

Head 334 - Department of Multipurpose Development Task Force

1. Financial Statements

1.1 Opinion

Head 344- The audit of the financial statement of the Department of Multipurpose Development Task Force for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. The summary report including my comments and observations on the financial statements of the Department of Multipurpose Development Task Force was issued to the Accounting Officer on 24 May 2023 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 and the Detailed Annual Management Audit Report relating to the Department in terms of Sub-section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 26 June 2023. This report will be presented in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the financial statements give a true and fair view of the financial position of the Department of Multipurpose Development Task Force as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Department of Multipurpose Development Task Force is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department of Multipurpose Development Task Force exists, and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

material if, individually or in the aggregate, they could reasonably be expected to 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 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 influence the economic decisions of users taken 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:

- Whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- It is not intended to express an opinion on the effectiveness of the Department's internal control in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, 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.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5. Report on Other Legal Requirements

I express the following matters in accordance with Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements presented are consistent with the preceding year.
- (b) The recommendations made by me pertaining to the financial statements related to the previous year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Capital Expenditure

The following deficiencies were observed in the accounting of the capital expenditure of relevant financial statements.

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
(i) Even though expenditure of 2102 furniture and office equipment amounting to Rs.33,200 in the year under review, it had been overstated by Rs.17,500 as Rs.50,700 in the statement of expenditure according to ACA 2(i) programmes.	It had been stated that including the purchasing amounted to Rs.17,500 made by the provisions released to another Department for the purchasing of furniture and office equipment , it was mentioned in the statement of expenditure as Rs.50,700 according to ACA 2(i) programmes	Should be responsible to account actual expenditure.
(ii) As a result of shown a sum of rs.17,500 as the expenditure incurred by other Departments under FR 208 in the ACA 2(ii) in the statement of expenditure, the expenditure of the year had been over stated by the same value and the balance had been understated by the same value.	As mentioned in No.(i) above, the expenditure incurred by other Departments was not included in the statement of non-financial assets and it had been stated that action has been done for accurate it in the year 2023.	Action should be taken to show correct value in the financial statement.

(b) Non-maintenance of Documents and Books

It was observed in audit test checks that the following some documents had not been maintained and some documents had not been maintained in a proper manner and up dated manner by the Department.

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
A Register for Losses and Damages had not been updated and maintained as per Financial Regulation 110.	This Department is a new Department which was commenced in the year 2020 and no any loss or damage reported up to 2022, Therefore a register for losses and damages has not been maintained and it had been informed that instructions has been given to the officers to open a Register for Losses and Damages in the year 2023.	In terms of the provisions of FR 110, according to the Form under that, a Register for Losses and damages should be maintained.

2. Financial Review

2.1 Expenditure Management

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
(a) Out of the provisions of Rs.5,204,665,000 provided for 5 recurrent expenditure heads, a sum of Rs.4,869,727,593 had been saved and the same saving ranged between 31 per cent to 99 per cent.	Even though when preparing budget for the year 2022 , estimates has been prepared for the confirmation of 33,714 of Multipurpose Development Assistants in the service, which were recruited by that time and to pay permanent salary within the year 2022 and to recruit another 35000 assistants in the year 2022 and to pay permanent salary in the same year after given 6 months training for them, to give a uniform of their identity . However, estimates were prepared for the relevant recurrent expenditure which to be incurred for training and confirmation of assistants more percentage from the estimated recurrent expenditure had been saved due to postponing of recruitment of new employees by National Budget Circular 03/2022 and non granting of permanent appointments to the assistants recruited.	Annual provisions should be utilized at a maximum efficiency.
(b) Out of the provisions of Rs.8,500,000 provided for 4 capital expenditure heads, a sum of Rs.8,088,426 had been saved and the same saving ranged between 79 per cent to 99 per cent.	Based on the instructions given by the National Budget Circular 03/2022 for controlling of the government expenses, requirements has been managed by the capital assets existed was mentioned As a result of that, provisions were not utilized as estimated. As such, provisions has been saved.	Annual provisions should be utilized at a maximum efficiency.

- (c) Even though in terms of Paragraph 3(xvii) of the National Budget Circular No.03/2022 dated 26 April 2022, if there are savings in the provisions allocated for the incurring of expenditure within the year, those should not be utilized for other expenditure before end of the year, provisions of Rs.150,000 to Rs.1,000,000,000 ranged between 12 per cent to 116 per cent had been exchanged for 12 expenditure heads .
- As planned in the year 2022, due to granting permanent appointments to the Multipurpose Development Assistants , it had to pay training allowances for them during the year, rapid increase of fuel, water, electricity and communication charges, it had been shown that had to exchange provisions between expenditure heads within the year.
- Action should be taken in accordance with the provisions of circulars.

2.2 Incurring Commitments and Liabilities

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
Even though liabilities amounting to Rs.191,824,434 according to the statement of commitment of liabilities in the annexure (iii) of the financial statement, a sum of Rs.3,176,327 had been paid exceeding liabilities.	As an adequate provisions had not been available in each expenditure heads to include the liabilities in the year under review to the declaration of liabilities in the same year, it had not been included in the declaration of liabilities. However, it had been shown that the same liability has been settled by the provisions in the current year.	Should be responsible to reveal all liabilities and to settle only the liabilities mentioned.

2.3 Operating of Bank Accounts

The deficiency disclosed at the audit test check carried out on operating of bank accounts are given below.

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
Even though the balance according to the bank statement as at 31 December 2022 in the bank account of the department amounted to Rs.29,190,089 , the balance according to the bank statement in annexure (viii) of financial statement had been stated as	In preparation of bank reconciliation statements in December in the year 2022, the balance had been shown in annexure (viii) in the financial statements as Rs.29,040,089 , on considering a sum of Rs.150,000 as non-realized deposits by mistake. It had been stated that corrected bank	Data should be correctly presented in financial statements.

Rs.29,040,089 by understating reconciliation report has been already
Rs.150,000. furnished to the audit.

3. Operating Review

3.1 Non-achievement of expected output Level

The following observations are made.

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
(a) The number of 34,605 of appointees who were recruited in the year 2020 under stage 1 of the hundred thousand jobs programme had been participated for the training programme at NAITA Institute , at the end of the training, 1,592 out of them had been left.	The appointees recruited in the year 2020 under the first stage are 34,605 whereas 1,592 out of them had been left at the end of the training and it had been stated that it was 4.6 per cent .	As expected target of the Department could not be achieved through leaving of trainees, suitable action should be taken to minimize the leaving.
(b) The number of 3,544 of Electric –fence maintenance assistants had been participated for the training programme at NAITA Institute under the 2 nd stage of the hundred thousand jobs programme , 94 persons out of them had been left at the end of the training.	The appointees recruited as Electric –fence maintenance assistants under the second stage were 3,544 and out of them 94 persons had been left at the end of the training and had been stated that as a percentage , it was 2.6 per cent.	As expected target of the Department could not be achieved though leaving of trainees, suitable action should be taken to minimize the leaving.

3.2 Securities Given by the Government officers.

The following observations are made.

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
The government officers who should give securities as per Financial Regulation 880 of the Democratic Socialist Republic of Sri Lanka, had not been given securities.	Not commented	Action should be taken in accordance with Financial Regulation 880 of the Democratic Socialist Republic of Sri Lanka

3.3 Un- economic Transactions

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
The trainees enrolled under hundred thousand jobs programme as at 31 December 2020 were 38,375 the total trainees left from that programme were 7,317. The expenditure paid Rs.22,500 each per month for each trainee had been a fruitless expenditure. The allowance paid per month for 7,317 trainees who left the course amounted to Rs.164.63 million.	The number left the course out of the number of 38,375 trainees enrolled under the hundred thousand jobs programme as at 31/12/2022 were 7,317 and they had left the course in various instances on various reasons during the training period .After the theoretical training of their first month of the training, as they had been attached to various government institutions for the service , it was stated that they had provided their service for the institutions they attached, for the monthly salary paid for them.	As expected target of the Department could not be achieved though leaving of trainees, suitable action should be taken to minimize the leaving.

4. Human Resource Maangement

The following observations are made .

<u>Audit Observation</u>	<u>Comments of the Accounting Officer</u>	<u>Recommendation</u>
The percentage of vacancies in all levels from the senior level to primary level in the approved cadre was existed from 28 per cent to 100 per cent.	It had been stated that as all recruitments for new posts has been postponed in terms of the provisions of the National Budget Circular No.03/2022 dated 26/04/2022, fulfillment of the vacancies existed in all levels from the senior level to primary level in the approved cadre of this department was not done during the year under review.	Attention should be paid on the filling of vacancies.