

Samurdhi Authority of Sri Lanka

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Samurdhi Authority of Sri Lanka as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Accounting Policies

The following observations are made.

- (a) The compulsory savings of the Samurdhi beneficiaries during the period from the year 2006 to the end of the year 2011, had been shown in the financial statements as the investments of the Authority and action had been taken to invest such savings in the Samurdhi Mahasangam with effect from the year 2012. As such a part of the compulsory savings had been shown in the accounts of the Authority while the balance had been shown in the accounts of the Mahasangam. This had not been disclosed in the financial statements.
- (b) Even though the accounting period of the Authority is from 01 January to 31 December, the administrative expenses relating to the period 01 December 2011 to 30 November 2012 had been taken into consideration in the preparation of the Statement of Income and Expenditure of the Banking Financial Division. As such the accumulated right of the balance sheet of the Authority as at 31 December of the year under review had been understated by a sum of Rs.2,367,453.

1.2.2 Accounting Deficiencies

The following observations are made.

- (a) The sum of Rs.296,359 receivable by the Samurdhi Lottery Fund as at the end of the year under review had been recorded twice and as such the Receivables Account had been overstated by that amount.
- (b) The sum of Rs.1,251,404 erroneously shown in the financial statements for the year 2011 as expenditure on the construction of the Samurdhi Headquarters Building had been rectified by crediting that amount to the Sundry Income Account as an income in the year under review. As such, the deficit had been understated by that amount.
- (c) Even though the loan balance receivable from a Leasing Company amounted to Rs.24,739,234. the provision for bad debts made in that connection amounted to Rs.37,779,290. As such an excess provision of Rs.13,040,056 for bad debts was observed.
- (d) The depreciation relating to motor vehicles valued at Rs.50,140,000 and computers valued at Rs.2,726,680 received as donations in the year under review amounting to Rs.10,028,000 and Rs.681,670 respectively had not been brought to account. As such the deficit for the year under review had been understated by a sum of Rs.10,709,670.
- (e) Depreciation on the cost of Rs.241,000,000 for the construction of Bank buildings of the Authority amounting to Rs.12,050,000 had not been brought to account and as such the deficit had been understated by that amount.
- (f) Lands purchased for Rs.2,524,000 for the construction of 03 Bank Sangam had not been brought to account and as such the lands in the year under review had been understated by that amount.
- (g) The dividends declared amounting to Rs.11,114,376 receivable for the year under review in respect of the investment in the shares of a private Bank had not been brought to account as dividends receivable.

- (h) The provision for gratuity in respect of the year under review for certain officers who had completed 05 years of service had been understated by a sum of Rs.975,367.

The provision for gratuity in respect of the prior periods of service had not been made for the Samurdhi Niyamaka Officers appointed as Samurdhi Development Officers and attached to 13 districts as Samurdhi Development Officers.

1.2.3 Unreconciled Control Accounts

The balances of the following accounts had not been reconciled with the balances of the respective schedules even by month of July 2013.

Item	Balance according to Financial Statements	Schedule Total	Difference
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	Rs.	Rs.	Rs.
Staff Bicycle Loans	96,848,443	96,816,537	31,906
Staff Housing Loans	625,994,166	570,511,241	55,482,925

1.2.4 Unexplained Differences

The total value of the Compulsory Savings Funds remitted by the Bank Societies as at the end of the year under review to the Authority for investment amounted to Rs.14,034 million whereas the compulsory savings liability shown as at that date in the accounts of the Authority amounted to Rs.12,860 million. The reasons for the difference of Rs.1,174 million had not been explained to audit.

1.2.5 Accounts Receivable and Payable

The following observations are made.

- (a) Two balances amounting to Rs.18,364 shown in the Accounts Receivable from the years 2004 and 2005 had not been settled in the year under review.
- (b) Action had not been taken in the year under review for the recovery or the write off from books, the balance of Rs.517,304 shown in the accounts of the Banking Financial Division from the year 2007 as the advances granted to the Accounts Division due to the double payment of the Value Added Tax relating to the printing of the loose ledger cards of Banking Financial Division.

(c) Action had not been taken even by May 2013, for the settlement of two staff loans totalling Rs.48,400 appearing under the unsettled advances since February 2012.

(d) Staff Motor Cycle Loans

(i) Motor cycle loan installments totalling Rs.1,534,112 recoverable in respect of the year under review from 368 officers had not been recovered.

(ii) Out of the loans granted to 25 officers in the years 2004 to 2012, balances totalling Rs.451,509 had not been recovered even by September 2013.

(iii) Action had not been taken to recover even a single installment out of the loans totalling Rs.485,000 granted to 05 officers during the period from the year 2010 to the year 2012.

(iv) Action had not been taken for the refund of the over-recoveries of installments totalling Rs.1,134,043 made from 386 officers up to the end of the year under review.

(e) Staff Consumable Loans

The recoveries of installments of consumable loans of the Smurdhi employees of 12 districts relating to the period from the year 2009 to the end of the year under review had not been posted to their personal accounts. The recoveries not so posted even by July 2013 totalled Rs.187,175,675.

(f) Staff Housing Loans

(i) The Authority had not been able even by July 2013 to recover sums totalling Rs.4,178,965 recoverable from 11 officers who had died during the years from 2009 to 2012 after obtaining staff housing loans.

(ii) The Authority had not taken action even by July 2013 for the recovery of the housing loan balances amounting to Rs.2,510,627 recoverable from 06 officers dismissed from the Authority.

- (iii) Action had not been taken for the recovery of the housing loan balances amounting to Rs.1,666,339 recoverable from 06 officers whose services had been terminated for different reasons or to institute legal action against them.

1.2.6 Lack of Evidence for Audit

The documentary evidence indicated against the following items of account had not been furnished for audit.

Item	Value	Evidence not made available
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	Rs.	
(a) Staff Consumable Loans	576,942,559	Lists of Individual Balances
(b) Banking Financial Division	115,000,000	Particulars of Programmes related to the Development Expenditure
(c) Purchase of Internal Communication Equipment	210,119	File Containing Information

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

The following non-compliances were observed.

Reference to Laws, Rules, Regulations etc.	Non-compliance
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(a) Payment of Gratuity-Act, No. 12 of 1983.	* Even though the gratuity should be paid within 30 days from the date of termination of services due to whatever reasons such as resignation from service, retirement, death or dismissal from service, 29 instances of delays in payment ranging from 03 months to 05 years were observed during the period January to April 2012 examined.

* Even though a penalty for the non-payment of the gratuity within 30 days is payable, penalties totalling Rs,850,525 had not been paid to the above mentioned 29 beneficiaries relating to the 04 month period examined.

(b) Financial Regulations

(i) Financial Regulations
756, 757 and 1647(b)

An annual survey of the motor vehicles of the Authority had not been conducted even up to the end of the year under review.

(ii) Financial Regulation
1645(a) and (b)

The Daily Running Charts of 22 motor vehicles allocated to the districts and 23 motor vehicles of the Head Office had not been furnished to the officer in charge of the subject in terms of the Financial Regulation.

(iii) Financial Regulations
104 and 110

Action in terms of the Financial Regulations had not been taken on 05 accidents caused to 04 motor vehicles of the Authority during the year under review. A Register had not been maintained for recording the details of damage caused.

(c) Public Finance Circular No.
PF/FS/A VEH/2009 of 14
July 2010
Paragraph 03 and 05

Action on motor vehicles needing repairs should be taken within 03 months either for carrying out repairs or for their disposal. Nevertheless, such action in terms of circular instructions had not been taken on 09 motor vehicles of the Authority despite the elapse of 03 months to 02 years after those motor vehicles developed mechanical defects.

(d) Constitution of the Social Development Foundation

(i) Utilisation of Funds

* The Social Development Funds of 63 Divisional Secretariat Divisions had not furnished in 06 Months Report on the Activities of the Funds to the Authority.

* Even though a minimum of 80 per cent of the income for the year should be spent during the year itself in accordance with the objectives and the purposes of the Fund, 29 Social Development Funds of 06 districts had not taken such action.

(ii) Responsibilities – Treasurer

Even though the Treasurer should maintain the accounting records of the Foundation systematically, a test check revealed that such action had not been taken by two Social Development Foundations.

(iii) Meetings

Even though the Social Development Foundations should meet at least once a month, it was observed at the test check that two Social Development Foundation had held only one meeting each during the year under review.

(iv) Collection and Accounting for Funds

Even though the District Secretary should recover Rs.5,000 from each Divisional Secretariat for the printing expenses of the materials supplied to the Divisional Secretariat Divisions in connection with Drugs and Smoking Prevention Flag Week and remit to the Authority, that money in respect of the year under review had not been remitted by 04 Divisional Secretariat Divisions in the Vavuniya District even by September 2013.

(v) Audit

Even though the accounts of the Foundations should be audited annually and a copy of the income, expenditure account and monthly accounting records should be furnished to the Authority that requirement had not been complied with.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the operations of the Authority for the year under review had resulted in a deficit of Rs.709,366,464 as compared with the corresponding deficit of Rs.959,996,736 for the preceding year, thus indicating an improvement of Rs.250,630,272 in the financial results. The decrease of the research and development expenditure by a sum of Rs.1,816,270,419 or 73 per cent had been the main reason for the improvement.

2.2 Legal Actions Instituted against the Authority

Compensation totalling Rs.784,384 payable on the order of a Labour Tribunal in connection with the cases filed against the Samurdhi Authority by 03 officers dismissed from the service of the Authority had not been disclosed in the financial statements.

3. Operating Review

3.1 Performance

3.1.1 Deficiencies in the Maintenance of Fund Accounts

The following observations are made.

(a) Samurdhi Fund

- (i) The amount credited in the year under review to strengthen the Samurdhi Fund, which is the main Fund of the Authority, amounted to Rs.143,475,452. A sum of Rs.482,000,000 had been withdrawn from this Fund in the year under review to incur expenditure of the Authority. As such the Fund had deteriorated by Rs.338,524,548 from the activities of the year itself. The balance as at the beginning of the year amounting to Rs.2,772,466,862 had reduced to Rs.1,269,942,314 by the end of the year. As such the Samurdhi Fund had reduced by Rs.1,502,524,548 during the year.

The Director General informed me in September 2013 that “the expenditure of Rs.1,164 million incurred in the two preceding years with the expectation of the imprest that should be made available by Treasury had not been made available by the Treasury. Accordingly, this was written off in accordance with the objectives of the Samurdhi Fund established in terms of Section 15 of the Samurdhi Authority Act, No. 30 of 1995 based on the approval granted at the 243rd meeting of the Board of Directors.”

- (ii) Out of the sum of Rs.300 million approved by the Board of Directors at the 233rd meeting of the Board of Directors for the payment of the salary increases of the Samurdhi employees in terms of the Management Services Circular No.43(1), a sum of Rs.190 million had been utilized for the payment of monthly salaries and the contributions to the Employees Provident Fund and the Employees Trust Fund without the approval of the Board of Directors.

(b) Samurdhi Housing Development Lottery Fund

Even though a sum of Rs. 180 million had been allocated for the prizes of the Samurdhi Housing Development Lottery Fund for the year under review, the lottery draws had not been held even by July 2013.

3.1.2 Funds not Utilized for Expected Objectives

(a) Bank Societies Promotion and Publicity Fund

A sum of Rs. 10 million out of this Fund established by the recovery of Rs.10,000 from the investment income of the Samurdhi beneficiaries from each Bank Society had been spent on other activities contrary to the objectives of the Fund.

(b) Social Development Fund

The funds collected through the sale of Samurdhi flags, financial donations from Philanthropists and through other creative programmes for the Social Development Fund established with the objective of helping the persons rendered destitute due to different disadvantageous conditions, should be spent within the division itself on activities related to the objectives. Nevertheless, Rs.155,101,039 available with 199 Divisional Secretariat Divisions as at the end of the year under review had been idling without being used for the intended objectives.

3.1.3 Progress of Achievement of Planned Targets

- (a) Out of the 2,716 units of Projects relating to 17 Programmes planned for the year under review by 6 Development Divisions of the Authority, 1,560 Units of Projects or 57 per cent only had been executed. Nevertheless, out of Rs.173 million allocated for the purpose, a sum of Rs.143 million or 82 per cent had been spent.
- (b) Even though 4 Divisions of the Authority had planned for the execution of 284 Programmes with provisions amounting to Rs.27.3 million, those had not been executed during the year under review.
- (c) Two Divisions of the Authority had spent a sum of Rs.302.26 million on 8,227 units of Projects under three Programmes which had not been included in the Action Plan at the beginning of the year. The Director General commented that those were in respect of the programmes proposed at the end of the year and rapidly implemented in the Kilinochchi, Mullaitivu and Mannar Districts.
- (d) According to the Performance Report prepared for the year 2,617 units of Projects shown as executed by the Authority had actually been the projects implemented by other institutions of the Government through the Divisional Secretariats. The Authority had attended only to the inter-communication with the beneficiaries and supervision.

3.2 Management Inefficiencies

The following observations are made.

- (a) Return on Investments

The Authority had not received any return up to the end of the year under review for the investment of Rs.5,250,000 made in two institutions over a period exceeding 09 years and the Authority had failed to take any appropriate course of action in that connection.

(b) Compulsory Savings and Stamps not Credited to Accounts

- (i) A test check of 42 Bank Societies revealed that compulsory savings amounting to Rs.44,462,110 of the Samurdhi beneficiaries had not been credited to the accounts of the beneficiaries.
- (ii) A test check of 28 Bank Societies revealed that cash stamps valued at Rs.10,252,962 of the Samurdhi beneficiaries had not been credited to the accounts of the beneficiaries.

(c) Insurance indemnity amounting to Rs.800,458 recoverable in connection with 13 accidents to motor vehicles caused from the year 2001 to the end of the year under review had not been recovered even by June 2013.

(d) Supply of Water Motors and Animals to Persons Resettled in the Northern Province

- (i) Even though 50 per cent of the value of water motor supplied under the Livelihood Project in the year 2009 to the beneficiaries in the Vavuniya, Mullaitivu and Anuradhapura Districts should have been fully recovered in 10 months, out of the sum of Rs.2,640,000 recoverable for the 88 water motors distributed in the Vavuniya District, a sum of Rs.1,612,000 had not been recovered even by September 2013.
- (ii) The project for the distribution of poultry and goats among the beneficiaries expected to be implemented in the Mullaitivu, Kilinochchi and Mannar Districts according to the Project Proposals had not been implemented in those districts. The Director General informed me that the project was not implemented as the lists of beneficiaries settled in the respective districts had not been furnished to the Authority.

3.3 Operating Inefficiencies

The following observations are made.

(a) Elimination of the Unusable Goods of the Nillamba Samurdhi Training and Rural Development Centre

- (i) Action in terms of the decision of the Board of Directors dated 02 August 2010 had not been taken even by June 2013 to destroy goods that should be destroyed and to auction goods that should be auctioned.
- (ii) Even though the Board of Directors had decided on 31 May 2011 to handover the equipment and chemicals of the Tissue Culture Centre to the Faculty of Agriculture of the University of Peradeniya that had not been finalized even by June 2013.

In addition, the Authority had not taken any action to obtain the facilities that could have been obtained in this connection by the Authority according to the conditions of the agreement entered into valid for three years from 01 August 2011.

(b) Skills Improvement Training Programme on Micro Finance Banking

An allowance at the rate of Rs.2,000 per hour had been paid to the resource persons taking part in the Training Programmes of the Authority without the approval of the Department of Management Services of the General Treasury.

(c) Payment of Benefits for the Compulsory Savings of Smurdhi Beneficiaries

- (i) In determining the payment of benefits for the year under review for 78 per cent compulsory savings included in the sum of Rs.14,032 million received for investment in the Banking Financial Division, a sum of Rs.946 million or 65 per cent only out of the sum of Rs.1,446 million entitled to the compulsory savings had been paid to the beneficiaries.

- (ii) The rate of interest earning for the investments in the year under review and the net interest earnings had been determined as 10.28 per cent and 8.36 per cent respectively. Nevertheless, 7.5 per cent comprising 5 per cent to the beneficiaries and 2.5 per cent for the Bank Society only had been paid to the Bank Societies. The approval of the Board of Directors had not been obtained for that payment. The Director General inform me in September 2013 that the payments were made on his approval in accordance with the system that prevailed up to date.
- (iii) Out of the invest income received in the year under review for the compulsory Savings Fund, a sum of Rs.227 million or 12 per cent had been retained without being paid the respective beneficiaries and the Bank Societies. Such retentions during the 05 years taken into consideration amounted to Rs.1,388 million.
- (iv) The expenditure incurred out of the income from investment of compulsory savings included Rs.241 million spent in the year under review for the construction of Samurdhi Bank buildings, a sum of Rs. 50 million for the payment of salaries in the year 2010 as well as expenditure not related to the compulsory savings.

(d) Electricity Support Project

The approval of the Cabinet of Ministers had been granted on 08 September 2010 for the supply of facilities under the Electricity Supply Project for obtaining electricity supply by the Samurdhi beneficiaries and the low income persons. Accordingly, an agreement between the Samurdhi Authority and the Ceylon Electricity Board had been entered into on 09 December 2010 to give a sum of Rs.3,000 million to the Ceylon Electricity Board within 12 months from December 2010. A sum of Rs.747 million from the funds of the Bank Finance Division of the Authority had been released to the Ceylon Electricity Board by the end of the year under review.

The following matters were observed in this connection.

- (i) Action had not been taken by the Authority to obtain the reports on the progress of the supply of services for the installments released to the Ceylon Electricity Board certified by a representation of the Samrudhi Managers/ Divisional Secretary and the Officers appointed by the Ceylon Electricity Board in terms of condition No. 5 of the above agreement.
- (ii) The Authority had not taken action in terms of paragraph 8.6 of the Operating Instruction Circular Letter No. 40 of the Banking Financial Division to obtain a report on the loan recipients who had been provided with electricity supply before the fifth day of the succeeding month.
- (iii) Even though 6 installments from the second installment totalling Rs.497 million had been released subject to obtaining the confirmations subsequently from the Samurdhi Bank Societies and the District Secretariats in connection with the beneficiaries for whom electricity supply had been provided, contrary to condition No. 6 of the agreement and the approval of the Board of Directors granted for Board Paper No. 67/2010 the relevant confirmations had not been obtained even by August 2013.
- (iv) According to condition No.11 of the agreement, the Chief Officers of both parties should meet once in two months and discuss the progress of this Programme. Nevertheless, only 04 meetings had been held even by August 2013.
- (v) The remittance of the installments recovered from the Samurdhi beneficiaries and the low income persons by the Ceylon Electricity Board in connection with obtaining the membership of the Samurdhi Bank Societies, to the Bank Accounts of the Authority had not been confirmed in accordance with condition No. 12 of the agreement, while the Authority had not maintained the particulars of the installments recovered up to date.
- (vi) The Authority had not taken action to obtain the monthly reports of the separate Bank Account maintained by the Ceylon Electricity Board for the funds of the Programme as agreed by both parties.

- (vii) Two per cent of the 10 per cent interest amounting to Rs.38,590,414 recovered up to the end of the year under review from the Ceylon Electricity Board in connection with this Programme should have been given to the relevant Samurdhi Bank Societies. Nevertheless, action had not been taken even by August 2013 to give such interest to the Bank Societies.
- (viii) Contrary to the Condition No. 9 of the agreement, in certain instances the installments and interest had been received after delays up to 13 days. But the liquidated damages had not been recovered in that connection.
- (ix) It had not been possible to release Rs.3,000 million within 12 months from December 2010 as agreed by both parties while only a sum of Rs.852 million had been received up to August 2013. But the validity period of the agreement had not been revised in view of such situation.

3.4 Transactions of Contentious Nature

The following observations are made.

- (a) Two Samurdhi Managers who had not fulfilled the qualifications specified in the Scheme of Recruitment had been appointed to act in the posts of Deputy Director and the Assistant Director of the Authority contrary to the Sections 13:1:2 and 13.4 of Chapter II of the Establishments Code and a sum of Rs.118,690 had been paid to them in the year under review as acting salary. The Director General informed me on 21 October 2013 that the officers who were appointed as Samurdhi Managers in the year 1996 had been working as Graduate Trainees from the 1994 in Divisional Secretariats and represent the staff at the inception of the Samurdhi Programme. There are more than 800 such officers in service and their promotions were given in accordance with the draft Cabinet Decision.
- (b) Even though all stocks of banking stationery at the Jawatta Salusala Store had been removed by 31 August 2010, the rent deposit amounting to Rs.1,500,000 had not been recovered.

3.5 Apparent Irregularities

A sum of Rs.1,976,990 collected and given by the Authority in December 2011 for the construction and improvement of houses for the wellbeing of the people in the Vavuniya District with the objective of uplifting the economy and the mental conditions of the people in the North and East displaced and affected by the war had been misappropriated by the officers. Construction of houses had not been completed even by the end of the year under review while no disciplinary action had been taken against the Samurdhi Officers responsible.

The Director General informed me in September 2013 that the completion of the Housing Development Programme as planned was not possible due to various obstacles and that action was initiated for taking disciplinary action against the officers responsible.

3.6 Idle and Underutilised Assets

The following observations are made.

- (a) The internal communication system purchased for Rs.210,119 in the year 2003 remained without being used over a number of years. This equipment had not been recorded in the Inventory Register and the equipment had not been produced at the Boards of Survey conducted during the period.
- (b) Out of the travelling bags purchase at Rs.980 per bag in the year 2010 for the non-staff grade officers about 100 bags had not conformed to the specified standards and as such those remained as unusable in the store of the Head Office even by July 2013.
- (c) Even though the computer software purchased for Rs.3,000 in the year 2002 and 12 computers purchased for Rs.1,530,980 in the year 2003 for the Housing Development Lottery Fund had been eliminated from use action had not been taken for their disposal.

3.7 Commencement of Projects on Lands not Acquired Formally

According to the information received by the Audit, the Authority had spent a sum of Rs.657,651,017 for 744 Bank Societies in 228 Divisional Secretariat Divisions in 17 districts and Rs.249,770,480 for 143 Samurdhi Mahasangam in 142 Divisional Secretariat Divisions in 16 districts for the construction of buildings on lands which had not been formally transferred to the Authority.

3.8 Staff Administration

The following observations are made.

- (a) The Authority had not conducted proper investigation into certain action of indiscipline and frauds committed by the Samurdhi Officers of the Passara Divisional Secretariat Division.
- (b) Even though the District Secretary Badulla had, by his letter dated 25 August 2005, reported the allegation that the salary of a Samurdhi Development Officer for September to December 2000 had been obtained by forging the signature, no investigation had been conducted in that connection.
- (c) Even though action contrary to the circulars, regulations and instructions of the Authority taken by a female Samurdhi Manager attached to the Passara Divisional Secretariat Division had been revealed, the Authority had not taken action to take disciplinary action against her. Disregarding these matters, she had been promoted.
- (d) Even though a period exceeding one year had elapsed after the appointment of formal Boards of Disciplinary Inquiry reports had not been furnished by finalizing the work by 7 Boards of Disciplinary Inquiry even by July 2013.

The Director General informed me in September 2013 that it is not practically possible to finalize in inquiry within 6 months due to matters beyond control.

- (e) Even though charge sheet had been prepared on 11 November 2011 against a Samurdhi Manager who had committed a cash fraud of Rs.3,290,000 and other irregularities, it had not been possible to serve the charge sheet to the officer even by July 2013. The Director General had commented that a case against the officer was filed in the Courts.

- (f) The Authority had to pay workmen's compensation amounting to Rs.249,184 due to the failure of the Authority to conduct a preliminary inquiry and a formal disciplinary inquiry against an officer of the Authority interdicted for acts of indiscipline within a reasonable period and the careless manner of action taken by the Authority on Courts work.
- (g) The Authority had not maintained a proper register of action taken on the breach of discipline committed by the staff of the Authority and a register to facilitate the separate identification of the expenditure incurred on each inquiry. A report on the overall progress of the disciplinary actions taken in the year under review had not been prepared. A methodology for follow up action on the implementation of the disciplinary orders made on the conclusion of disciplinary inquiries had not been followed.

3.9 Motor Vehicles Utilization

The following observations are made.

- (a) Six motor vehicles obtained from the Ministry of Economic Development on 09 February 2011 had been parked without being used in the premises of the Sethsiripaya premises even by the end of the year under review.
- (b) Action had not been taken to obtain the transfer of 12 motor vehicles taken over by the Authority from external institutions and for the recovery of a motor vehicle released to another Ministry.

4. Accountability and Good Governance

4.1 Corporate Plan

The Corporate Plan had not been prepared in a manner to facilitate the identification of the capacity of the resources available to the Authority, the Organization Structure and for the identification of the responsibility of the officers for the activities therein in accordance with Section 5.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

4.2 Action Plan

The Action Plan prepared by the Authority for the year under review had been revised in 06 instances. As such the Action Plan had not been prepared as a forecast of the activities of Authority in concurrence with the Corporate Plan.

4.3 Budgetary Control

Even though a budget compatible with the Action Plan had been prepared, the overall cost of the development works the Authority as at the end of the year had exceeded the budget by 155 per cent. As such it was observed that the budget of the Authority had not been made use of as an instrument of financial management control.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of Director General of the Authority from time to time. Special attention is needed in respect of the following areas of systems and controls.

- (a) Accounting
- (b) Funds Management
- (c) Loans Management