these vehicles had been maintained in the years of 2017, 2019 and 2018 respectively at last. Accordingly although these vehicles had been elapsed parking in the Garages 5 to 7 years and remained idle without taking proper action.	02 vehicles have been identified to disposal and, accordingly necessary action is being taken by assessing for disposal.	Assets should be properly utilized and should be taken proper procedures without kept in idle.
(b) In the Samanalawewa training center constructing a Green House of 800 square feet in the premises of training center for the cultivation of Chillies and although Rs.293,080 had been incurred for that during the year 2023, currently it had been kept in idle.	The staff officers in charge of Training and Livelihood Section were being assigned to submit a report regarding the possibility to utilize this Green House for another activity. After receiving	Assets should be effectively utilized.

the relevant report, further action will be taken regarding this Green House.

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| <p>(c) As per the Finance Circular No.2024/04 of the Department, the officer in charge of Training Center should ensure that in the Training Centers which have a large extent of lands should cultivate as possibility to generate maximum income and although it was informed that close attention should be paid to the maintenance and regular collection of the centers where tea and minor export crops are currently cultivated it was observed that during the physical verification no action has been taken to generate adequate income and action has not been taken to collect income. Out of the land extent about 21 acres the land extent has been cultivated was 02 acres and in the years of 2023 and 2024 the amount received as cultivation income was only Rs.635,870 and Rs.764,748.</p> | <p>After identifying that the inadequate supervision of the Head Office regarding the income generating projects that implementing in the training centers has affected this situation, to that supervision of those activities placed under the Livelihood Section of the Head office.</p> | <p>Action should be taken as per the circulars.</p> |
| <p>(d) It was observed that 5 Network units, 01 Defender, 04 Monitors and 01 Web camera which had been purchased in the year 2014 to train the banking staff had been stored in idle at the end of the year under review.</p> | <p>Since this equipment has been requested by the Rathnapura District Samurdhi Office to give them these equipment instructions has been given to make relevant arrangements relating to that.</p> | <p>Assets should be effectively utilized without kept in idle.</p> |
| <p>(e) A Cab owned to the Polonnaruwa District Samurdhi office has been in a condition of non- operation, decaying and has been exposing to the natural disasters from the date of 02 October 2019 and, regarding this no proper measures had been taken.</p> | <p>The vehicle has been removed from running and will be scheduled to dispose.</p> | <p>Proper measures should be taken regarding assets.</p> |

4.5 Losses and Damage

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) A Land Cruiser of the Department was being driven on the date of 30 December 2024 by a driver, without an approval of a proper Authorized officer and met with an accident in the highway in Athurugiriya area. An accident happen due to the drunken of the driver it was impossible to reimburse the indemnity amount of Rs.693,000 had been informed by the Insurance Company. It was observed that this type of situation has been occurred due to no proper internal control system in the department and action had not been taken to reimburse the relevant loss up to the date of audit.	According to the investigation of Financial Regulation 104, loss occurred from the accident that has happened on the date of 30 December 2024 has been decided to recover from the relevant driver and accordingly, relevant to recovering of loss has been informed in writing to the Driver.	Recovering of loss the repairing activities of the vehicle should be promptly completed.
(b) In relation to the accident occurred in a Land Cruiser on the date of 18 November 2024 of the Department, an investigation has been done under the Financial Regulation 104 (4) the value of replacement or cost of repair has been assessed as Rs.55,000 and without recovering the amount that approved by the insurance institute had been included in the statement of losses and damages.	Relevant to the accident occurred on the date of 18 November 2024 the amount approved by the insurance institute was Rs.55,000. However that amount has not been given by that institute. To that necessary actions are being made to obtain that.	Approved amount should be promptly recovered.
(c) A cheque amounting to Rs.209,300 had been received from the relevant Insurance Company for the accident that has happened on the date of 26 September 2024 regarding a cab owned to the Ampara District Office and that amount has been included in the statement of losses and damages was observed. Also in terms of the Financial Regulation 104(4) the investigation report of loses had not been submitted to the audit.	It was inform that submit to the Head Office the investigation report which has been done in terms of the Financial Regulation 104 (4) regarding the accident that has happened on the date of 26 September 2024.	Accurately identifying damages and losses should be included in the financial statements.

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| <p>(d) An accident had happened to a Cab own to the department on 27 July 2024 while parked in front of the house of District Samurdhi Director and for that a cheque amounting to Rs.72,889 had been received from the relevant Insurance Company and the amount received had been recorded in the statement of losses and damages.</p> | <p>Agreed with the observation.</p> | <p>Accurately identifying damages and losses should be included in the financial statements.</p> |
| <p>(e) As well on the date of 20 December 2024 due to the vehicle has been parked by the Director (admin) until the payments received relating to the repair of front windscreen of the above mentioned vehicle in addition to the amount received from the insurance institute the amount should be paid for the garage that repair has done was Rs. 111,163.</p> | <p>For the repair of front Windscreen of the vehicle on the non-reimbursement of total expenditure by the Insurance Company and for carrying out the vehicle from the garage the paying voucher relevant to the balance payment of Rs. 111,163 had been recommended however, the payment had not been made.</p> | <p>Accurately identifying damages and losses should be included in the financial statements.</p> |
| <p>(f) A Cab had been met with an accident on 16 May 2024 on way to the home of the Director of Livelihood Development Section after duty off due to the break down. Although the replacement cost otherwise repair cost has been recorded as Rs.402,000. In the final report under the Financial Regulations 104(4) repair cost had been assessed as Rs.309,190. Accordingly the register of losses and damages and Financial Regulations 104(4) report a difference of Rs.92,810 of the repair cost was observed. Although the loss that could not be recovered from the insurance regarding this was Rs.77,610 in the statement of losses and waivers of the financial statements it had been accounted as Rs.402,000.</p> | <p>It was kindly mentioned that the amount has been recorded as repairing cost in the final report on losses under the Financial Regulations 104(4) was not the Rs. 220,890 that it should be corrected as Rs.313,700. Further, additionally that loss there is Rs.88,330 also. For the expenditure estimate of Rs. 313,700 submitted to the repair an amount of Rs. 220,890 had been recovered by the insurance Institutes and to that in addition to the above mentioned amount Rs.77,610 has</p> | <p>Officers who are conducting investigation should be prepared the report accurately in terms of the Financial Regulations 104(4) and accurately identifying damages and losses should be included in the financial statements.</p> |

to be paid. Accordingly, action is being taken to correct the register of damages and losses.

4.6 Uneconomic Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) An insurance premium of Rs.326,283 had been ideally paid for 15 vehicles that are not in the condition of running for the year 2022/2023 and 2023/2024.	Action is taken to those insuring vehicles in the year 2025 to insure only the vehicles that are in the condition of running.	Uneconomic expenses should not be incurred and officers who are done authorization, approval, certification should be taken in terms of Financial Regulations.
(b) Since December 2023 the Samurdhi beneficiary programme has been suspended by the government and the Aswesuma programme has been introduced by the Social Benefit Board. Accordingly the department has empowered 1.2 million of Aswesuma beneficiary families economically, socially and mentally within 3 years. In line with the Aswesuma programme the department had not been updated the CRM module collecting additional information from the Aswesuma data base relating to the empowerment. It was observed that the amount of Rs.1,430,004 had been paid from the department vote from January to May 2024 for the maintenance of the CRM module was an idle expenditure.	Since the empowerment programme was not finalized the beneficiary data was not updated in the CRM module in the year 2024 and for that an amount of Rs.1,430,004 was paid for SLT Cloud for the capacity obtained for the installation of CRM system.	Expenses should not be incurred without specific function.

4.7 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Divineguma Development Fund should be established in accordance with the paragraph 36 of Divineguma Act No. 01 of 2013 and all grants, Bank, Bank societies established by Rewards Act, other contributions, money determined by the Minister from the profit of banks as a percentage, all receipts should credited to the Consolidated Fund and after that, credited to the Divineguma Fund with the approval of the Parliament. However, Divineguma Fund had not been established up to date .It had been informed on 03 May 2021, that no any objection by the Treasury to establish the Divineguma Development Fund.	Since the Attorney General has been consulted future procedures on funds, future action will be taken considering the advice given by the Attorney General.	Fund should be established in terms of the provisions of the Act.
(b) Due to the technical defect a Cab has been sent to a private garage on the date of 05 March 2020, however more than 4 years had elapsed by the end of the year under review the repair work of the vehicle had not been completed.	On the weaknesses existing in the spare parts of the vehicle, long time has taken to complete the repairs.	Repairs should be completed promptly without consuming unnecessary amount of time.
(c) A Prado vehicle has been indicated a technical defect on the date of 28 February 2021 and sent to a private garage on the date of 02 March 2021.An estimate amounting to Rs.2,301,100 had been submitted on the date of 25 May 2022 by the garage. However due to the non-responsiveness of the relevant responsible officers it has informed that from the garage charges amounting to Rs. 63,500 had already been incurred together with Rs.500 amount per day for safe parking form the date of 15 March 2022 to the date	According to the estimate has been forwarded by the institute that referred to repair the engine of the vehicle due to economically ineffective of repairing to that it has been decided to dispose.	After that referred to repair proper procedures should be taken to promptly done it.

carried out again. Accordingly due to the inefficiency of the management, the department has to bare a significant loss and the government properties had been left to destroy.

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| <p>(d) When obtaining information through the CRM system regarding payments of subsidies of Asian Development Bank and the World Bank in the year 2022 issues had arisen, the information had not been updated during the draw of Housing lottery and information had not been updated regarding the projects of the Samurdhi beneficiaries etc. action has been taken to reactivate the CRM module there had been uncertainty requirement to doing so and without finding whether there was a possibility to link the information of Samurdhi beneficiaries obtained through the CRM module with the Aswesuma data base, to maintain the CRM system for a period of one year by giving recommendation of technical evaluation committee, approving by the procurement committee and signing agreements, as per the section 2.1.2 of the procurement guideline the objectives expected from the procurement procedure had not been fulfilled.</p> | <p>With the assignment of the task of empowering 1.2 million families, and since such a task cannot be carried out without the support of computer programs, a maintenance and service agreement has been signed for a period of one year to carry out the necessary updates.</p> | <p>Should be done only for achieve the objectives of the department.</p> |
| <p>(e) A sum of Rs.100 million had been given to the Samurdhi Authority in the year 2013 by the Sri Lanka Bureau of Foreign Employment in keeping with take actions in a manner to distribute if any loss or expenditure caused to the Samurdhi Authority because of non - recovery of loans by the foreign employees to whom implemented a housing loan scheme or any other activity .Accordingly, a sum of Rs.3,547,133,064 had been issued as loans for 11,929 migrant</p> | <p>Discussion had been held with the Foreign Employment Bureau and had been decided that in dealing with regarding the loans with securities and the loans that are not yet finalized and if any loss incurred should be shared that amount equally between both parties and also the department should take action to recover the loans that unsecured and to share the money incurred for housing loan promotional</p> | <p>Action should be taken to recover the balances of loan receivable.</p> |

workers by Samurdhi banks. A Memorandum of Understanding had been signed by the migrant workers with the Samurdhi Authority and Sri Lanka Bureau of Foreign Employment for the housing scheme for the period of 5 years on 07 March 2012 and it had been ended from 06 March 2018. Even though instructions had been given to sign new Memorandum of Understanding immediately and further implementation of the loan scheme, the two parties had not been entered into new Memorandum of Understanding even as at the date of audit. Accordingly, the loan balance to be recovered further more amounted to Rs.102,597,783.

programs should share that amount equally between both parties, accordingly future actions will be taken.

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| <p>(f) The collection of information required for issuing official identity card to the employees of the department through the Human Resources Management module had been done only for the 10,377 out of the total of 22,944 employees. The level of information collection had been a minimal in 3 districts of Colombo, Kurunegala and Monaragala and the Head Office.</p> | <p>Instructions required have been given to do those activities effectively.</p> | <p>Necessary action should be taken promptly to issue official identity cards through the module.</p> |
| <p>(g) Uploading documents that was in the personnel files of the officers of the department to the system by scanning had been done only 4,265 out of the total of 22,944 files. No any file had been uploaded in districts of Kurunegala and Monaragala.</p> | <p>All District Samurdhi directors have been informed that all the District/Divisional offices should be finalized scanning of files before the date of 31 May 2025.</p> | <p>The module should be updated entering information of all the officers.</p> |
| <p>(h) Prepare a pension file for departmental officers through the module and enter in to the home page a report including information of officers who are retire completing 60 years in each year and although it was stated that it is being implemented by</p> | <p>Due to the scarcity of Scan machines and the deficiencies prevailing in the personnel files a complete file of officers are not being prepared. However action should be taken to prepare deficiencies prevailing</p> | <p>Priority should be given to entering the information of officers who are about to retire.</p> |

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| <p>all the District offices in the Head Office and based offices, accordingly the information submitted no any pension file had been completed.</p> | <p>in the personnel files and enter in to the home page uploading a complete personnel file in to the system and a report including information of officers who are retire completing 60 years. in to the home page.</p> | |
| <p>(i) As per the progress report on the audit opinion presented on final accounts of Samurdhi Community Based banks and societies as at 27 February 2025, opinion has been disclaimed in 4347 financial statements out of 9441 of 8 years from 2015 to 2022 and true and fair positions have been presented only in 784. Accordingly, a maximum contribution had not been paid on proper supervision of the Samurdhi banks by Samurdhi managers, accurate investigations carried out by investigation officers, making accuracy of the weakness of the internal control of the Samurdhi banks identifying by audit officers, to preparation of financial statement accurately and to uplift the efficiency and productivity of the bank system.</p> | <p>Action is being taken to correct deficiencies made through improving subjective knowledge of officers in the investigation and monitoring units.</p> | <p>The internal audit as well as the Investigation Unit should be rendered the maximum contribution for the efficiency of the banking sector and also action should be taken by the bank and bank societies.</p> |
| <p>(j) Out of 784 financial statements which were presented true and fair opinions at the auditing of the financial statement of Community Based banks from 2015 to 2022, permission had not been allowed for profit appropriation due to increasing of bad debt ratios in 34 financial statements and permission had been allowed for profit appropriation only for 2145 financial statements. Out of 9441 financial statements audited and received to the micro finance division as at 27 February 2025. As a result of that, it was unable to pay Rs.9.71 billion of dividends which are to be paid to the shareholders as at 31 December 2024.</p> | <p>Payment of dividends to shareholders has been delayed annually, and therefore, in order to avoid any disadvantage to the shareholders, has been decided to pay from the declared interim dividend if there is an approved dividend, or otherwise to pay 5 percent of interest on such occasions."</p> | <p>Action should be taken to decrease bad debt ratios in order to enable shareholders to receive annual dividends of the at the appropriate time period and to prepare financial statements accurately.</p> |

5. Good Governance

5.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Opportunity had been provided to act as the external auditor by the internal audit division of the department by the departmental circular No.2020/13 and dated 27 September 2020. Accordingly, a sum of Rs.12,885,672 had been paid by the bank finance division for the auditing of reports relevant to 1007 banks and bank societies per Rs.3000 for each audit report for the officers of the internal audit division of the department for the conducting of external audit relevant to the years 2016,2017, 2018 and 2019. Even though approval had been granted for this purpose by the decision of the Board of Management No.2020/75/05 dated 15 October 2020, it was observed that it was not compliance with the basic auditing principles.	Compliance to the bank management board decision No.2020/75/05 has been given by the bank management board of the department of Samurdhi development.	As per the Divineguma Act since the audit of the Samurdhi banks and bank societies subject to the audit of the department since the money could not be charged for auditing from the bank and bank societies action should be taken to recover the money given form the relevant officers.
(b) Presenting of audit opinion by auditing the financial statements of 1296 Community Based Banks and bank societies relevant to years 2022 had not been carried out even as at 30 March 2025 further, to assign the audit of the annual financial statements of the Samurdhi bank and bank societies in the year 2023 to the internal audit division has been approved by the National council however, since the decision has been suspended financial statements of the year 2023 had not been audited.	Audit reports of 159 relevant to the year 2022 had been issued by now and also the remaining audit reports are in a position to be issued soon and will be able to issue audit reports for the years of 2023, 2024 and onwards and according to the decision has been taken regarding the audit of the financial statements of the Samurdhi Community Based Banks and bank societies that the Board of bank Management has been given the approval to assign to the audit institutions.	As per the Act action should be taken to do the audit assigned within the proper time period by the internal audit division.

6. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It had been confirmed that the educational certificates submitted to the personal file to obtain their appointments by 363 officers were false, and out of them, 77 persons had been dismissed from service and 20 persons had been removed from service under agreements of obtaining compensations in terms of the Act. It was observed that subject to the audit test check, in the Polonnaruwa district 13 officers who are serving and 02 retired officers out of the Samurdhi Development officers had obtained there appointments by submitting fake educational certificates. Preparing and submitting forged result sheets is a punishable offence under the Public Examination Act No. 25 of 1968 and it was identified that such actions constitute offences committed by the government officers in accordance with the First Schedule included in Chapter XLVIII of part II of Establishment Code of Democratic Socialist Republic of Sri Lanka however, no action had been taken against that even un the year under review.	A committee has been appointed to take action regarding the officers who submitted forged documents, and to that future action will be taken having recommendation of that committee.	Action should be taken in terms of the Procedural Rules of the Public Service Commission and Establishment Code.
(b) In terms of Section 14 of Chapter II of the Extraordinary Gazette No. 2370/29 dated 14 December 2022 of Public Service Commission although the authority with delegated power shall exercise such powers by itself, the authority of transfers within the districts were delegated to the districts and divisional boards of transfer without under the approval of the head of the department. Accordingly, although in terms of the Section 255 of	Activities of preparing seniority register for the staff of the department has been initiated by now.	Action should be taken accordingly the extraordinary gazette of the Public Service Commission.

Chapter XVIII of the above gazette the authority with delegated power shall issue annual transfer orders taking into consideration the proposals of the annual transfer committee, and the recommendations of the annual transfer proposals review committee, action had not been taken accordingly action had not been taken.

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| <p>(c) The officers who were attached to each section of the head office in the department and officers attached to the district and divisional offices, 145 officers were more than 20 years of service period working in a same section in same duty and 382 officers have been working from the period of 6 to 10 years were was observed. Since this way, without transferring officers in long termly the objectives including career development, promoting talents, obtaining experience, promoting efficiency and effectiveness of the institute was impossible to achieve to the department and it was observed during the audit that working one work place/area without transferring officers in long termly creates opportunities for various irregularities including financial frauds.</p> | <p>All district secretaries/ divisional secretaries and all divisional heads of the department has been informed that to transfer the officers who have more than 5 years of service in one working place.</p> | <p>Transfers should be done as per the Public Administration Circular No. 18/2001.</p> |
| <p>(d) Relating to the 03 districts of Gampaha, Galle and Hambantota 940 officers had been appointed for acting purpose and also the acting payment and allowances for covering of duty had been paid for those officers. Appointments for acting duty in districts had been made by the District Samurdhi Additional Director Generals under the covering approval of the Director General's. Since the authorized appointing officer of the officers attached to the department is the Director General and paying of</p> | <p>Information regarding the officers had been appointed for acting purpose has been prepared district wise.</p> | <p>In accordance with the Establishment Code appointments should be accurately given.</p> |

salaries and wages has been made through the head office, although the updated information should be maintained with the head office regarding appointments of acting, no any information had been maintained regarding this and necessary action has not been taken to do the relevant permanent appointments.