

Improving Monitoring and Evaluation of Samurdhi Safety Net Programme - 2012

1. Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, except for the effects of the adjustments arising from the matters referred to in paragraph 3 of this report, I am of opinion that;

- (a) the Programme had maintained proper accounting records for the period from 01 January to 10 November 2012 and the financial statements give a true and fair view of the state of affairs of the Programme as at 10 November 2012 in accordance with Generally Accepted Accounting Principles,
- (b) the funds provided had been utilized for the purposes for which they were provided,
- (c) the withdrawals from and replenishments to the Special (Dollar) Account for the period from 01 January to 10 November 2012 had been truly and fairly disclosed in the books and records maintained by the Programme and the balance as at 10 November 2012 had been satisfactorily reconciled with the accounting records of the Central Bank of Sri Lanka as at that date,
- (d) the statements of expenditure (SOEs) submitted could be fairly relied upon to support the applications for reimbursement in accordance with the requirements specified in the Grant Agreement,
- (e) satisfactory measures had been taken by the management to rectify the issues highlighted in my previous year audit report, and
- (f) the financial covenants laid down in the Grant Agreement had been complied with.

2. Financial Statements

2.1 Financial Performance

According to the financial statements and information made available, the expenditure of the Programme for the period under review amounted to Rs.34, 861,508 and the cumulative expenditure as at 10 November 2012 amounted to Rs.37, 832,916. The following statement shows a summary of expenditure for the period under review, and the preceding year and the cumulative expenditure as at 10 November 2012.

Category	<u>Expenditure for the</u>		Cumulative
	period from 01 January to 10 November 2012	year ended 31 December 2011	expenditure as at 10 November 2012
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	Rs	Rs	Rs
Goods	8,928,228	956,300	9,884,528
Consultants' Service	19,037,411	1,695,305	20,832,716
Training, workshops and Study Tours	6,674,142	-	6,674,142
Programme management	221,727	219,803	441,530
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	34,861,508	2,871,408	37,832,916
	=====	=====	=====

2.2 Special (Dollar) Account

According to the financial statements and information made available, the operations of Special (Dollar) Account maintained at the CBSL during the period under review are given below.

	USD	SLRs.
Balance as at 01 January 2012	224,081	25,523,074
<u>Add</u>		
Replenishments	70,405	9,389,147
Foreign Exchange Gain	--	3,314,533
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	294,486	38,226,754
<u>Less</u>		
Withdrawals	231,276	30,007,825
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Balance as at 10 November 2012	63,210	8,218,929
	=====	=====

3. Audit Observations

Following observations are made.

- (a) Although the Programme is consisting of 3 components including 12 sub components, detailed action plan highlighting financial and physical targets monthly, quarterly, annually etc. to cover entire programme period to ensure the achievement of the Programme objectives within the specific Programme period should be prepared, such a plan had not been prepared and implemented up to end of the Programme period.
- (b) Although the Programme was implemented with effect from 10 July 2009 for 3 years period, there was no evidence to prove that any monitoring process had been carried out to ensure whether the Programme was performed in accordance with anticipated targets.
- (c) According to the Draft Aid Memoire of the Social Protection Technical Assistance Mission on 29 October 2010, The Department of Commissioner General of Samurdhi (DCGS) should prepare the evaluation report of the Management Information System (MIS) by June 2012 . However the said work had not been completed up to 31 March 2013

- (d) As per Section 2.03 (c) of the Grant Agreement of the Improving Monitoring and Evaluation of Samurdhi Safety Net Programme, the Programme Completion Report should be furnished to the World Bank not later than five months after the closing date. However the said report had not been furnished up to 31 March 2013.
- (e) As per Grant agreement, the Programme should have been completed on or before 09 July 2012. Although the Programme activities had been continued beyond this date, approval for extending the Programme period had not been obtained.
- (f) Although winding up accounts should be prepared at the end of the Programme period, the Programme had not prepared such accounts and handed over the assets to the implementing agency up to 31 March 2013.

4. Financial and Physical Performance

4.1 Utilization of Funds

The total Grant agreed by the World Bank's Institutional Development Fund (IDF) for the Programme was US\$ 450,000 and the cumulative expenditure incurred up to 10 November 2012 was US\$ 292,205.58. A provision of the GOSL fund of Rs. One million had been made available for the years 2011 and 2012 under the Ministry of Economic Development. The actual expenditure incurred during the programme period is given below.

Year	Actual Expenditure	Cumulative Expenditure	Utilization of Funds as a Percentage of the Grant
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	US\$	US\$	%
2009	-	-	-
2010	899.90	899.90	0.20
2011	65,114.58	66,014.48	14.67
2012	226,191.10	292,205.58	64.93

4.2 Physical Performance

As per the information made available to the audit, the overall sector wise physical performance of the Programme as at 10 November 2012 is given below.

Activity -----	Status -----
Process and System Study of Improving Monitoring and Evaluation of Samurdhi Safety Net Programme	Completed
Developing the System	Completed
An independent Evaluation	Not done
Preparation of Operational manual	Not done
Software Quality assurances	In progress
Trainer and location to conduct a training technical staff on the Management Information System	Partly completed
Training event manager district wise awareness	Partly completed
Feasibility study on replicating the same subsidy programme	Not done
Computer work stations and laptop computers for the Department of Commissioner General of Samurdhi	Completed
Computer work stations for the 13 Pilot Locations	Completed
Core hardware and networking for system operations	Completed