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ආසියානු සංවර්ධන බැංකුවේ ණය ආධාර මත සිදුකරනු ලැබූ ආහාර සුරක්ෂිතතාව හා ජීවනෝපාය ප්‍රතිසාධන හදිසි ආධාර ව්‍යාපෘතිය පිළිබඳ විශේෂ විගණන වාර්තාව

ஆசிய அபிவிருத்தி வங்கியின் கடன் உதவியின் அடிப்படையில் மேற்கொள்ளப்பட்ட உணவுப் பாதுகாப்பு மற்றும் வாழ்வாதார மீட்பு அவசர நிதி உதவித் திட்டம் தொடர்பான விசேட கணக்காய்வு அறிக்கை.

Special Audit Report on the Food Security and Livelihood Recovery Emergency Assistance Project carried out on the Loan Assistance of the Asian Development Bank

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



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01. Executive Summary

Since the second quarter of 2022, the food security and the livelihoods in Sri Lanka continuously deteriorated and the emergency aids had been requested by the Government from the Asian Development Bank in order to secure the food and the livelihoods of the poor and vulnerable persons under those circumstances. Accordingly, the agreement in relation to the loan of US \$ 200 million received had been signed on 09 September 2022 and the objective of this audit is to evaluate the performance of the Food Security and Livelihood Recovery Emergency Assistance Project on which the loan received had been expected to be utilized. The attention had been paid to the allowances paid to the Samurdhi beneficiaries, low income disabled and elderly persons, and kidney patients and pregnant and lactating mothers who had received the allowances in months of March and April 2023 and the farmers who had cultivated paddy in Maha season in 2022 under the loan aids from September to November 2022. Similarly, the Districts such as Kurunegala, Hambanthota, Moneragala, Anuradhapura and Batticaloa had been selected as the samples for the audit.

Even though the payment of the all welfare benefits of the government should be carried out as per the Welfare Benefit Act No. 24 of 2002, the facts such as selection of the Samurdhi beneficiaries through a committee established in Divisional Secretariat Division level by the Department of Samurdhi, not taken action to remove 449,979 beneficiary families who had been identified as suitable for removal on a survey performed from 2015 to 2017, there were about 62,943 empowered persons during 28 years since 1995 and that number was approximately 3.6 percent from the beneficiaries up to September 2022 had been observed with regard to the Samurdhi beneficiaries. in the analysis.

An amount of Rs. 35,184.4 million had been granted to 1090 Samurdhi banks by the Department of Samurdhi Development in order to pay for Samurdhi beneficiaries under this project. Similarly, an amount of Rs. 10,320 million had been paid to 643,641 Samurdhi beneficiaries as at 28 December 2022 in the districts included in the sample. It was also observed that existence of a considerable variation in the analysis of the Samurdhi beneficiaries of the districts belonging to the sample

according to the Poverty Index in the districts, delays in crediting the money for the payments from the Department of National Planning to the Department of Samurdhi Development and from Samurdhi Banks to the bank accounts of the Samurdhi recipients and there were 244 persons who were eligible to get the allowance, but had not received the allowances owing to the non-availability of the provisions.

As per the project administration manual, 3,486,449 beneficiaries had been directed to 1090 Samurdhi Banks to receive the allowances. Even if the computer software had been installed in the banks to pay the allowances, it was observed that the beneficiaries and the bank officers had been encountered with severe difficulties as the modules required for the operation of the said computer software were not accomplished, account activities were not carried out through a computer system in 66 banks, the pass books were not printed through the computer system in 199 banks and the transactions were recorded manually in the ledgers even by the banks equipped with computer systems.

It was observed that the other staff was deployed to fulfill the duties of the vacant posts in Samurdhi Banks, the number of Samurdhi beneficiaries per officer in Samurdhi Banks was between 300 to 700, the accounts had to be opened for elderly persons, kidney patients, disabled persons, pregnant and lactating mothers in addition to beneficiaries of Samurdhi subsidies, delay was experienced in the provision of loans and implementation of development projects due to the availability of a minimum staff, the number of Samurdhi Field Officers was not adequate, office spaces of most of the banks in the sample were not adequate, the computers, stationeries, fuel and transport facilities were not enough according to the information provided by the Samurdhi Field Officers, bank proceedings could not be done efficiently due to the unavailability of internet and electricity supply continuously, the pass books were not available in opening new bank accounts, the necessary equipment was not available for printing transactions of pass books, security facilities, sanitation and drinking water facilities and seating facilities were not sufficient, the files and documents had not been maintained properly by the respective institution, and there was a lack of method to identify the ineligible beneficiaries.

It was observed that Rs. 5,474.7 million for nearly 490,000 people above 70 years of age and Rs. 7.1 million for about 374 to 387 people who completed 100 years had been paid in considering the payment in the period of three months for low-income elderly people (Senior Citizens Allowance), the number of beneficiaries who actually received the allowances is lower than the number of beneficiaries identified as eligible, additional allowance (top-up) estimates had been duplicated and there were beneficiaries who had not opened the bank accounts, and almost all the banks examined were with significant balances at the end of payment periods due to paying less than expected amounts. Further, it was observed that there had been congestion in the banks as the Senior Citizens Allowances paid by 3,995 post offices were paid by 1090 Samurdhi Banks, and many elderly people have encountered with difficulties. Also, even if the payment of Senior Citizens allowances should be started by the 15th of every month, the allowances had been paid after a delay of around a month, and the money sent to Samurdhi Bank had been accounted under varied bases.

In the case of disabled persons and kidney patients, Rs. 1,385.3 million and Rs. 724.4 million had been paid respectively as allowances. It was observed that a large number of beneficiaries had difficulties in opening new bank accounts due to the payment of allowances only through Samurdhi Banks, there were weaknesses in timely communication of correct instructions, lack of physical and human resources in the banks, there had been a congestion in the banks due to the fact that beneficiaries who received allowances from banks or from Divisional Secretariat were referred to Samurdhi Banks, and there had been a negative impact on the efficiency of the programme owing to calling information required to pay the allowances from the Divisional Secretariat levels from time to time as the responsible institutions had not maintained correct and timely data.

Rs. 1533.2 million allowances were given to pregnant and lactating mothers. It was observed during the audit that some Samurdhi Banks received excess and insufficient funds due to lack of proper information sharing system between institutions, 392 eligible applicants were unable to make payments due to insufficient funds, 299 pregnant mothers who did not receive benefits due to the omissions of officials and changes in Samurdhi Banks, 43 percent of the money sent to Samurdhi Bank was found in the bank accounts and then the money was remitted to the Department of

Samurdhi Development, no efficient system was identified to select pregnant and lactating mothers as beneficiaries and it took almost 6 months to give orders to pay the money.

In the case of farmers who cultivated paddy in the 2022/2023 Maha season, financial allowances were to be paid to 600,000 farmers in two installments before land preparation and after planting, with a maximum of Rs.20,000 per hectare limited to 2 hectares, but only Rs.10,000 per hectare had been paid as the cash grants. It was observed that land preparation and planting of plants in the Maha season has been completed at the time of payment of allowances, specific system had not been prepared to provide the benefits within the expected period, Regional and Agricultural Research and Production Assistants had no idea on the exact number of farmers who had received subsidies and those who had not received subsidies, and although Rs.7,424,062,928 had been paid to 1,039,961 farmers by 31 July 2023 after spending more than 07 months for payment of benefits and comparison work, allowance of Rs.181,109,892 could not be paid due to the inactivity of the bank accounts of 31,008 farmers.

Furthermore, instances such as information about the gender of farmers had not been included in the Geo Goviya data system, the representation of women beneficiaries in any district, other than Batticaloa district, had not been 45 percent, the Geo Goviya system was unable to provide efficient service to the farmers due to insufficient physical facilities including the Web Server, the regional officers of the agrarian service centres had no enough time to enter the data through the data system, make the necessary corrections and confirm the accuracy, and it had not been possible to distinguish the number of farmers who had received and who had not received grants related to the agrarian service centres were observed.

In the evaluation of the output, the payments made to Samurdhi, the elderly, kidney patients and paddy farmers were in a higher level, the outputs of the payments made to disabled and pregnant and lactating mothers were not close to the expected level. In the examination of the progress in the achievement of the Sustainable Development Goals in Sri Lanka by aligning project objectives with the Sustainable Development Goals, it was observed that there had been no data on the population below the International Poverty Line, the population below the National Poverty

Line, the population covered by Social Security Benefits, obtaining Development Assistance for Poverty Reduction under Goal 01 and there had been no updated data on the population with food insecurity under Goal 02 and there had been no data on the formulation of policies for sustainable consumption and production and per capita food wastage and post-harvest damages under Goal 12 in the data portal of the Sustainable Development Council.

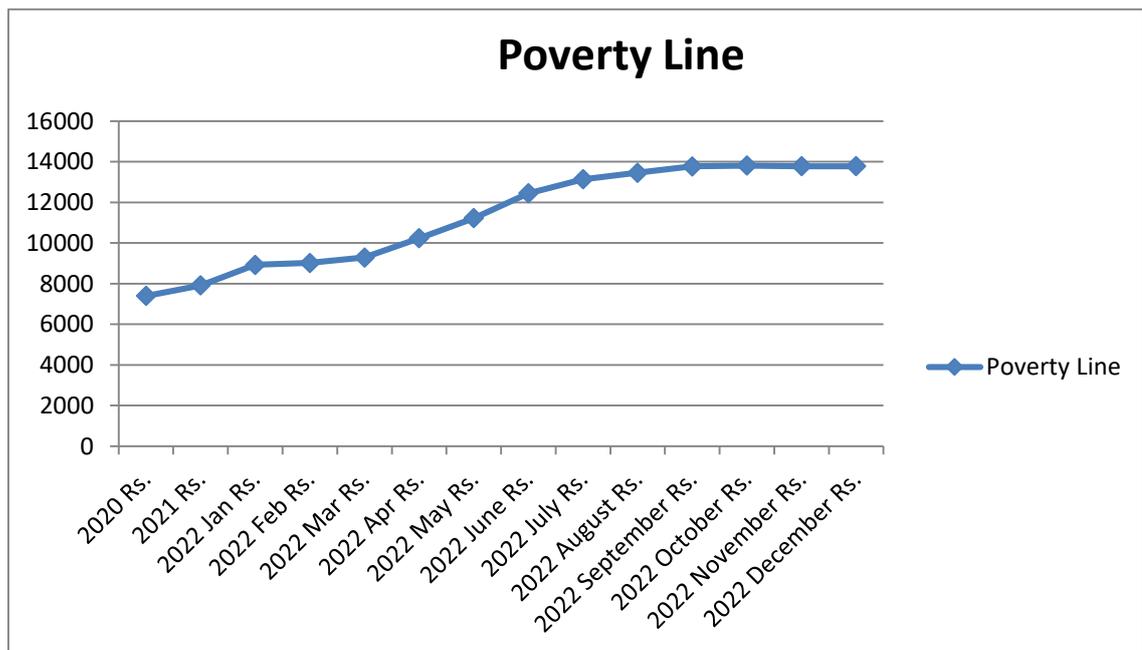
As per the gazette notification issued in terms of Welfare Act No 24 of 2002, Implementation of all welfare programmes as per the powers of the Commissioner of Welfare, provision of an efficient service through upgrading the CRM system of Samurdhi Banks, and also provision of required human and physical resources to the relevant institutions, planning and implementation of programmes with special care when providing benefits to targetted groups discussed in the report, entering the surveyed amount of land on the Geo Goviya computer system, upgrading the computer system in a such way that the required ammendments can be done immediatly as per the information provided by farmers, reaching consensus with the State Banks to actively maintain the Govi Diriya bank accounts, periodical referring of written Circular instructions to the relevant officers through new technology in an emergency payment of benefits and taking relevant measures, preparation of methods to separately obtain male and female data existing in all Governmental computer systems, carrying out of required activities by the relevant institutions for reaching Sustainable Development Goals following the identification of Gaps, ensuring the safety of people who are easily vulnerable to risks by the coordination of relevant Government institutions responsible for driving the policy decisions in respect of Government welfare payments towards achieving the relevant goals through timely and efficient methods are presented as the recommendations for the above observations.

02. Introduction

2.1 Background

2.1.1 Food Insecurity and Livelihoods are threatened

The price of fuel and basic food items in Sri Lanka has increased since the middle of 2022, and the agricultural production has decreased significantly, making it unaffordable for a part of the population to spend on food. Also, the government had predicted that there might be a food shortage in the country and there were threats of losing livelihoods. It was identified that estimated 5.7 million people in 25 districts throughout the country need humanitarian assistance in this situation. When examining the poverty line of Sri Lanka, it had steadily increased from the year 2020 to the year 2022 as follows.



Poverty Line

Source: Project Administration Manual (Project No. 56175-001 & Loan No.4205-SRI)

2.1.2 Food Security and Livelihood Recovery Emergency Assistance Project

Food security and livelihoods in Sri Lanka continued to deteriorate from mid-2022, and the situation worsened in the months that followed. Therefore, the Government of Sri Lanka requested emergency assistance from the Asian Development Bank (ADB) in May 2022 as a response to a crisis of food insecurity prevailed in the country to ensure access to food for poor and vulnerable people and protect their livelihoods. Accordingly, it had been approved a loan of US\$ 200.00 million from the Asian Development Bank from its general capital resources and a grant of US\$ 3 million from the Japan Fund for a Prosperous and Resilient Asia and the Pacific (JFPR) region for the project on 30 August 2022. The Loan and Grant Agreements were signed on 9 September 2022 and they are effective from 16 September 2022. The project aims to improve food security and livelihoods of the poor and vulnerable, especially women and children. The project consists of the following three deliverables:

- (i) Direct financial support for the poor and vulnerable temporally scaled up and broadened.
- (ii) Improved support for livelihood development activities of the poor and vulnerable provided.
- (iii) Social Protection Systems enhanced.

Output 1: Direct financial support for the poor and vulnerable temporally scaled up and broadened.

It was expected to provide direct financial assistance to the poor and vulnerable for at least 3 months to offset the rapidly rising food prices through existing social assistance programmes including Samurdhi Subsidy Programme, Senior Citizen Allowance, Disability Assistance Programme, and Assistance for Kidney Patients.

Subsidy category	Existing Subsidies (Rs.)	Additional Subsidies (Rs.)	No. of Existing beneficiaries (Mn)	Families on the waiting list (Mn)
Families with 4 or more members	4,500	3,000	1.76	0.73
Families with 3 members	3,200	3,100	(Families)	(Families)
Families with less than 3 members	1,900	3,100		
Senior Citizen Allowance				
- Over 70 years	2,000	3,000	0.42	0.24
- Over 100 years	5,000	2,500		
Disability Allowance	5,000	2,500	0.11	0.07
Support for kidney patients	5,000	2,500		
Pregnant mothers	5,000	-	0.3	

* Allowance for Samurdhi, Senior Citizens, Disabled, Kidney Patients on the waiting list - 5000

Output 2: Improved support for livelihood development activities of poor and vulnerable provided. The project will give an enhanced support through a combination of financial support, training, technical and know-how assistance, consultancy and training to the livelihood development activities of the poor and vulnerable, especially farmers and low-income families, to restore livelihoods and increase capacity and food security.

Subsidy category	Subsidy (Rs.)	Estimated Beneficiaries
Maximum 2 hectares	20,000 per hectare (2 installments)	600,000
Low income families	100,000	7,500 families

Source Project Administration Manual – Project No.56175-001 & Item No. 4205-SRI

Output 3: Social Protection Systems Enhanced

The output will increase the efficiency and transparency of money transfer processes and mechanisms through ensuring that the project reaches its intended beneficiaries and building resilience to future emergencies in social security systems, selection, verification, monitoring and communication of beneficiaries funded by the project and modernize the existing Information Technology systems and digital tools for the Samrudhi Programme and the Department of Agrarian Development (DAD). Also, capacity building of officials at national, regional and field level is being done for effective use of modern IT systems and digital tools.

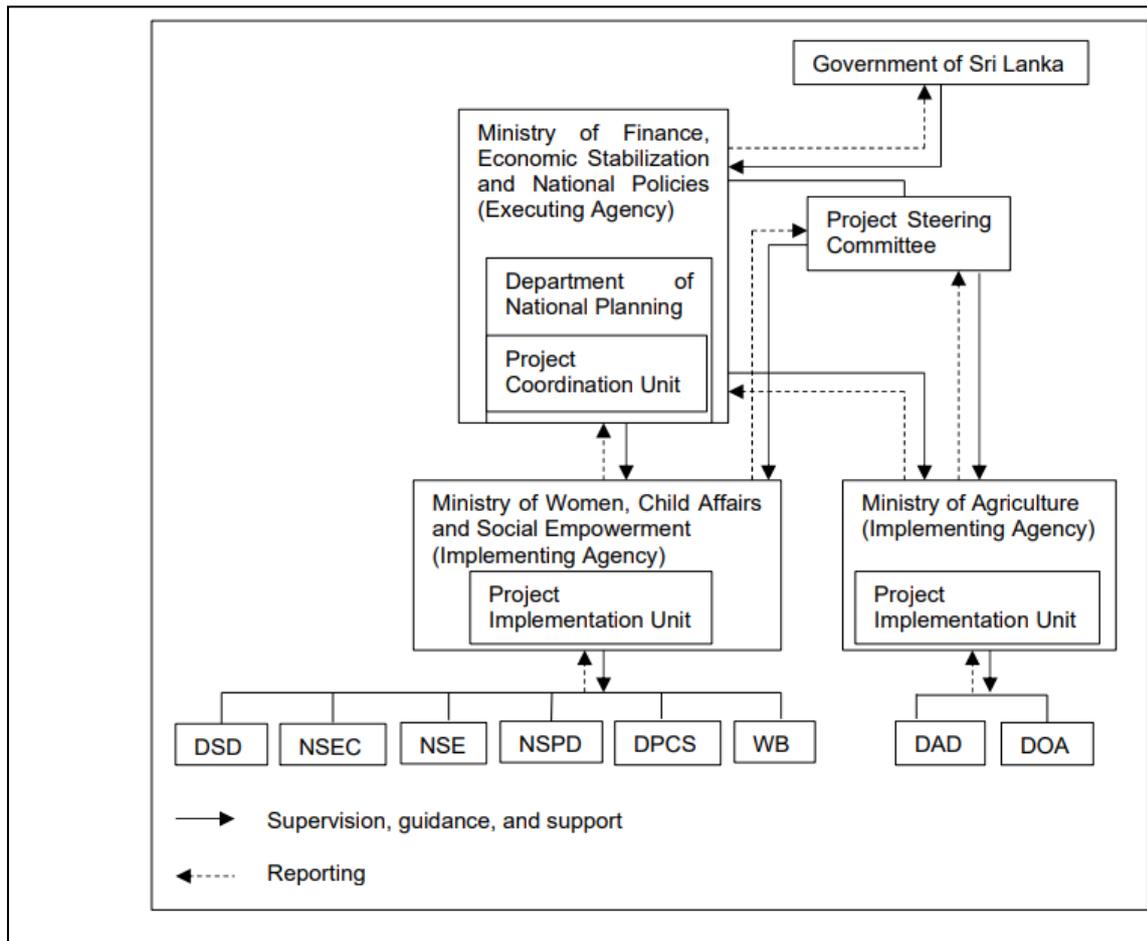
2.1.3 Project implementation and management arrangements

The executive agency of the project is the Ministry of Finance, while the project implementing agencies are the Department Of Samurdhi Development under the Ministry of Women, Child Affairs and Social Empowerment and the Department of Agrarian Development under the Ministry of Agriculture.

A Coordinating Unit was established by the Ministry of Finance within the Department of National Planning in May 2022 for the Contingent Emergency Response Component enabled by the World Bank to coordinate related agencies. This Coordinating Unit acts as the Project Coordination Unit to provide overall guidance and support for the implementation, coordination and management of the project also under the supervision of the Director General of the Department of National Planning.

A Project Implementation Unit (PIU) responsible for the day-to-day management of project activities to be implemented by departments and agencies under the Ministry of Women, Child Affairs and Social Empowerment had been established by the Ministry of Women, Child Affairs and Social Empowerment following applicable government laws and regulations as well as Asian Development Bank policies and guidelines. Also, the Ministry of Agriculture has established a Project Implementation Unit (PIU) which is responsible for the day-to-day management of the project activities to be implemented by the departments under the Ministry of Agriculture.

The overall process of project implementation is as given below.



DSD - Department of Samurdhi Development, NSEC - National Secretariat for Early Childhood Development, NSE - National Secretariat for Elders, NSPD - National Secretariat for Persons with Disabilities, DPCS - Department of Probation and Child Care Services, WB - Women's Bureau of Sri Lanka, DAD - Department of Agrarian Development, DOA - Department of Agriculture

Source: Project Administration Manual (Project No. 56175-001 & Loan No. -4205-SRI)

The estimated cost of the project is \$203.36 million. Project investment costs include emergency cash assistance, data collection and monitoring and evaluation, training, IT products and services, IT equipment, consulting services and project management. The sum of physical and price uncertainty is \$1.61 million. The project, signed on 09 September 2023 and effective from 16 September 2023, is expected to be completed by 29 February 2024.

2.2 Audit Objective and Criteria

2.2.1 Audit Objective

The objective of this audit is to evaluate the performance of the Food Security and Livelihood Recovery Emergency Assistance Project financed by the Asian Development Bank.

2.2.2 Audit Criteria

	Sub-audit Questions	Audit Criteria	Source
1	Are the policies, procedures, systems and practices of the Government Welfare Assistance Programme and the Asian Development Bank consistent with each other?	1.1 Relevant conditions of the loan agreement between the Government of Sri Lanka and the Asian Development Bank 1.2 Requirements of the Project Administration Manual 1.3 Requirements of Samurdhi Act, No.01 of 2013 1.4 Requirements of Protection Of The Rights Of Elders Act (No. 9 of 2000) 1.5 Requirements of Protection Of Rights Of Persons with Disabilities Act (No. 28 of 1996) 1.6 Providing monthly living support for kidney patients. 1.7 The requirements of the Welfare Benefits Act No. 24 of 2002	Loan Agreement No. 4025 Project Administration Manual (Project No.56175-001) Samurdhi Act, No.01 of 2013 Protection Of The Rights Of Elders Act (No. 9 of 2000) Rights Of Persons with Disabilities Act (No. 28 of 1996) Ministry of Social Services Circular 1/2015 Welfare Benefits Act No. 24 of 2002

	1.8 Requirements of the Sustainable Development Act No.19 of 2017.	Sustainable Development Act No.19 of 2017.
	1.9 The requirements of the Agricultural Development Act No. 46 of 2000	Agricultural Development Act No. 46 of 2000
	1.10 The requirements of relevant circulars issued by government agencies require	
2.1 Whether the activities to achieve Output 1 had been carried out as planned in the Project Administration Manual?	Activities as per detailed project implementation plan	Project Administration Manual (Project No-56175-001)
2.2 Whether there is a sufficient transparency and accountability to ensure the selection of beneficiaries, the payment of money and to ensure fairness and timeliness of the Programme?	2.2.1 Low income earners, elderly senior citizens, people suffering from kidney diseases and disabled people have been selected for the programme. 2.2.2 Being a 3 month pregnant mother or a lactating mother with a baby between 1-4 months of age has been selected for the feeding programme.	Subsection 15 of the Project Administration Manual. Circular 06/2022 dated 14 October 2022 of the Ministry of Women, Child Affairs and Social Empowerment.

- 2.2.3 Samurdhi money should be credited to the beneficiary accounts within 03 days after receiving the money in the relevant month. Samurdhi Department Accounts Circular No. 08/2017 dated 31 March 2017
- 2.2.4 Payment of related allowances for the selected senior citizens should be initiated by 15th of the prescribed months. Circular No. NSE/DEV/03/04 dated 15 October 2018 of the Secretary' of the Ministry of Primary Industries and Social Empowerment
- 2.2.5 Payment of allowances to selected beneficiaries suffering from kidney diseases and disabilities should be made as sheduled. Circular dated 27 April 2015 and bearing number 01/03/2015/NSPD of the National Secretariat for Persons with Disabilities
- 2.2.6 Rs. 10,000 has been paid for pregnant and lactating mothers Circular 06/2022 dated 14 October 2022 of the Ministry of Women, Child Affairs and Social Empowerment

- 3.1 Whether activities to achieve Output 2 had 3.1.1 Activities as per detailed proje Project Administration

been carried out as planned in the Project Administration Manual?

Manual (Project No-56175-001)

- 3.2 Whether there is a sufficient transparency and accountability for selection of beneficiaries, to ensure fairness and timeliness of cash payments and programme for Output 2?
- 3.2.1 Farmers who cultivated paddy in the 2022/2023 season have been selected
- 3.2.2 The selected farmers had been paid Rs. 20,000 per hectare before land preparation and after planting in two installments. (up to a maximum of two hectares)
- 3.2.3 Every Agricultural Development Council should survey the agricultural lands within its jurisdiction.
- 3.2.4 Information should be maintained about welfare beneficiaries in the form of electronic documents and electronic records.
- 3.2.5 Gender equality (45 percent of the 600,000 farmers expected to give benefit are women.)
- Subsection 16 of the Project Administration Manual (Project No.56175-001)
- Section 55 of the Agricultural Development Act No. 46 of 2000 as amended by the Agricultural Development Act No. 46 of 2011
- Orders made under section 27 of the Welfare Benefits Act No. 24 of 2002
- Project Administration Manual (Project No-56175-001)

4. Whether the project objectives have been met through related activities?	4.1 Establishing the Project Steering Committee and carrying out the expected regulatory functions.	Project Administration Manual (Project No-56175-001)
	4.2 Performance indicators as per chapter ix of the Project Administration Manual.	Project Administration Manual (Project No-56175-001)
	<ul style="list-style-type: none"> • Reducing food insecurity by 30 percent • Cultivation of 80 percent of land in the zones with high Yeild. Maha Season (September 2022 - March 2023) • Harvesting of at least 75 percent of the rice yield received in the Maha season of year 2020-2021. • Cash grants had been provided to 1.76 million beneficiaries and 0.73 million in waiting list of low income families. • Cash grants had been provided for 0.42 million low-income seniors (over 70 and 100 years old) and 0.24 million on the waiting list. • Cash grants had been provided for 71,000 low-income disabled persons and 61,000 on the waiting list. 	

- Providing aid to 38,000 low-income kidney patients and 5,000 on the waiting list.
- Cash grants had been provided for 300,000 pregnant and lactating mothers.
- Cash grants had been provided to at least 600,000 paddy farmers for the Maha season (September 2022 March 2023)

4.4.2. Requirements of Sustainable Development Act No. 19 of 2017

Sustainable Development Act No. 19 of 2017

2.3 Audit Scope and Limitation of the Scope

2.3.1 Audit Scope

Low income families and beneficiaries in waiting lists registered with the Department of Samurdhi Development from September to November 2022, senior citizens over 70 years of age and over 100 years of age who are eligible and on the waiting list for the allowance for Senior Citizens at the National Secretariat for Elders, disabled and persons registered in the waiting list of the National Secretariat for Persons with Disabilities, beneficiaries receiving and listed in the waiting list for kidney allowances and pregnant and lactating mothers entitled for allowances and farmers registered with the Department of Agrarian Development and had cultivated paddy in the 2022/2023 Maha season are covered by the financial grants under the Asian Development Bank Loan Assistance Programme. Further, only the districts of Kurunegala, Hambantota, Anuradhapura, Monaragala and Batticaloa had been selected for this audit. According to the Poverty Line Index prepared by the Department of Census and Statistics (DCS), the above districts have more number of poor and vulnerable people and those districts which have most extent of paddy land are the basis for it.

2.3.2 Scope Limitations

Physical inspections had to be limited due to the limited staff and physical resources available during the inspection of financial assistance for paddy farmers, Samurdhi beneficiaries, disabled and elderly people, kidney patients, pregnant and lactating mothers covered under the above project.

2.4 Audit Approach

The approach used here is a combination of results and systems approach as outlined in ISSAI 3000/40. It was examined by this audit whether the outputs and objectives of the project have been achieved as per the results approach and whether management and information systems are functioning properly in the implementation of project activities under the systems approach.

2.5 Audit Methodology

The following procedures were followed for this audit.

- (a) Discussions with officials of the Planning Department of the Treasury related to this project, obtaining information through questionnaires and analyzing financial reports.
- (b) Examining the adherence to the conditions and criteria mentioned in the Administration Manual issued for the implementation of the project and the adherence to ordinances, guidelines and circulars, letters of instructions etc.
- (c) Data acquisition through Deputy/Assistant District Agrarian Development Commissioners, and through the Regional Officers and Agricultural Research & Production Assistant officers of the Agrarian Service Centers under the Department of Agrarian Development.
- (d) Discussion with the Assistant Commissioner of Agrarian Development, officers in charge of Geo-goviya database which is the operational database of the project and data acquisition through the Geo-goviya database system.

- (e) Conduct meetings, discussions with representatives of farmer organizations and farmers who have grown paddy in the 2022/23 Maha season and call for information.
- (f) Obtaining information from the website of the Department of Agrarian Development.

2.6 Authority for Audit

This special audit was conducted under my direction in accordance with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka and the provisions of the National Audit Act No. 19 of 2018.

2.7 Limitations on Data Uses

- (a) Beneficiaries selected by the concerned institutions are the Samurdhi, elderly, kidney and disabled, pregnant and lactating mothers and farmers who cultivated paddy in the 2022 Maha season. It is impossible to directly verify whether all beneficiaries are selected on correct basis.
- (b) Absence of necessary information such as birthdays, identity card numbers of certain Samurdhi beneficiaries in the CRM data system of the Samurdhi Development Department.
- (c) Even though the auditors are given access to the relevant database to obtain information about the programmes implemented by the Department of Agrarian Development for the Food Security and Livelihood Recovery Emergency Assistance Project under the Asian Development Bank loan assistance, absence of necessary information such as birthdates, identity card numbers of certain Samurdhi beneficiaries in the CRM database of the Samurdhi Development Department. Non-availability of information such as the amounts of land cultivated by farmers at a particular date, amount of financial aid provided amounts for which allowance payments were denied and amount rejected directly to auditors.

03. Detailed Audit Observations

3.1. Grant of Samurdhi Allowances

Under the Food Security and Livelihood Recovery Emergency Assistance Project implemented on the loan assistance of the Asian Development Bank, the Department of Samurdhi Development had provided a sum of Rs. 35,184,484.440 for 1090 Samurdhi Commiunity Base Banks for making payments to Samurdhi beneficiaries (including the beneficiaries in the waiting list) from September to November in the year 2022. In this regard, 640,000 Samurdhi beneficiaries in the districts of Kurunegala, Hambantota, Anuradhapura, Monaragala and Batticaloa, who were included in the sample that had been audited, had been paid an amount of Rs.10,320,855,050 for the period of 03 months from September to November 2022.

The Department of Samurdhi Development had sent an amount of Rs.1,171,249,200 to 27 Samurdhi Zones to pay subsidies to about 67,000 Samurdhi recipients in 09 Divisional Secretary's Divisions, which had undergone field checks by the audit, in the above 05 districts. The following matters were observed in that regard.

3.1.1 Selection of Appropriate Beneficiaries

Sri Lanka has provided various subsidies to the people over the decades since independence. It was started by the Parliamentary Act No. 30 of 1995 as the national campaign to eradicate poverty, and then the Divineguma Development Department was established under the Divineguma Act No. 01 of 2013 and the Samurdhi Development Department was established under the Divineguma (Amendment) Act No. 02 of 2017. 1090 Samurdhi Commiunity Base Banks have been established covering 14,022 Grama Niladhari Divisions in 332 Divisional Secretary's Divisions in 25 District Secretariats. According to the Project Administration Manual, the number of Samurdhi beneficiaries is 2.49 million. The Government had implemented programmes for 28 years with the vision of eradicating poverty and empowering the community through livelihood and economic activities.

The most poverty-stricken families had been identified by evaluating the families through 29 sub-criteria under 06 sections namely education, health, economic status,

wealth, housing, and family health status in the letter bearing No. SDD/HO/FT/BIMS dated 23 June 2017 of the Director General of Samurdhi Development Department for the selection of beneficiaries of the Samurdhi subsidy according to a scientific method based on the survey of low-income families. Moreover, when a person is found to be eligible for the payment of welfare benefits, he shall be deemed eligible to receive welfare benefit payments for an initial period of 12 months in accordance with the provisions of 7(1) of the Welfare Benefits Act No. 24 of 2002, and the Commissioner of the Welfare Benefits Board should inform the person in that regard. If the person is eligible at the end of that initial period, he is eligible to apply for entry into the welfare scheme in terms of this Act.

Moreover, in the event that the Board decides that such a person is no longer eligible to receive the welfare benefit payments, the Commissioner shall notify that person in that regard. Accordingly, all payments made to that person under any public assistance scheme or under any legal provisions in force during the relevant time for the purpose of poverty alleviation or any other work by considering that the person is eligible for receiving welfare benefit payments in terms of sub-section 7(2) of the said Act, or all payments received by him or all benefits received by him shall cease with immediate effect. Thus, the following matters were observed regarding the method of selecting a family eligible for obtaining the Samurdhi subsidy.

- (a) Compliance with the Welfare Benefits Act No. 24 of 2002 for the selection of families eligible for obtaining the Samurdhi subsidy.

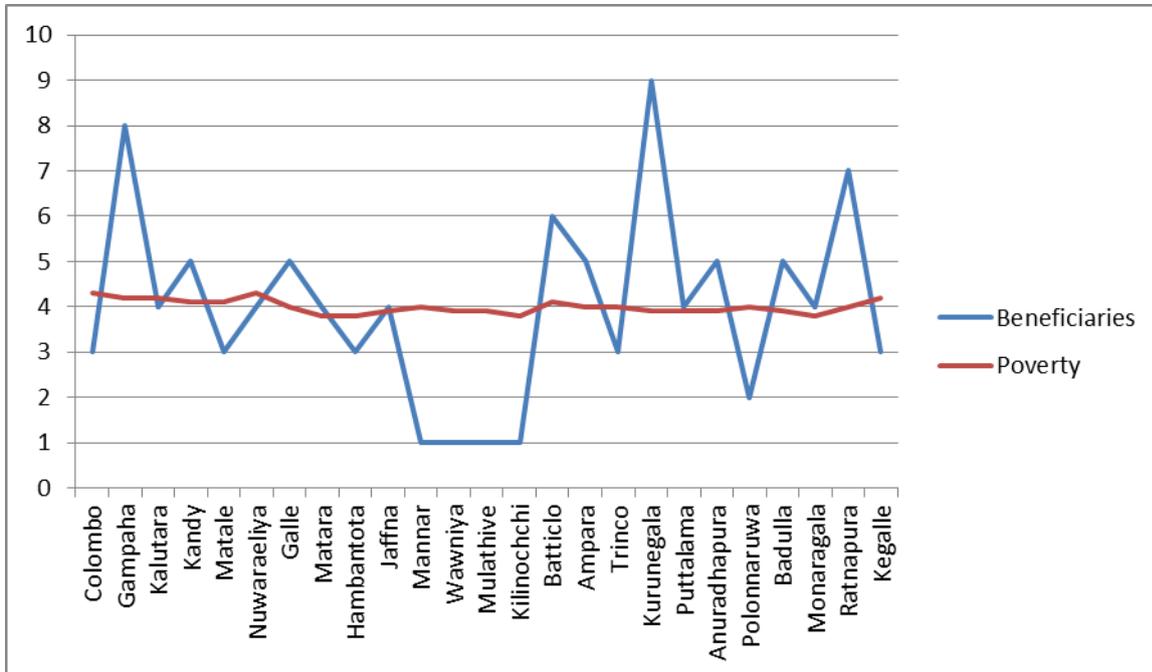
Action should be taken in compliance with the Welfare Benefits Act No. 24 of 2002 for making the legal factor structure necessary for the payment of all welfare subsidy benefits and only persons declared by the Welfare Benefits Board should apply for any welfare benefit scheme in terms of sub-section 7(1) thereof. Even though the Welfare Benefit Board had been in operation since 15 February 2016, since the people, who had been eligible to pay the welfare benefits had not been identified, the Department of Samurdhi Development itself had selected the beneficiaries of Samurdhi Subsidy by a committee formed at the Divisional Secretariat level. As mentioned in the Gazette Extraordinary No. 20 of 2022, which had been issued in accordance with Welfare Benefit Act at present, a system called “Aswasuma” for selecting low-income families had been introduced from the year 2023.

(b) Cancellation of Samurdhi membership due to submission of false information

During the period from 01 December 2022 to 31 March 2023, Samurdhi membership of 22 persons from the Nochchiyagama Divisional Secretariat in Anuradhapura District and 12 from the Galgamuwa Divisional Secretariat in Kurunegala District had been revoked owing to submitting incorrect information. It was observed that these people have been receiving Samurdhi subsidies for a long time.

(c) Only 922,715 out of the 1,372,694 subsidized beneficiaries had been identified as low income families in the survey for the identification of low income families conducted in the years of 2016-2017 according to the criteria of the letter bearing No. SDD/HO/FT/BIMS dated 23 June 2017 of the Director General of the Department of Samurdhi Development. Moreover, only 450,959 had been identified as low income persons out of 2,235,573, who had been the new applicants for subsidies.

(d) In the analysis of Samurdhi recipients of the districts included in the audit sample according to the poverty index of the districts, a considerable variation was observed between them as follows.



3.1.2 Efficient and effective disbursement of subsidies to the respective beneficiaries of the subsidies by Samurdhi Banks.

It was expected from the emergency assistance project to ensure accurate and timely disbursement of funds to the beneficiaries of subsidies. However, the funds had not been credited to the accounts of the beneficiaries as planned. The following observations are made in this regard.

- (a) The delay in crediting money from the National Planning Department to the Department of Samurdhi Development had been about 30 days. It was observed according to the information received from them that the beneficiaries and the officers of Samurdhi Banks had to suffer various inconveniences as the beneficiaries had not received subsidies within the relevant month due to this delay.
- (b) It was observed that according to the information submitted to the audit by the Samurdhi Field Officers, there had been 244 people in 11 Grama Niladhari Divisions, who had been not receiving subsidies due to the lack of provision although they had been eligible to receive subsidies and the total amount to be paid to them as monthly subsidy had been Rs.1,627,300.
- (c) Release of imprest to Samurdhi Banks

According to the Accounts Circular No. 08/2017, the Regional Secretary should prepare Samurdhi Beneficiary List in 02 copies and one copy should be sent to Samurdhi Bank in the first week of every month and the other copy should be sent to the District Samurdhi Director and money should be credited to the beneficiary accounts based only on the list updated monthly by the Divisional Secretary. Moreover, the money required for the payment of benefits is remitted to the official current account of Samurdhi Bank by the Head Office based on the monthly maximum reports provided by the district Samurdhi offices at Samurdhi Bank level. However, it was observed in Samurdhi Banks in Ibbagamuwala, Thanamalvila, Hambegamuwa, Kataragama, Irudayapuram East,

Karavetti and Irudayapuram East that the number of beneficiaries related to the subsidy amounts remitted to the official current account of Samurdhi Prajamula Bank by the head office does not match with the number of beneficiaries, to whom the subsidies were paid by Samurdi Bank.

3.1.3 Availability of human resources required for efficient provision of Samurdhi Subsidies to beneficiaries

Adequate physical and human resources should be available in Samurdhi Banks to provide Samurdhi subsidies to the relevant beneficiaries on the due time. Moreover, there should be a sufficient number of officials belonging to the Divisional Secretariats to identify the beneficiaries, who are eligible to receive Samurdhi subsidies. The following matters were observed in this regard.

(a) Human Resources available in Samurdhi Banks

(i) Compliance of bank staff with the approved staff

Vacancies in human resources were observed in 07 Samurdhi Banks included in the audit sample. Non-Samrudhi Bank officials were employed in this case, and the other staff of the bank had to be employed to discharge the functions to be performed in the vacant positions. Moreover, it was observed that the functions of the position of cashier, which had been vacant in Kandulawa Bank, was being discharged by the accounts clerk, and thus there was no division of work and it was observed that there were weaknesses in the internal control process.

(ii) Human resources of Samurdhi Banks in relation to the role that should be performed

The number of Samurdhi beneficiaries per officer in Samurdhi Banks was between 300 to 700. Similarly, there was a significant number of elderly persons, kidney patients, disabled persons, pregnant and lactating mothers receiving subsidies in addition to beneficiaries of Samurdhi subsidies, and there was also a large number of other bank accounts that were not beneficiaries of Samurdhi subsidies under 5 types of accounts. Moreover,

ledger accounts should be maintained for each bank account using the manual method in addition to the computer system. This situation had led to heavy queues and congestion in the bank. Furthermore, the Samurdhi Development Officers had stated that there were delays in the performance of other duties, such as, providing loans and implementing development projects by the bank owing to the payment of subsidies using a minimum staff.



Congestion in Palugasweva Samurdhi Bank on 26 June 2023

(b) Adequacy of field officers in Samurdhi Zones.

The field officers attached to the Samurdhi Zones perform the following functions as part of their regular duties.

- Aggregation of deposits
- Granting of loans and collection of loans
- Conducting society meetings
- Following-up of Livelihood projects
- Implementation of Shramadana and other development projects
- Preparation of Samurdhi subsidy documents
- Revisions (Transfers, Removals) of Samrudhi beneficiaries

- (i) Due to the subsidy programme implemented by the Asian Development Bank, the field officers in the Samurdhi Zones had to perform functions such as preparing lists of beneficiaries, creating awareness, visiting homes to get information and opening accounts for people, who do not have accounts as

additional duties. Under such a situation, it was observed that the field officers attached to Samurdhi Zones had not been adequate.

(ii) Thus, it was observed that the number of beneficiaries, who get Samurdhi subsidy had not been taken into account in attaching the field officers in Grama Niladhari Divisions and one field officer in Thanamalvila and Kataragama divisional secretariats had to cover a very large number of Samurdhi Beneficiaries. Therefore, the field officers had stated in the information obtained from them that it is very difficult to identify the beneficiaries.

(c) According to the information given to the audit by the field officers of the Samurdhi Zones, the following issues had arisen in the implementation of the subsidy programme implemented by the Asian Development Bank.

- (i) Inability to manage time
- (ii) Mentioning short names in the documents
- (iii) Not including the identity card numbers in the documents
- (iv) Non-availability of necessary documents for deletions and insertions of names in the documents
- (v) Non receiving the co-operation from other officers
- (vi) Minimum level of computer and internet facilities
- (vii) Preparing reports within a short period of time
- (viii) Difficulty in identifying persons
- (ix) Aged beneficiaries had been living outside the divisions
- (x) Inability to locate residences
- (xi) Delay in opening bank accounts by beneficiaries

It was observed that the field officers of Samurdhi zones had not been able to perform their duties efficiently due to the issues mentioned above.

3.1.4 Adequacy of physical resources required for the efficient provision of Samurdhi Subsidies to beneficiaries

Physical resources should be available properly in Samurdhi Banks to provide Samurdhi subsidies to the relevant beneficiaries on due time. Both the officials on duty and the beneficiaries were inconvenienced due to lack of sufficient physical resources. According to the information given to the audit by Samurdhi Banks, apart from the two Samurdhi Banks in Kadulawa and Hambegamuwa, the office facilities of the Samurdhi Banks, which had been selected to the sample, were not sufficient. It was observed that facilities such as computers, stationery, fuel and transport, continuous internet and electricity supply, security facilities, sanitation and drinking water facilities and seating facilities were not sufficient. It was observed that pass books were not available in opening new bank accounts for the new beneficiaries of subsidies and the necessary equipment was not available for printing transactions of pass books. In the field examination conducted by the audit, the inadequacy of the facilities was confirmed as follows.



Inadequate space facilities of offices
Kataragama Samurdhi Bank- 24 May 2023



Non-maintenance of buildings
Galgamuwa Samurdhi Bank- 16 May 2023



Kataragama Samurdhi Bank - 24 May 2023

3.1.5 Proper maintenance of necessary files and documents for efficient delivery of Samurdhi subsidies to the beneficiaries

According to sub-section 08 of Accounts Circular 08/2017, the following documents should be maintained by the District Samurdhi Office, Divisional Secretariats and Samurdhi Banks.

- i. Circular file of subsidies
- ii. Samurdhi beneficiary list
- iii. Monthly maximum report file
- iv. Detailed report of monthly revisions
- v. Subsidy Revision File
- vi. Waiting list
- vii. Updated registers of beneficiaries of Reverend/ Elderly / Children/Disabled Institutions
- viii. File on accounts, to which subsidies had not been credited monthly

However, it was observed during the field inspection conducted by the audit and according to the information presented by Samurdhi Banks, that these files and documents had not been maintained properly by the District Samurdhi Offices, Divisional Secretariats and Samurdhi Banks.

3.1.6 Removal of Samurdhi Beneficiaries

According to sub-section 1.5 of Accounts Circular 08/2017, if there is any objection regarding the beneficiaries of subsidies, the Divisional Secretary reserve the authority to cancel the subsidies under sub-section 1.6. Thus, it was observed that unqualified beneficiaries of subsidies cannot be identified until there is an objection.

3.1.7 Effectiveness of the subsidy programme implemented by the Department of Samurdhi Development

The main objective of providing subsidies by the Department of Samurdhi Development under the Food Security and Livelihood Recovery Emergency Assistance Project implemented on the loan support of the Asian Development Bank

to the Samurdhi beneficiaries (including the waiting list) from September to November 2022 was to empower the poor people affected by the economic crisis. According to Samurdhi Circular 2018/07 of the Planning and Operations Department, empowered families are mainly divided into two parts, namely temporarily empowered families and fully empowered families. Basically, the families, who had achieved some success economically, socially and psychologically are considered as temporarily empowered families and those families will be provided with a subsidy of Rs. 420 until they are fully empowered. Families with high monthly income (eg. monthly income of a family of 4 members earning Rs 24000 or more) and sustainably empowered families with socially and psychologically are considered as fully empowered families.

(a) Empowerment of Samurdhi Beneficiaries

In examining the details of persons, who had not receiving subsidies from the year 1995 to September 2022 as they had been empowered but had accounts for other benefits, it could be identified that the percentage of empowerment of persons had been 01 percent or less in the districts of Colombo, Jaffna, Mannar, Mullaitivu, Kilinochchi and Puttalam. Since 3.6 percent of the registered beneficiaries had been empowered during the 28 years of the Samurdhi campaign started in 1995, it was observed that the productivity of this Samurdhi subsidy campaign was in a very low level.

Even though 62,943 persons had not received subsidies, they had been members of Samurdhi due to other benefits provided by Samurdhi movement (loans at subsidized interest, admission of children to schools, bursaries, hydroelectric facilities at subsidized rates etc.) and a sum of Rs. 420 was monthly credited out of the treasury provision to their accounts. Therefore, even though the Samurdhi beneficiaries were fully empowered, the Government had to bear the cost on behalf of them as well.

- (b) During the inspection of the bank accounts of the subsidized beneficiaries of Samurdhi Banks, it was observed that some of the subsidized beneficiaries have not withdrawn the subsidies credited to their accounts for a considerable

period of time and some of the subsidized beneficiaries have taken the accumulated subsidies of several months from the account at once according to their financial need. Accordingly, it is problematic that some beneficiaries had not taken the subsidies for a long period of time, even though it was expected through this project to provide immediate financial relief to the people affected economically.

- (c) 13 banks, out of 27 Samurdhi Banks that belonged to the audit sample, had not provided information about the relevant bank and the Samurdhi field officers as mentioned below as requested by the audit.

Divisional Secretary's Division	Samurdhi Bank
1. Ambalantota	Bolana
2. Ibbagamuwa	Gokarella
3. Ibbagamuwa	Diyathura
4. Galgamuwa	Siyambalangamuwa
5. Galgamuwa	Mahagalkadala
6. Galgamuwa	Galgamuwa
7. Galgamuwa	Mahananneriya
8. Galgamuwa	Palukandeva
9. Nochchiyagama	Nochchiyagama
10. Nochchiyagama	Dombawalagama
11. Nochchiyagama	lindaweveva
12. Manmune North	Kalladi
13. Manmune North	Iruthayapuram

3.2 Providing Financial Grants for Elderly Persons (Senior Citizens Allowance)

During the period under review, an amount of Rs.5, 474,711,400 was paid to elders above 70 years of age and Rs.7, 102,500 to elders, who completed 100 years of age.

3.2.1 Organizational Readiness

According to the Protection of the Rights of Elders Act No.9 of 2000, reaching the age of 60 is defined as an adult and reaching the age of 70 is defined as the eligibility for being a beneficiary under the budget proposals of 2012.

Low-income earners and adults at-risk have been selected as the relevant beneficiary category in providing financial allowances for the senior citizens under the loan scheme of the Asian Development Bank. In making payments for these senior citizens, allowances had been made under two categories such as age above 70 years and age above 100 years (centenarians). Moreover, in the payment of senior citizens allowances, those payments had been made under the two categories of regular and persons in waiting lists. In the payment of regular allowances, an additional allowance(top-up) had been made for the elder’s in addition to that regular allowance. The elders had been made aware of applying for obtaining in subsidy through Rural Elders Committee.

The main institute dealing with the elders in Sri Lanka is the National Secretariat for Elders that operates under the Ministry of Women, Child Affairs and Social Empowerment, and according to that, the number of persons qualified for obtaining the regular financial assistance allowances for elders for the above months is as follows.

Month	Regular Allowance		Additional Allowance	
	Number of Adults Over 70 Years of Age	Number of Adults Over 100 Years of Age	Number of Adults Over 70 Years of Age	Number of Adults Over 100 Years of Age
September	416,178	466	235,968	243
October	416,564	467	232,936	265
November	416,564	467	232,936	259

3.2.2 Making Payments for Elders

3.2.2.1 Payment of Allowances for elderly persons above 70 years of age

The following observations are made in this regard.

- (a) Even though the number of beneficiaries estimated by the Department of Samurdhi Development to pay the allowances of low-income earning elders had been 132,500 each for the respective month, the number of beneficiaries,

for whom money had been credited to Samurdhi Banks for payment, had been nearly 115,000. Therefore, it was observed that the relevant estimates had been a high value of approximately 13 percent.

- (b) Even though the number of beneficiaries in the waiting lists identified for each month for the period under review was 131,978 according to information obtained from the National Secretariat for Elders, which is the main institute for protecting the rights of the elders in Sri Lanka, money had been credited to Samurdhi Banks for making payments to 115,037, 115,018 and 115,753 beneficiaries for the months of September, October and November 2022 respectively. Accordingly, a difference of about 13 percent was observed between the identified beneficiaries in waiting lists and the beneficiaries, for whom money had been credited in the banks.
- (c) Moreover, when comparing the number of beneficiaries, to whom money had been credited to Samurdhi Banks for making payments for the months of September, October and November 2022 by the Department of Samurdhi Development and the number of beneficiaries, to whom payments had been made actually by Samurdhi Banks, it was observed that the amount credited to the banks for additional allowances(top-up) had been a higher amount in the range of about 11 percent to 13 percent and it had been a higher value as 28 percent in case of the beneficiaries in the waiting lists. (Annexure 01)
- (d) Due to the above situation, it was observed during the audit that 11-14 percent of the additional allowances and 28 percent of the allowances for wait listed beneficiaries had been remained in Samurdhi Banks from the money credited to Samurdhi Banks for making payments and accordingly, the actual beneficiaries, who should have been paid, had not been correctly identified. (Annexure 02)

3.2.2.2 Payments for Elders over 100 years of age

- (a) The following matters were observed in comparing the number of estimated number of beneficiaries prepared by the Department of Samurdhi Development

for paying the allowances of persons, who had completed hundred years of age and the number of beneficiaries, for whom money had been credited to Samurdhi Banks for payments.

Allowance	Month											
	September				October				November			
	No. of Estimated Beneficiaries	No. of Beneficiaries, for whom amounts had been credited to Banks for payments	Difference	Percentage of the Difference %	No. of Estimated Beneficiaries	No. of Beneficiaries, for whom amounts had been credited to Banks for payments	Difference	Percentage of the Difference %	No. of Estimated Beneficiaries	No. of Beneficiaries, for whom amounts had been credited to Banks for payments	Difference	Percentage of the Difference %
Regular	478	520	42	8	478	517	39	8	478	577	99	20
Additional (top-up)	289	165	(124)	(42.9)	289	262	(27)	(9)	289	262	(27)	(9)

Source-Department of Samurdhi Development (Estimation/All Island Summary Report)

According to the above information, it was observed that money had been credited to banks in between 8 percent to 20 percent more than the estimated number of beneficiaries for paying regular allowances and in between 09 percent to 42 percent less than the estimated number of beneficiaries for paying additional allowances.

(b) According to the information received by the National Secretariat for Elders and the Department of Samurdhi Development, it was observed as follows that the number of actual beneficiaries over 100 years of age, who had received the Senior Citizens allowance, had been significantly lower than the number of beneficiaries identified for paying that allowance.

Allowance	Month											
	September				October				November			
	No. of persons, to whom the benefits should be paid according to the Secretariat for Elders	No. of persons, to whom benefit had been paid according to the Department of Samurdhi Development	Difference	Percentage of the Difference %	No. of persons, to whom the benefits should be paid according to the Secretariat for Elders	No. of persons, to whom benefit had been paid according to the Department of Samurdhi Development	Difference	Percentage of the Difference %	No. of persons, to whom the benefits should be paid according to the Secretariat for Elders	No. of persons, to whom benefit had been paid according to the Department of Samurdhi Development	Difference	Percentage of the Difference %
Regular	466	387	(79)	(16.95)	467	378	(89)	19.05	467	374	(93)	(19.9)
Additio nal(top- up)	243	177	(66)	(27.16)	265	194	(71)	26.79	259	192	(67)	(25.8)

*Source-National Secretariat for Elders (identified beneficiary documents for respective months)
- Department of Samurdhi Development (All Island Summary Report)*

(c) According to the above information, it was observed that the number of beneficiaries, who had been actually paid in September 2022, was 387 and this number had decreased to 378 by October, but the number of beneficiaries who had been paid the additional allowances had increased from 177 to 194. It is also observed that it had been an abnormal situation, where the number of beneficiaries, who had been paid the additional allowances had increased, while the number of regular beneficiaries had decreased.

(d) Moreover, according to the summary report for the all island prepared by the Department of Samurdhi Development, it was observed that there had been savings as mentioned below, out of the amounts credited to the Samurdhi Banks to pay these elders.

Month	Payment of Regular Allowances				Payment of Additional Allowances			
	Amounts credited to Samurdhi Banks to make payments (Rs.)	Amounts Paid by Samurdhi Banks (Rs.)	Difference (Rs.)	Percentage of the Difference %	Amounts credited to Samurdhi Banks to make payments (Rs.)	Amounts Paid by Samurdhi Banks (Rs.)	Difference (Rs.)	Percentage of the Difference %
September	2600000	1935000	(665000)	(25.57)	412500	442500	30000	6.77
September	2585000	1890000	(695000)	(26.88)	655000	485000	(170000)	(25.95)
September	2885000	1870000	(1015000)	(35.18)	655000	480000	(175000)	(26.71)

Source- Department of Samurdhi Development (All Island Summary Report)

3.2.3 Payments made to Senior Citizens in the Districts selected for the sample

The details of payments made to elders in the districts selected for the sample are as follows.

District	Month	Receiving amounts to the Samurdhi Bank		Payment of Amounts to Beneficiaries		Amount not Paid (Rs.)	Percentage not Paid
		No. of Total Beneficiaries	Amount Received (Rs.)	No. of Total Beneficiaries	Amount Paid (Rs.)		
Anuradhapura	September	24,132	99,127,000	21,389	81,977,200	17,149,800	17.28%
	October	24,132	99,142,000	21,461	82,609,700	16,532,300	
	November	24,800	101,894,500	21,708	83,682,100	18,212,400	
Total			300,163,500		248,369,000	51,894,500	
Hambantota	September	16,300	63,212,800	15,421	57,721,500	5,491,300	9.92%
	October	16,693	64,428,700	15,563	58,310,200	6,118,500	
	November	16,657	64,412,600	15,583	58,298,000	6,114,600	
Total			192,054,100		174,329,700	17,727,400	
Kurunegala	September	45,710	150,919,900	43,964	138,444,700	12,475,200	7.32%
	October	45,771	148,086,800	43,982	138,117,600	9,969,200	
	November	45,776	148,096,300	43,902	137,776,200	10,320,100	
Total			447,103,000		414,338,500	32,764,500	
Monaragala	September	12,593	46,154,300	12,341	43,248,400	2,905,900	6.78%
	October	12,668	46,310,300	12,353	43,095,300	3,215,000	
	November	12,668	46,314,300	12,334	43,023,200	3,291,100	
Total			133,778,900		129,366,900	9,412,000	
Batticaloa	September	13,776	45,245,500	13,627	40,684,000	4,561,500	5.19%
	October	13,776	41,599,500	13,618	40,572,900	1,026,600	
	November	13,776	41,599,500	13,606	40,510,500	1,089,000	
Total			128,444,500		121,767,400	6,677,100	

(Information Unit – Department of Samurdhi Development)

Accordingly, it was observed that the amount of money saved without paying in each of the above districts was in between 5 and 18 percent, and the situation such as death of elders, change of residence, duplication etc. had been the causes for these savings. It was observed that situations such as deaths and changes in residence had been natural situations, excess amount of money had flowed into Samurdhi Banks due to lack of prior identification of situations such as duplication.

3.2.4. Payments made in respect of physically inspected Divisional Secretariats

The following observations are made in this regard

(a) Duplication of Beneficiaries

- (i) Almost 10 percent of the amount had been saved at the end of each month of the period under review, out of the amounts received for the payment of additional allowances(top-up) for elders in the Galgamuwa Divisional Secretariat and it was observed in the audit that the reason for this situation was the duplication of the beneficiaries. Moreover, it was observed that between 14 and 18 percent, out of the amount received for the beneficiaries of the waiting list, was saved at the end of each month of the period under review and the reason for that situation was the duplication of beneficiaries. (Annexure 03)
- (ii) Amounts in between 06 and 08 percent, out of the money received for the payment of additional allowances (top-up) in the Ambalantota Divisional Secretariat had been saved, and this situation was also due to the duplication of beneficiaries. (Annexure 03)
- (iii) Nearly 33 percent of the money received for the payment of additional allowances for the elders in Palugaswewa Divisional Secretariat had been saved at the end of each month and reason for that situation was the duplication of the beneficiaries. (Annexure 03)
- (iv) Nearly 12 percent of the amount that had been received to pay the beneficiaries in the waiting list of the Ibbagamuwa Divisional Secretariat had been saved at the end of each month and this situation was also due to the duplication of the beneficiaries. (Annexure 03)

It was observed that duplication and excess flow of money to the Samurdhi Banks had occurred as the relevant divisional secretariats had not taken steps to correctly identify the beneficiaries even though necessary measures had been taken to get money saved in the Samurdhi Bank to the Department of Samurdhi Development by the end of the year 2022. (Annexure 03)

(b) Non-availability of Bank Accounts

Nearly 16 percent of the beneficiaries in the waiting list of Nochchiyagama Divisional Secretariat had not been able to get the benefits and it was observed that non availability of a bank account had been the reason for that situation. (Annexure 03)

3.2.5 Failure in Adherence to Uniformity in Making Payments

The following observations are made in this connection.

- a) Elders in the waiting list, as well as the elders enrolled in the Senior Citizens allowance programme should have opened an account with the Samurdhi Bank for receiving allowances under this project. It was expected through this method to streamline the existing cash transfer mechanism.

Accordingly, action had been taken to pay Senior Citizens allowance for the months of September, October and November through the Samurdhi Banks, but it was observed in physical examinations conducted by us at the Divisional Secretariats that the allowances given through Government grants for December 2022 and January 2023 had been paid through post offices as had been done previously.

As such, it was observed that the objective of streamlining the existing cash transfer mechanism by making payments through accounts of Samurdhi Bank, had deviated.

- b) Accordingly, due to lack of uniformity in making payments, many of the beneficiary elders had become inconvenienced, and hence, certain elders could not receive their allowances for the months of December and January; thus, it

was observed in audit that those monies had been surcharged. Particulars are as follows.

Divisional Secretariat	December		January	
	No of beneficiaries who had not received the allowance	Amount Surcharged Rs.	No of beneficiaries who had not received the allowance	Amount Surcharged Rs.
Nochchiyagama	16	30,400	12	22,800
Galgamuwa	121	229,900	78	148,200
Thanamalwila	101	191,900	32	60,800
Kataragama	36	68,400	31	58,900
Palugaswewa	45	85,500	17	32,300
Manmunai-West	30	57,000	10	19,000
Manmunai-North	22	41,800	35	66,500
Ibbagamuwa	112	212,800	82	155,800

(c) It was mentioned in the project administration manual that allowances to the low income elders should be paid only through savings accounts being maintained at the Samurdhi Bank. As such, the beneficiaries had opened accounts at the Samurdhi Bank within their respective zones. As per the information collected by us from Divisional Secretariats in physical inspections, it was observed that those elders had faced hardships when travelling to the banks for collecting their allowances, and this situation had inconvenienced them. As for the payment of Senior Citizens Allowance by Divisional Secretariats through post offices, many of such payments had been made through post offices located in areas close to their residences; and hence, they had easy access to those places. However, when payments were made through Samurdhi Banks, it was observed that the beneficiaries had to travel over longer distances spending more time and money.

Divisional Secretariat	No of Post Offices through which Senior Citizens Allowance had been Paid	No of Samurdhi Banks through which allowances were paid under the Asian Development Bank Project
Ambalanthota	11	04
Katharagama	03	01
Thanamalwila	07	02
Galgamuwa	12	05
Nochchiyagama	11	03
Palugaswewa	05	01
Ibbagamuwa	18	05

3.2.6 Making Payments on Time

The following observations are made in this regard.

a) Transfer of Funds between Institutions.

According to Circular No. NSE/DEV/03/04 of the Secretary to the Ministry of Primary Industries and Social Empowerment dated 15 October 2018; payment of Senior Citizens allowance should be commenced by the 15th day of each month. In order to make those payments, the dates on which funds had been credited to the Department of National Planning by the Asian Development Bank, the Department of Samurdhi Development by the Department of National Planning, and the Samurdhi Bank by the Department of Samurdhi Development, were as follows.

Date on which Funds had been Received by Samurdhi Banks from the Department of
Samurdhi Development (2022)

Month	Date on which Funds had been Received by the Department of National Planning from the Asian Development Bank	Date on which Funds had been Received by the Samurdhi Development Bank from the Department of National Planning	Beneficiary Group	Beneficiary Group									
				Nonagama	Galgamuwa	Nochchiyagama	Thanamalwila	Katharagama	Palugaswewa	Puliyanthivu	Putumandapaththadi	Ibbagamuwa	
Sep	09/30	09/30	1	10/11	10/11	10/13	10/11	10/11	10/11	10/11	10/11	10/11	10/11
			2	10/17	10/17	10/17	10/17	10/17	10/17	10/17	10/17	10/17	10/17
			3	10/18	10/12	10/18	10/12	10/18	-	10/18	10/12	10/18	10/18
Oct	09/30	10/17	1	11/18	11/17	11/18	11/18	11/18	11/18	11/17	11/18	11/18	11/17
			2	11/28	11/28	11/28	11/28	11/28	11/28	11/28	11/28	11/28	11/28
			3	11/23	11/22	11/23	11/23	11/23	-	11/23	11/23	11/23	11/22
Nov.	11/01	11/14	1	12/16	12/15	12/16	12/16	12/16	12/15	12/16	12/16	12/16	12/15
			2	12/16	12/16	12/16	12/16	12/16	12/16	12/16	12/16	12/16	12/16
			3	12/16	12/05	12/16	12/16	12/16	12/29	12/16	12/16	12/16	12/15

1- Regular 2- Additional 3- Waiting

Accordingly, it was observed that funds had not been received during the period in a manner that the Senior Citizens allowance would be paid by the 15th day of each month.

- b) Credits made to the Beneficiaries' Accounts after a delay.

The following observations are made in this regard.

- (i.) In deciding to give financial allowances under loans from the Asian Development Bank, it was expected to grant the relevant allowances as emergency relief to the persons with low income such as Samurdhi beneficiaries, kidney patients, disabled persons and elders. Nevertheless, it was observed as in Annexure 09 that delays had occurred when the funds received by the Samurdhi Banks, had been credited to the accounts of the beneficiaries.
- (ii.) In examining as to how entries had been made on the funds being credited to the beneficiaries' accounts once received by the relevant accounts, it was observed that certain banks had failed to make entries in the ledger accounts in a manner that the relevant transaction would be clearly identified.
- (iii.) Furthermore, it was observed in audit with respect to the Samurdhi Bank in Nochchiyagama, that all of the Senior Citizens allowances (regular, additional, waiting) had been paid through the Fund Account (4062) under assistance of the international financial institutions, and an account had not been opened under the Code 4065 for payment of Senior Citizens allowance contrary to the Circular relating to accounting for funds given by the Asian Development Bank.

3.2.7 Accounting Process

The following observations are made in this regard.

- a) The Circular No. 2022/11 dated 29 August 2022 and Circular No. DSD/HO/05/MF/01 dated 02 December 2022 on Samurdhi banks had been issued by the Department of Samurdhi Development to the managers of Samurdhi Banks relating to accounting for financial allowances granted. Nevertheless, it was observed that the Account Nos 4062 (Fund account for

funds granted by international financial institutions to pay the allowance) and 4065 (elders' allowance account) had been used in different ways by the banks rather than adhering to a uniformity in accounting for additional allowances and the allowances to be paid to those on waiting list. It was observed that reasons such as the manner in which the Circulars had been interpreted by each bank and lack of communication of Circular instructions, had given rise to this situation.

- b) It was informed through the Circular No. DSD/HO/05/MF/01 issued by the Director (Micro finance) of the Department of Samurdhi Development on 02 December 2022 that the Ledger Account No. 4062 be maintained after being amended as "Fund account for funds granted by the international financial institutions for the payment of allowance". Nevertheless, the Banks in Thanamalwila, Katharagama, Puliyantivu, Palugaswewa and Ibbagamuwa had maintained the account as same as before as CERC- Fund account for funds granted by the World Bank under the financing programme.

3.2.8 Non-receipt of Information on Beneficiaries

In order to collect information on the receipt of benefits from beneficiaries in the Divisional Secretariats belonging to the sample selected for audit, a questionnaire was sent to the beneficiaries through the relevant Divisional Secretariats. However, the information so requested, was not received from the Divisional Secretariats of Ibbagamuwa, Galgamuwa and Palugaswewa.

3.3 Granting Financial Allowances for the Disabled

The key institution functioning in Sri Lanka under the Ministry of Women, Child Affairs and Social Empowerment to protect the rights of the disabled is the National Secretariat for Persons with Disabilities. A "person with disabilities", as defined in the Protection Of The Rights Of Persons With Disabilities Act No. 28 of 1996, is any person who, as a result of any deficiency in physical or mental capacity, whether congenital or otherwise, is unable to provide for himself, in whole or in part, the necessities of life. This is a broad definition for a disability which is medically and socioeconomically justified. Accordingly, such disabilities can be sociologically

classified as being caused by visual, speech, hearing, intellectual and mental aspects, and epilepsy along with disabilities caused by other reasons. Many of the disabled are dependent on assistance of the others, and the economic and social crisis occurred in mid 2022, severely affected them as well as the others. As such, attention was brought in granting financial assistance to them under loan facilities of the Asian Development Bank with a view to ensure a better living standard for them.

The disabled, receiving assistance from the Asian Development Bank, had been categorized into two groups as permanent beneficiaries and those in the waiting list. The beneficiaries receiving the permanent allowance had also been given an additional allowance.

According to information furnished by the National Secretariat for Persons with Disabilities, 72,000 persons with disabilities had become eligible for receiving the permanent allowance. Those persons had been provided with financial assistance under loan facilities of the Asian Development Bank for the months of September, October and November 2022 through an account opened at the Samurdhi Development Bank; and the total value of allowances so paid, amounted to Rs. 1,385,362,500. The following observations are made on the payment of allowances.

3.3.1 Payment of Allowances on Time

- a) As the allowance for the disabled is paid monthly, it is stated in the Circular No. 1/3/2015/NSPD dated 27 April 2015 that the payment of allowance should be made prior to 20th day of each month. However, it was observed in the audit that it had not been done so. Delays had occurred in every stage from the receipt of funds from the Treasury to the Samurdhi Banks up to funds being credited to the individual accounts of the beneficiaries. Periods between the date of releasing funds by the Asian Development Bank for the 03 months of September, October and November 2022 and the dates of receiving those funds by the Department of Samurdhi, are as follows.

Month	Date on which Funds had been Received by the Department of National Planning from the Asian Development Bank	Date on which Funds had been Received by the Samurdhi Development Bank from the Department of National Planning	Date on which Funds had been Received by Samurdhi Banks from the Samurdhi Department (2022)									
			Beneficiary Group	Nonagama	Galgamuwa	Nochehiyagama	Thanamalwila	Kataragama	Palugaswewa	Puliyanthivu	Pudumandapaththadi	Ibbagamuwa
Sep.	09/30	09/30	1	10/19	10/17	11/16	10/17	10/13	11/16	10/17	11/17	10/17
			2		11/16	11/16	11/17					11/16
			3	10/20			10/17					
Oct.	09/30	10/17	1	12/12				10/17				
			2	11/18	11/18	11/18	11/18	11/22	11/18	11/18	11/18	11/18
			3	11/23	11/23	11/23	11/23		11/23	11/23	11/23	11/23
Nov.	11/01	11/14	1	11/28	11/28	11/28	11/28	11/28	11/18	11/28	11/28	
			2	12/02				11/23				
			3	12/14		12/14	12/14	12/15	12/15	12/14	12/14	12/14
Nov.	12/05	12/05	1			12/16	12/16		12/27	12/16	12/16	12/16
			2	12/16	12/16	12/16		12/16				
			3	12/19				12/16				

1- Regular 2- Additional 3- Waiting

b) It is stated in the Circular No. SMS/NSPD/05/15/01 dated 30 August 2022 that the issues such as, the beneficiaries becoming ineligible for allowances, beneficiaries becoming eligible anew for the allowance, and elimination of beneficiaries following change in their residential address, should be under supervision of the Social Service Officer and the Development Officer (Social Services) at the time of the occurrence of such changes. According to Section

13 (f) of the Protection Of The Rights Of Persons With Disabilities Act No. 28 of 1996, it is the responsibility of National Secretariat for Persons with Disabilities to maintain accurate statistics relating to persons with disabilities and the services available to such persons. However, due to lack of an updated database at the time of deciding that those payments be made through Samurdhi Banks, action had been taken to collect information again through the Divisional Secretariat thereby providing the statistics to the Department of Samurdhi Development. It was observed in audit that lack of an updated database would cause the waste of time that would have been spent productively.

3.3.2 Physical Inspection

The following observations are made on the maintenance of databases and payment of allowances relating to the districts of Anuradhapura, Kurunegala, Hambanthota, Batticaloa and Monaragala in which physical inspections had been conducted.

a) According to the conclusion arrived through the questionnaire distributed among a sample selected in 09 Divisional Secretariats of the districts, Anuradhapura, Kurunegala, Hambanthota, Batticaloa and Monaragala in which the physical inspection had been conducted, it was stated that more than 50 percent of the beneficiaries had faced difficulties in obtaining the allowance. The following issues had been specifically mentioned in that connection.

- (i.) Longer distance from the house of the beneficiary to the relevant Samurdhi bank.
- (ii.) Occurrence of congestion as many beneficiaries try to collect their allowances from the same bank.
- (iii.) Waste of time in queues at the banks.
- (iv.) As a date for paying allowances is not specifically mentioned, several days have to be spent in that connection.

b) In order to avoid the said inconveniences faced by the disabled and those in the waiting list for receiving allowances, the Circular No. 2022/11 of the Samurdhi Banks dated 29 August 2022 instructed that action should be taken to visit the disabled having problems in visiting the banks and give them the allowances. But,

according to the matters observed in the physical inspection, many of the beneficiaries had faced difficulties in receiving allowances.

c)The following matters were observed in examining the database relating to granting allowances for the disabled in waiting list in the year October 2022 by the Divisional Secretariat of Manmunai North in Batticaloa district.

- (i.) Particulars of 44 beneficiaries such as, district, Divisional Secretariat, Grama Niladhari division, name, gender, name of the Samurdhi Bank, and account number had been correctly mentioned, but their addresses remained incomplete.
- (ii.) Date of birth, national identity card number or other identification number had not been mentioned with respect to 13 beneficiaries.
- (iii.) Nature of disability had not been specifically mentioned with respect to 05 beneficiaries.

Accordingly, information pertaining to 36 percent of the beneficiaries recorded in this database, remained incomplete by the date of audit.

Type of Allowance	Total No. of Beneficiaries	Date of Birth	NIC	Disability	Telephone No.
Permanent allowance for disability					
Additional allowance	46	-	09	-	11
Disability allowance for those in the waiting list	44	13	13	05	44

d)As for the payment of allowances to 132,000 persons with disabilities through 1090 Samurdhi Banks under bank loan facilities provided by the Asian Development Bank, it was observed in the physical inspection conducted at the Samurdhi bank in Thanamalwila where no information system had been installed, that clients and bank officers had been highly inconvenienced as bank accounts of the beneficiaries had been maintained manually at 66 branches of Samurdhi Bank.

3.4 Granting Financial Allowances to the Kidney Patients

The National Secretariat for Persons with Disabilities, functioning with the objective of ensuring that the persons with disabilities in Sri Lanka are also a part of the national development, also exercises its responsibility of national importance for the kidney patients as well. By providing the welfare of kidney patients and contributing to their uplift in the society, the monthly living allowance program is implemented for kidney patients with low income. According to Circular No. 1/2015 of the Ministry of Social Services, the payment of monthly living allowance of Rs. 3,000 to the kidney patients had been commenced with effect from 01 January 2015. As per the said Circular, the kidney patients undergoing dialysis whose family income remained less than Rs. 3,000 per month, had been entitled to the living allowance; and, with effect from 01 August 2019, the limit on monthly family income had been revised to Rs. 6,000 through the Circular No. 2019/NSPD/01(Amendment)iii of the Ministry. Furthermore, the increase of living allowance from Rs. 3,000 up to Rs. 5,000 per month with effect from 01 June 2017 had been done through the Circular No. 2017/NSPD/01(Amendment) of the Ministry. The National Secretariat for Persons with Disabilities had identified 39,150 kidney patients as beneficiaries for receiving allowances for kidney disease as of September 2022.

When granting financial assistance under bank loan facilities from the Asian Development Bank with the objective of providing relief for the people affected by the social and economic crisis in Sri Lanka in mid 2022, attention was also brought on the kidney patients. Accordingly, the allowance for kidney patients given through Divisional Secretariats up to August 2022 had also been given to the permanent beneficiaries as well as the kidney patients in the waiting list through the Samurdhi Banks with effect from September 2022. The following observations are made on the payment of such allowances.

3.4.1 Making Payments on Time

- a) Statistical data had been presented to the Department of Samurdhi by the National Secretariat for Persons with Disabilities, and funds had been released to the Samurdhi Banks thereafter, thus paying the monthly allowance. However, due to lack of a methodology to maintain data properly, information had again been requested from the Divisional Secretariats for making such

payments. Due to inefficiencies in collecting accurate information, it was observed in audit that there were problems in making those payments on time.

- b) The Circular No. 1/2005 stated that this allowance should be paid on the 10th day of each month unless it is a holiday, otherwise the payment should be made on the next working day. But, beneficiaries had received the payments after being delayed. Delays had occurred in all the stages from the Samurdhi Banks receiving funds from the Treasury up to crediting such funds to individual accounts of the beneficiaries. Accordingly, following are the durations from the date of releasing the funds by the Asian Development Bank for paying allowances for the disabled relating to the months of September, October and November 2022 up to the dates of receiving such funds by the Department of Samurdhi. The dates on which payments had been made in the districts of Anuradhapura, Hambanthota, Monaragala, Batticaloa, and Kurunegala where physical inspections had been conducted, are given below.

Month	Date on which Funds had been Received by the Department of National Planning from the Asian Development Bank	Date on which Funds had been Received by the Samurdhi Development Bank from the Department of National Planning	Date on which Funds had been Received by Samurdhi Banks from the Samurdhi Department (2022)									
			Beneficiary Group	Nonagama	Galgamuwa	Nochchiyagama	Thanamalwila	Katharagama	Palugaswewa	Puiyantivu	Pudumandapaththadi	Ibbagamuwa
Sep.	09/30	09/30	1	10/13	10/17	11/16	11/16	10/12	11/16	10/12	10/15	10/17
			2		11/16		11/17					
			3	10/20				10/17		10/20	10/17	
			3	10/23				10/17	10/20			

			1	11/22	11/21	11/22	11/21	11/18	11/21	11/19	11/22	11/21
			2	11/28	11/28	11/28	11/28	11/28		11/30	11/28	11/22
Oct.	09/30	10/17										11/28
			3	11/23	11/22				11/23			
			1	12/19	12/15	12/15	12/18	12/14	12/14	12/15	12/15	12/15
		11/14							12/27			
Nov.	11/01											
		12/05	2	12/16	12/16	12/16	12/16	12/16			12/16	12/16
			3	12/16	12/16	12/28		12/16			12/16	12/16

1- Regular 2- Additional 3- Waiting

3.4.2 Physical Inspection

The following observations are made on 05 districts with respect to benefits given under the Food Security and Livelihood Recovery Emergency Assistance Project implemented under bank loan facilities of the Asian Development Bank.

- a) The project administration manual stated that payment of allowances for kidney patients should be done through an account being maintained by the Samurdhi Bank, but the beneficiaries who had not maintained such accounts, had to open new bank accounts at the Samurdhi Banks. As per the physical inspections conducted and the replies to the questionnaire, difficulties such as, transport problems faced when opening bank accounts and obtaining financial assistance, and long stays in queues, were observed in the audit.
- b) Other information, except for addresses of the beneficiaries, had been recorded in the database of the beneficiaries receiving the allowance for kidney patients in the division of the Divisional Secretariat, Manmunai- North of the Batticaloa district. It was found in the audit that an external party using the database would find it difficult to reach the beneficiary through the addresses recorded therein. Furthermore, the national identity card numbers and account numbers remained incomplete in the database for beneficiaries receiving the allowance for kidney disease in the division of Divisional Secretariat of Ambalanthota in Hambanthota district.

3.5 Granting Financial Allowance for Pregnant and Lactating Mothers

Functions of the National Secretariat for Early Childhood Development established under purview of the Ministry of Women, Child Affairs and Social Empowerment include, formulating national policies on early childhood care and development , acting as the implementation mechanism and conducting related researches; collection of data and compilation of programmes; coordination of early childhood development programmes with Government, non-government and private sector organizations; preparation and implementation of training programmes, and development of human resources relating to early childhood development.

Instead of providing food vouchers for pregnant or breast feeding mothers under this institution, an allowance totalling Rs. 10,000 at Rs. 2,500 per month had been given for 04 months to the mothers pregnant for 03 months or having a child aged 01-04 months with the objective of enhancing the nutritional needs of pregnant and lactating mothers under the Food Security and Livelihood Recovery Emergency Assistance Project.

Functions of the National Secretariat for Early Childhood Development under this programme can be listed as, selection of beneficiaries, collection of data through Divisional Secretariats, processing such data based on District Secretariats and coordination, and furnishing the finalized lists of beneficiaries to the Department of Samurdhi Development.

The following observations are made with respect to selection of beneficiaries for granting emergency financial assistance, implementation of the programme and supervision, and payment of benefits.

3.5.1 Selection of Eligible Beneficiaries

3.5.1.1 Granting Assistance to Undernourished Children below 02 years

Despite being mentioned in the project administration manual, plans had not been prepared to grant assistance to the undernourished children aged under 02 years.

3.5.1.2 Selection of qualified pregnant and lactating mothers

According to National Procurement Department No. NP/ADB/1/2022/MOWCS and letter dated 27 September 2022, it was informed that the subsidy payment should be made through a Samurdhi Bank account and the benefits should be credited directly to that bank account. Also, according to Circular No. 6/2022 dated 14 October 2022 issued by the Secretary of the Ministry of Women, Child Affairs and Social Empowerment, the criteria for selecting the beneficiaries of pregnant and lactating mothers had been determined and instructions had been given to select the final beneficiaries.

Accordingly, the information about the beneficiary documents of the Divisional Secretariats all over the island was forwarded to the National Secretariat for Early Childhood Development through the respective District Early Childhood Development Officer. Accordingly, the following is the information obtained from the respective Divisional Secretariats regarding the eligible beneficiaries during the field inspections conducted in the selected Districts.

District	Number of Eligible Beneficiaries	Divisional Secretary's Division	Number of Eligible Beneficiaries	Date of referred to the National Secretariat for Early Childhood Development	Date referred Department of Samurdhi Development
Anuradhapura	7850	Palugaswewa	155	-	2023.01.31
		Nochchiyagama	475	2023.01.13	2023.01.31
Monaragala	5290	Thanamalwila	344	2023.01.02	2023.01.31
		Kataragama	167	2023.01.09	2023.01.31
Hambanthota	6225	Ambalanthota	743	2022.12.30	2023.01.31
Kurunegala	10742	Galgamuwa	424	2022.12.06	2023.01.31
		Ibbagamuwa	192	2023.01.02	2023.01.31
Batticaloa	9363	Manmune - North	1052	2023.01.17	2023.01.31
		Manmune- West	660	-	2023.01.31

National Secretariat for Early Childhood Development had sent the beneficiary list of 156,449 beneficiaries for 25 districts on 31 January 2023, to the Department of Samurdhi Development for payment.

The following observations are made in this regard.

- (a) More than 03 months had passed after determining the criteria for the selection of beneficiaries under the Circular No. 6/2022 dated 14th October 2022 of the Ministry of Women and Child Affairs and Social Empowerment to invite applications and select eligible applicants out of the pregnant mothers and lactating mothers registered in the maternity clinics operating in the Divisional Secretariat Divisions, Accordingly, it is observed that according to the purpose of the project, the timely delivery of money to the beneficiaries was the cause of the delay.

- (b) It was observed that pregnant applicants were inconvenienced by the time taken to open bank accounts as well as having to go to Samurdhi Banks to open accounts due to the determination that a Samurdhi Bank account is essential to avail this emergency benefit.

- (c) It was observed that the responsibility of implementing this program in the Divisional Secretariats is assigned to the Early Childhood Development Officers and although the information of pregnant mothers updated on 31 August 2022 exists in the Divisional Secretariats of the selected Districts, it was observed that this emergency assistance was in a weak state of receiving to the applicants timely due to inconvenience the officials faced and the delay of finalizing the register of the beneficiaries on the grounds of taking considerable time to pay the benefits in selecting the beneficiaries again upon reissuing applications in accordance with the newly issued circulars without selecting the beneficiaries according to the updated information of the pregnant mothers, change of the criteria and circular instructions given for the selection of the beneficiaries from time to time and it was problematic for officials to understand them.

- (d) It was observed that pregnant mothers less than 03 months cannot be considered as belonging to the period of pregnancy shown in the circular instructions related to the selection of beneficiaries according to Circular No. 6/2022 dated 14 October

2022 issued by the Secretary of the Ministry of Women and Child Affairs and Social Empowerment, Accordingly, mothers who are less than 03 months pregnant were not entitled to benefits for this period.

- (e) At the beginning of the program, it was not necessary to mention the GND ID in obtaining the information of the beneficiaries, but due to the fact that the Department of Samurdhi Development presented the requirement, it was necessary to work full-time for 10 days by deploying officers from all departments of the Ministry to enter the GND ID. The implementation and coordination was done mainly by the Department of Samurdhi Development and the National Secretariat for Early Childhood Development and due to the lack of formal awareness regarding the information required for the program, these conditions had hindered the efficient implementation of the program.
- (f) It was observed that the selection of eligible beneficiaries was delayed due to non-use of that information due to failure to identify a proper system for selection of beneficiaries for providing emergency financial benefits, failure to correctly identify the criteria at the initial stage, time-consuming selection of beneficiaries based on the criteria presented from time to time and despite the existence of updated data and documents on pregnant mothers in the Divisional Secretariats.

3.5.2 Scheduling Payments to Beneficiaries

- (a) According to the information shown by the National Secretariat for Early Childhood Development, 156,449 pregnant and lactating mothers had been selected for benefits by 31 January 2023 and according to the liquidation report submitted by the Department of Samurdhi Development, Rs.1,533,200,000 had been actually paid for 153,320 applicants.
- (b) In planning the benefits and paying the benefits according to the Districts selected in the audit, the National Secretariat for Early Childhood Development had paid money for 5 more beneficiaries than those applied for the Hambantota District, and the money was not enough for 418 beneficiaries in the Anuradhapura, Monaragala, Kurunegala and Batticaloa Districts.

(c) It was observed that the sufficient funds were not received for 7850 applicants seeking benefits received by the National Secretariat for Early Childhood Development by 08 May 2023 pertaining to Anuradhapura District and money was not received by 201 of the 2157 beneficiaries who applied for benefits in relation to the following divisional secretariat divisions by 18 May 2023. Accordingly, it was observed that there are 201 pregnant and lactating mothers in Anuradhapura district who have not received emergency cash benefits even as of the audit date.

Divisional Secretariat Division	Number of beneficiaries referred to the National Secretariat of Early Childhood as at 31 Dec 2022	Number of Beneficiaries Received Provision	Samurdhi Bank	Number of beneficiaries further provisions required by 18 May 2023
Rabewa	403	401	Kallanchi - 2	02
Manupa	579	552	Elayapattuwa - 4 Katukeliyawa - 22 Saliyapura- 1	27
Thalawa	346	329		17
Horowpathana	494	339	Horowpathana- 90 Morakewa - 65	155
Total	2157	1951		201

(d) According to the letter No. DSD/MF/COM/2023/01 issued by the District Samurdhi Director of Batticaloa dated 17 February 2023 the number of beneficiaries directed to the Department of Samurdhi Development to pay benefits at the Samurdhi Bank level is stated as 351 beneficiaries for the Samurdhi Bank in Puthumandapathady. On 13 March 2023 money had been credited to 365 beneficiaries in favour of the bank current account of Puthumandapathady. Accordingly, it was observed that more money had been remitted to Samurdhi Bank than the applicants.

(e) The completed benefit documents for 167 pregnant and lactating mothers related to 05 Grama Niladhari divisions under Kataragama Divisional Secretariat Division

were sent to the District Early Childhood Development Officer and the National Secretariat for Early Childhood Development on 09 January 2023 and According to the letter DSD/HO/05/MF/15/SYSTEM/01 issued by the Director General of Samurdhi dated 14 February 2023, the number of applicants expected to benefit was stated as 179. Accordingly, a problematic situation was observed regarding the accuracy of the numerical information related to the beneficiaries.

(f) According to the information shown by the National Secretariat for Early Childhood Development for Monaragala District, although there were 5290 applicants, the Department of Samurdhi Development had remitted Rs.50,550,000 to the Samurdhi Banks operating under the 11 Divisional Secretariat Divisions on behalf of 5055 beneficiaries. As of 26 July, 2023, benefits had actually been paid for 4912 pregnant and lactating mothers and Rs.950, 000 remained as a balance in Samurdhi Banks related to 6 Divisional Secretariat Divisions as shown in the table below. It is observed that the money that could have been paid for 95 beneficiaries has been unnecessarily retained in the banks due to more than money required to the beneficiaries being sent to Samurdhi Banks.

Divisional Secretariat Division	Received money to the bank		Accounted by the bank		The remaining amount Rs.
	No of Beneficiaries	Amount Rs.	Number of Beneficiaries	Amount Rs.	
Siyambalanduwa	662	6,620,000	593	5,930,000	690,000
Monaragala	564	5,640,000	549	5,490,000	150,000
Badalkumbura	464	4,640,000	462	4,620,000	20,000
Bibila	442	4,420,000	439	4,390,000	30,000
Madulla	278	2,780,000	274	2,740,000	40,000
Medagama	397	3,970,000	395	3,950,000	<u>20,000</u>
					<u>950,000</u>

3.5.3 Receipt of funds through ADB Loan Account and Payment to Beneficiaries

Under the Food Security and Livelihood Recovery Emergency Assistance Project supported by the Asian Development Bank, a total sum of Rs. 62,311,650,742 had been received from ADB Loan Account to pay benefits for pregnant and lactating

mothers. Out of that money, Rs. 925,207,590 remaining in the Department of Samrudhi Development Account (02nd Generation Imprest A/C) as at 31st December 2022 and Rs. 639,222,410 received from the Department of National Planning on 23 February, 2023 had been used to pay benefits for pregnant and lactating mothers

3.5.3.1 Payment to Beneficiaries

- (a) Rs.1,559,270,000 had been remitted to 1090 Samurdhi Banks on 13 March 2023 from Rs. 925,207,590 which is the balance in the Department of Samrudhi Development account as on 31 December 2022, and Rs. 639,222,410 received from the Department of National Planning on 23 February 2023. Accordingly, it had taken nearly three months to credit current accounts of Samurdhi Bank for the payment of benefits to pregnant and lactating mothers.
- (b)(i) As per the liquidation report submitted by Department of Samurdhi Development on 28 July 2023, Rs. 1,533,200,000 was shown as payments for 153,320 beneficiaries. Although there are pregnant and lactating mothers hoping for benefits, pregnant and lactating mothers were not entitled to the amount of Rs. 26,070,000 (1,559,270,000-1,533,200,000) they should be entitled to, due to crediting money in the Samurdhi Banks regardless of their need, not having the accounts to the applicants, and not submitting applications by officials on time.
- (ii) In the audit, it was observed that although money was credited to Samurdhi Bank to pay benefits for 39,057 beneficiaries in the selected districts of Anuradhapura, Monaragala, Hambantota, Kurunegala and Batticaloa districts, payments were actually made for 38,582 beneficiaries.
- (c) All those registered to receive emergency recovery money regardless of the criteria considered in the selection of the beneficiaries of Women and Children Affairs Circular No. 6/2022 dated 14 October 2022 in accordance with the decision regarding the women and children sector at the special meeting of the Department of National Planning held on 30 January 2023, it had been decided to pay Rs. 10,000 at a rate of Rs. 2,500 for 04 months for pregnant and lactating mothers. As per Department of Samurdhi Development Circular No.

DSD/HO/SW/14/SS/05/01/04/2022(11) dated 20th March 2023, instructions had been given to pay a lump sum of Rs. 10,000 to the beneficiaries promptly. Accordingly, it was observed that the relevant beneficiaries did not receive the benefits on time due to the fact that it took more than 05 months to give orders for the payment of money to the beneficiaries after determining the criteria for selecting the beneficiaries.

3.5.3.2. Payment Status of Beneficiaries in the Districts Selected in the Sample Check.

- (a) it was observed cases that had been paid of Rs. 10,000 in installments without paying in one go in making payment to the beneficiaries through Samurdhi Banks due to problems in communication of circular instructions from the district level to the grassroots level.

Eg :- Samurdhi Bank, Nochchiyagama

Rs. 1,150,000 was credited to Nochchiyagama Samurdhi Bank Current Account for 115 beneficiaries on 13 March 2023, but on 23 March 2023 i.e. 10 days later, Rs. 1,012,500 had been paid in installments of Rs.2,500 to 98-105 beneficiaries. As per the letter No. DSD/HO/SW/14/SS/05/01/04/2022(ii) of Department Samurdhi Development dated 20th March 2023, upon issuing provisions to pay a sum of Rs. 10,000 at a rate of Rs. 2,500 at once, a sum of Rs.137,500 was credited to the accounts of the account holders on 22nd April 2023. Accordingly, there had been a delay of 1 ½ months from the date of credited and date of crediting the money to the accounts of the account holders to provide the benefits to the beneficiaries.

- (b) The following facts were revealed by the Samurdhi Bank's sample examination regarding payment of benefits to pregnant and lactating mothers.

District	Divisional Secretary's Division	Samurdhi Bank	No of Beneficiaries	Date of submission of Samurdhi bank documents by the Divisional Secretariat	Credited amount Rs.	Date of sending money to the bank regarding the Samurdhi office	Date credited to the collection account for allowances paid to pregnant and lactating mothers (4067)	Date credited to beneficiaries' accounts and number of beneficiaries	
Hambanthota	Ambalanthota	Nonagama	156	2022.12.20	1,560,000	2023.03.13	-	2023.03.31-148	
								2023.04.12-01	
								2023.04.19-01	
Anuradhapura	Palugaswewa	Palugaswewa	155	2023.02.16	1,540,000	2023.03.13	2023.03.24	2023.03.25-155	
									2023.03.28
Monaragala	Nochchiyagama	Nochchiyagama	115	2023.01.16	1,150,000	2023.03.13		2023.04.22	
									2023.03.24
Monaragala	Thanamalwila	Thanamalwila	157	2023.01.02	1,570,000	2023.03.13	-	2023.03.24	
									2023.03.22 -167
Kurunegala	Galgamuwa	Galgamuwa	103	2023.03.27	1,030,000	2023.03.13	2023.03.27	2023.04.09 -101	
									2023.04.18 -01
									2023.04.28-01
	Ibbagamuwa	Ibbagamuwa	192	-	1,920,000	2023.03.13	2023.03.21	2023.03.30-192	
Batticaloa	Manmune - North	Puliyanthivady.	177		1,770,000	2023.03.13	2023.03.15	2023.03.21-177	
									2023.03.28-356

Through direct remittances from the Department of Samurdhi Development, money was credited to the above Samurdhi Bank current accounts on 13 March 2023 and there was a delay of 9 days to 1 ½ months in crediting the accounts of the respective beneficiaries. It was observed that after Samurdhi Banks received the money through the Department of Samurdhi Development, this loan aid money was kept in the bank accounts for days, which further delayed the financial benefits expected to be given immediately to the beneficiaries.

- (c) A sum of Rs. 90,000 out of Rs.3, 650,000 credited to the current account of Samurdhi Bank on 13 June 2023, for the payment of benefits for 356 eligible applicants referred

by the Manmune - West Divisional Secretariat, had been remitted to Department of Samurdhi Development. Accordingly, it was observed that the aid money received in excess of the requirement was retained in the Samurdhi Bank account for a long period of 3 months.

3.5.4 Use of Financial Benefits by Beneficiaries for their Own Needs

The following facts were revealed during the sample examination of the account holders' ledger accounts.

- (a) It was announced that it is difficult to check the information about the withdrawal of money from the accounts through the computer software system used in Samurdhi Bank for the needs of the account holders who maintain accounts in Nonagama Samurdhi Bank as at 02 May 2023. It was not possible to observe whether how long was the money remained as balance in the accounts after the money was credited to the beneficiaries.
- (b) During the sample examination of personal accounts of pregnant and lactating mothers in Thanamalwila Samurdhi Bank, 8 accounts had been withdrawn by the respective account holders between 05 days and 01 months during the sample check out of the 157 beneficiaries who received benefits through the bank. Though a sum of Rs. 10,000 each had been credited to the accounts of the account holders on 22 March 2023, but by 30 April 2023, 03 account holders had not withdrawn the relevant money from the account. It was not possible to check whether the funds had been withdrawn from the accounts on that date due to the fact that the ledger accounts were not updated on the date of audit, 23 May 2023. The details are as follows.

	Account No. of the Account holder	Date of credit Rs.10,000 to account	Account balance as at 30 April 2023 Rs.
i.	17/26444	2023.03.22	10,605
ii.	17/26503	2023.03.24	40,905
iii.	19/26505	2023.03.24	10,605

- (c) After money was credited to the beneficiaries of Palugaswewa Samurdhi Bank, i.e., it was observed that the money remained in the account for almost 02 months from the date of

deposit and the account holders had not withdraw the money. It was observed that out of 154 beneficiaries, 23 beneficiaries had not withdrawn from the relevant money accounts by the audited date of 26 June 2023 and the benefits of the emergency financial subsidy expected under the program had not been received by the relevant beneficiaries.

3.5.5 Non-receipt of benefits for eligible applicants

3.5.5.1. Overall status of non-beneficiary pregnant and lactating mothers

- (a) According to the information received from the National Secretariat for Early Childhood Development, the amount of Rs.3, 920,000 was not received for the payment of benefits for 392 pregnant and lactating mothers who applied for benefits pertaining to 23 Divisional Secretariats operating in the island. (Annex 05) Although Department of Samurdhi Development was directed to make these payments, cash benefits were not received for the pregnant and lactating mothers who applied for the above benefits due to non-receipt of money for these payments by 30 June 2023.
- (b) 299 pregnant and lactating mothers who applied for benefits on 31 December 2022 pertaining to 35 Divisional Secretariat Divisions did not present on the due date due to omissions of officials and change of Samurdhi Banks. (Annex 06) Accordingly, the financial benefits were not received for those applicants. Due to not instructing to select relevant the Samurdhi Bank in accordance with Grama Niladhari's Division where the pregnant mothers reside as per the circular instructions and not paying enough attention to submit the applications to the relevant institutions on the due date, the financial benefits was not received for these applicants.
- (c) In accordance with the information presented by the Department of Samurdhi Development, it was observed that Rs.1,559,270,000 had been credited to 1090 Samurdhi banks operating in the 25 districts and according to the liquidation report, Rs.1,553,200,000 had been paid to only 153,320 pregnant and lactating mothers. When considering the loss of benefits for 691 pregnant and lactating mothers mentioned in 2 (a) (b) above, it was observed that the use of best mechanism to provide timely benefits to pregnant and lactating mothers was not done sufficiently.
- (d) According to the information received from the National Secretariat for Early Childhood Development, as of 31 December 2022, the number of new applicants who did not apply

for benefits or were referred after the prescribed period for 7 Divisional Secretariat Divisions was 109. (Annex 07)

3.5.5.2 Status of Divisional Secretariats inspected by Audit Physically.

- (a) According to Nonagama Samurdhi Bank sample check, the benefits have not been received by 05 May 2023 for 06 beneficiaries mentioned in the beneficiary documents due to non-existence of bank accounts and non-existence of residence in the division. Accordingly, a sum of Rs. 60,000 remained as unpaid balance.
- (b) After sending the finalized beneficiary registers, the Ambalantota Divisional Secretariat had directed the Nonagama Samurdhi Bank to make payment for a new beneficiary, but the benefits for that beneficiary had not been received due to the non-receipt of allocations for additional beneficiaries from the Department of Samurdhi Development. Although the beneficiary had applied for money from the Department of Samurdhi Development, the money had not been received for the beneficiary by 02 May 2023.
- (c) Among the beneficiaries belonging to the Ibbagamuwa Divisional Secretariat Division, it was observed that as at the audit date 28 June 2023, 04 registered beneficiaries had not been paid.

Name of Eligible Applicant	N.I.C.No	Grama Niladhari Division	Samurdhi Bank
i) R.M.H.M. Rathnayake	935922801V	437,Godarathmale	Kadulawa
ii) J.M.P.H. Udugama		492, Aragama	Gokarella
iii) P.G.C.H. Gunarathna	946090808 V	Ragedara	Diyathure
iv) M.A. Ramsiya Begam	198168904077	Ipalawa	Gokarella

- (i) Mother named R.M.H.M.Rathnayake opened 2 accounts in both Kandulawa and Melsiripura Samurdhi Banks to receive this money, but by the date of audit, 28 June 2023, She had not received the benefits. While sending the registers of the mothers to the respective Samurdhi Banks, it was observed that the benefits were not received for the eligible beneficiaries on time due to insufficient

provisions in the banks for making additional payments in the referral of the beneficiaries who do not belong to the Samurdhi Bank area.

- (ii) After applicant mother named J.M.P.H. Udugama handed over the application to the relevant officials on 04 November 2022, the relevant application was not formally referred to the selection of beneficiaries, and the benefits had not been received by the audited date of 28 June 2023.

3.5.6 Confirmation of receipt of Cash Subsidy for Beneficiaries

- (a) Although the responsibility and authority to implement and supervise this financial benefit program in the Divisional Secretariat Division has been assigned to the Divisional Secretary, as of the following field inspection dates which are the dates of the audit, The Divisional Secretary had not maintained the information showing the progress regarding the payment of money to the beneficiaries through Samurdhi Banks in relation to the following Divisional Divisions.

Ambalanthota Divisional Secretariat Division	02.05.2023
Galgamuwa Divisional Secretariat Division	16.05.2023
Nochchiyagama Divisional Secretariat Division	17.05.2023
Thanamalwila Divisional Secretariat Division	23.05.2023
Kataragama Divisional Secretariat	24.05.2023
Manmune - North Divisional Secretariat Division	27.06.2023
Manmune - West Divisional Secretariat Division	27.06.2023.
Ibbagamuwa Divisional Secretariat Division	28.06.2023

- (b) As indicated in the Department of Samurdhi Development No. DSD/HO/05/MF/15/SW-3 dated 09 of December 2023 and Department of Samurdhi Development No. DSD/SCBBU/21/2022/03/XVII dated 23rd of February 2023 Although it has been stated that facilities have been developed in the existing software system in the banks to include the telephone numbers of the account holders during the registration of information, the beneficiaries who obtained information through the questionnaires were not informed through SMS messages that the allowances received under this financial benefits program have been credited to their accounts. Accordingly, it was observed that the communication of benefits to the beneficiaries was not done as expected.

District	Divisional Secretariat Division	Number of questionnaires given	Number of questionnaires answers received	Number of Answered beneficiaries who did not receive SMS from questionnaires
Anuradhapura	Palugaswewa	30	-	156
	Nochchiyagama	100	100	
Monaragala	Thanamalwila	65	64	
	Kataragama	35	35	
Hambanthota	Ambalanthota	80	51	
Kurunegala	Galgamuwa	80	23	
	Ibbagamuwa	125	-	
Batticaloa	Manmune North	190	190	
	Manmune West	100	-	

3.6 Providing Cash Grant to Paddy Farmers

3.6.1 Introduction

Department of Agrarian Development

The Department of Agricultural Development, operating in accordance with the Agricultural Development Act No. 46 of 2000 and its amendments, was established for making arrangements for the use of agricultural land in accordance with the government's agricultural policies, and for providing organizational, legal support and management services required by other institutions in the implementation of agricultural and current projects. As of 31 December 2022, 16,909 farmer organizations had registered with the Department of Agricultural Development, which operates 565 agricultural service centers.

Uplifting the living condition of the poor and vulnerable people

The Food Security and Livelihood Recovery Emergency Assistance Project implemented with the assistance of the Asian Development Bank had given special attention to the paddy farmers and given the necessary money as a loan to the Agrarian Development Department through the National Planning Department.

Assisting for Farmers

It was stated in the administrative manual of the project that a cash grant of Rs. 20,000 per hectare will be provided for a maximum of 2 hectares per farmer in two installments before land preparation and after planting in order to provide relief to the increase in the cost of agricultural products and to encourage food production in the 2022/2023 Maha season. This cash grant will be deposited directly into their bank accounts for nearly 600,000 farmers and the accounts should be opened in Bank of Ceylon, People's Bank, National Savings Bank and Rural Development Bank for that. Farmers from 556 agrarian services centers with farmers who cultivated paddy had given information.

3.6.2. Making Aware of Farmers and Officials and Payment Methodology

3.6.2.1 Stakeholder Awareness of Cash Grant Scheme and Payment Methodology

According to the administrative manual (IX) (E) issued on the administrative affairs of the project, It had been stated that there should have been the communication strategies to inform all the parties involved in the project, to provide the opportunity to the parties involved in the project to contribute to the maximum for the establishment of the project and to get information to the appropriate people to get cash grant through various channels. Accordingly, it was also stated that television, radio, newspapers, websites and billboards should be used in the period from August to September 2022 to inform the stakeholders including farmers.

The following observations are made in this regard.

(a) Awareness of farmers about the project

The most popular means of communication among the people mentioned in the project manual were not used to inform the stakeholders including farmers about this project. The Agrarian regional officer had posted notices in the agricultural service centers, farmer organization offices and the Agrarian Research Production Assistant (A.R.P.A.) offices. Nevertheless, it was observed that the officials of some agricultural

service centers and the farmers who cultivated paddy in the 2022/23 season were informed about the cash grant during the period from October to January, after the expected period.

(b) Informing Officers

(i) It was observed that although the Department of Agrarian Development had held discussions with the National Planning Department for the implementation of the Food Security and Livelihood Recovery Emergency Assistance Project, an action plan had not been prepared for the implementation of the program in providing cash grant to farmers within the expected period.

(ii) The agricultural development regional officials were informed by phone and Whatsapp in November 2022 in order to get information from the farmers who cultivated paddy in the 2022/23 season. In this awareness programme, it was observed in the course of discussions with Agrarian Development regional officers in respect of the implementation of this project that there was not enough awareness about the period for which subsidies should be paid under the project, the importance of using up-to-date bank accounts of the farmers, and the fact that the name of the farmer and the bank account number should be compared. At the time of conducting the audit in March 2023, the officers did not have these WhatsApp messages, thus, it could not be obtained detailed information in that regard.

(c) Entering data of farmers into Geogoviya data system and making payments.

The collection of data on the farmers who cultivated paddy in the 2022/2023 Maha season had been done by the Agrarian Research Production Assistant (A.R.P.A.) officials attached to the Agrarian Services Center and the information is provided to the computerized data system of the project office under the supervision of the Regional Officer of Agrarian Services. Since there are 556 Agrarian service centers where paddy is cultivated, each Agrarian service center was given a very short time to enter data into the data system. Due to insufficient time for data entry, it had not been possible to enter the data of some farmers within the given period.

The project office checked the data and paid the subsidies to the farmers who are eligible to receive benefits by 04 banks namely Bank of Ceylon, People's Bank, National Savings Bank and Rural Development Bank during the period from 30

December 2022 to 25 May 2023. It had been stated that the comparison work of these payments had been done till 31 July 2023.

- (d) According to section 55 of the Agrarian Development Act No. 46 of 2000, every Agrarian Development Council shall cause the agricultural land within its jurisdiction to be surveyed in accordance with the provisions of the Commissioner General of Agrarian Development. Since the surveying of paddy land had not been completed, it was observed that subsidies had been given based on the information provided by the farmers about the amount of land.

3.6.2.2.Necessity of formulation a Permanent Methodology for Payment of Cash Grant

The subsidy methods had been implemented by Department of Agrarian Development at various occasions by utilizing the local funds and the foreign loan amount under numerous projects and programs for the encouragement of the farmers. A methodology which can be specifically used in long-term had not been formulated in order to provide the benefits of such projects and subsidy to the farmers within the expected period of time. The providing of money instead of fertilizer, providing of money for organic fertilizer, providing of fuel subsidy, providing money aids to the paddy farmers under Asian Development Bank loan aids and providing the vouchers to get the fertilizer and taking back those vouchers by the department itself and providing the fertilizer were some of subsidy programs implemented during 2016-2023. It had been observed that the incidents such as obtaining the relevant data from the farmers from program to program owing to non-usage of a specific methodology for various subsidy programs, inability to render the benefits within the expected time period and becoming the officers and the farmers into difficulty had occurred.

3.6.2.3 Granting the provision for Food Security and Livelihood Recovery Emergency Assistance Project and Payment of Cash Grant Methodology

Subsequently one month delay of informing to the Commissioner General of Department of Agrarian Development by Department of Treasury Operations of the Central Bank of Sri Lanka on 22 November 2022 to open a new account for depositing the money granted for the project, the project account of Commissioner General, Department of Agrarian Development had been opened under A/C No. 7038648 of Torrington Branch of Bank of Ceylon on 21 December 2022. An amount of Rs 08 billion had been credited to the relevant account from 23 December

2022 to 05 January 2023 in order to provide the cash grant to the farmers who had cultivated paddy in the Maha season 2022/23.

The under-mentioned observations had been made on this matter.

- (a) It had been indicated that the subsidy is provided from 02 installments as before the land preparation and after establishment of the cultivation as per Rs. 20,000 per hectare to the paddy farmers who cultivate in the Maha season 2022/23 by this project which is implemented as an emergency aid project in accordance with the guideline in relation to the project. The relevant cultivation season had been implemented from September 2022 to March 2023 and it had been observed that the land preparation and the establishment of the cultivation had occurred during September and November 2022 as per the information obtained from Agrarian Services Centers selected the samples from Kurunegala, Anuradhapura, Hambanthota, Monaragala and Batticaloa districts.

Accordingly, since the money related to the project had not been received to Department of Agrarian Development to open the relevant bank account at the occasion of land preparation and paddy sowing activities, the cash grant couldn't be timely given as expected.

- (b) Even though it had been expected to grant the cash approximately to 600,000 farmers who had cultivated the paddy in the zones with a maximum harvest in accordance with the project guidelines submitted by Asian Development Bank, 1,176,633 farmers who had cultivated paddy in Maha season 2022/23 had requested the subsidy of Rs. 8,127,363,700 up to 31 July 2023. Accordingly, 576,633 farmers i.e. 96 percent exceeding the expected number had requested for subsidy under the project.

3.6.3 Payment of Cash Grant for the paddy farmers by Department of Agrarian Development

3.6.3.1 Timely Progress Review on payment of Cash Grant and overall Island Progress

The under-mentioned observations are made on this matter.

- (a) Since the occasion where the farmers had been made aware for giving the cash grant to the farmers who had cultivated the paddy in Maha season 2022/23 to 31

July 2023 the information had been given by 1,176,633 farmers to obtain the subsidy and it had been reported to the audit by the Commissioner General of Agrarian Development on 14 September 2023 that an amount of Rs. 7,424,062,928 had been paid to 1,039,961 farmers out of them and the relevant money had been settled through the documents.

- (b) As per the information obtained from the project office on the payment of cash grant to the farmers, an amount of Rs. 6,960,116,936 had been paid to 959,689 farmers within 03 months period from 30 December 2022 to 31 March 2023. It had been observed that those farmers were 81 percent from the overall farmers who had applied for grant. The detailed information is as follows.

Month	Number of farmers	Amount paid
2022 December	9,449	127,072,000
2023 January	801,690	5,872,538,000
2023 February	8,981	74,515,775
2023 March	139,569	885,991,161
Total	959,689	6,960,116,936

3.6.3.2 Refusal of payment owing to inactivation of the bank accounts

- (a) As per Geo Goviya Data System, the payments had been refused on numerous reasons including inactivation of the bank accounts of 209,493 farmers who had cultivated in 150,980 hectares in 25 districts. It had been observed that subsequently update of the bank accounts of the farmers, an amount of Rs. 1,509,573,271 had been paid as cash grant to those farmers up to 31st July 2023 and 72 percent from those farmers i.e. 141,563 farmers are reported in 06 districts and an amount of Rs.1,090,238,553 had been refused the payment.

Se. No.	District	Number of farmers	Land extent	Value (Rs.)
	Kurunegala	63,988	28,374	283,745,365
	Ampara	21,602	23,544	235,440,593

Pollannaruwa	19,725	21,188	211,860,500
Trincomalee	13,278	14,421	144,056,000
Baticoloa	12,929	17,565	175,626,000
Matara	10041	3,951	39,510,095
Total	141,563	109,043	1,090,238,553

(b) It had been observed that a grant of Rs. 181,109,892 couldn't be paid due to the inactivation of bank accounts belonging to 31,008 farmers in 25 districts included in 98 slips submitted to the bank for payment of cash grant as per the information obtained from the project office on 11 August 2023. The detailed information is indicated in Annexure 08.

- It had been further observed that the total grant value of Rs. 49,786,351 couldn't be paid owing to inactivation of the bank accounts of 18,546 farmers who had cultivated paddy in half hectare or less than that.
- It had been further observed that a large number of accounts of the farmers which had been opened accounts in People's Bank were inactive taking into consideration the refusal of payments of 04 banks used for the payment of grant.

3.6.4. District Level Progress on Payment of Cash Grant Relief for the Paddy Farmers

The relief program had been implemented for the farmers who had cultivated paddy in Maha season 2022/23 covering 25 districts in island. The calling information and the physical inspections had been carried out for the investigation on payment of relief by representing at least 03 Agrarian Services Centers of Agrarian Centers in which less number of farmers had cultivated paddy and a large number of farmers from Agrarian Services Centers in Batticoloa, Moneragala, Anuradhapura, Kurunegala and Hambanthota districts as a sample for inspection of relief payment in the audit.

3.6.4.1 Payment of Cash Grant for the farmers in Anuradhapura District

156,240 farmers who had cultivated paddy in 128,649 hectares in this district had applied for the relief. Even though an amount of Rs. 1,247,343,350 had been paid as relief for 151,526 farmers who had cultivated paddy in 124,744 hectares up to 31

July 2023 as per the information obtained from the data system of the project office, it had been observed that a relief of Rs. 17,876,000 had been refused for 2,476 farmers due to inactivation of the bank accounts and inaccuracy of the Account No. of these farmers. It had been observed that the payments couldn't be made to other farmers due to submission of the information with shortcomings by the farmers.

(a) Nochchiyagama Agrarian Services Centre

Agricultural Research and Production Assistant had been made aware at weekly discussion on 19 December 2022 to obtain the data required for providing the grant to the farmers who had cultivated paddy in Maha season 2022/23 in 25 Agricultural Research and Production Assistant Divisions under Nochchiyagama Agrarian Service Centre. The cultivation activities of Maha season 2022/23 had been commenced in October 2022 and the harvesting activities had been completed around 15 March 2023. The entering data obtained from the farmers 2022/23 into information system had been started on 22 December 2022 and approximately 02 weeks had been given for that. Even though it had been expected to provide the benefits by the project within the period of time in relation to land preparation and planting the saplings, it couldn't be provided the benefit to any farmer within such period.

- (i) Even though 5,800 farmers had given the information to Agrarian Service Centre to obtain the cash grant as per the information obtained through A.R.P.A. officers, a grant amount of Rs. 47,255,000 had been paid to 5,134 farmers in accordance with the information obtained from Project Office on 16 May 2023 with regard to payment of grant to the farmers related to Agrarian Service Centre and the physical inspections carried out in that center. However, 666 farmers had not received the grant money.
- (ii) As per the information obtained from Regional Officers of Agrarian Services on 16 August 2023, 30 farmers had not received the money and it had been observed that its value is Rs.249, 000.

(b) Palugaswewa Agrarian Services Centre

An amount of Rs. 18,365,000 had been paid to 2,962 farmers out of 3011 farmers who had applied the subsidy up to 31 May 2023 as per the information obtained from Anuradhapura District Agrarian Services Office and an amount of Rs. 290,000 had to be further paid for 49 farmers.

- (c)** Even though the questionnaires had been submitted by the letters dated 02 June 2023 to Agrarian Services Officers of relevant centers in order to obtain the information on payment of grant of Galenbidunuwewa, Kebithigollawa and Negampaha Agrarian Services Centers, no information had been received up to 20 December 2023 in relation to that matter. However, it had been indicated that an amount of Rs. 142,279,000 had been paid to 16,674 farmers of these 03 Agrarian Development Services Centers and an amount of Rs. 2,687,000 has to be paid to 306 farmers in accordance with the information given by Anuradhapura District Agrarian Development Assistant Commissioner.

3.6.4.2 Payment of Cash Grant to the Paddy Farmers in Kurunegala District

Though 175,861 farmers who had cultivated paddy in 77,797 hectares in this district had applied for grant within the overall period of time in which the project had been implemented, it had been indicated that an amount of Rs.773, 381,185 had been paid as grant to 174,829 farmers up to 31 July 2023 as per the information obtained through the data system. It had been observed that the payment of grant amount of Rs.23, 243,000 had been rejected for 5,754 farmers due to non-accuracy of bank account numbers and inactivation of accounts. It had been observed that the cash grant payment couldn't be made to other farmers on submission of information given by the farmers with shortcomings.

It had been expected to pay the benefits by the project before land preparation and after establishment of the cultivation. Even though 168,086 farmers had requested the cash grant up to 31 December 2022, the money couldn't be paid to any farmer on that date. It had been observed that the farmers couldn't utilize the money for the expected objectives due to non-payment of grant to the farmers even up to the mid part commenced the Maha season.

The following observations are made on the payment of grant in Agrarian Service Centers selected as a sample in Kurunegala District.

(a) Ibbagamuwa Agrarian Service Centre

- (i) The farmers had been made aware on payment of relief in this Agrarian Service Centre up to December 2022 by A.R.P.A. officers. The data of 6,591 farmers of 37 A.R.P.A. Divisions had been entered to the system to obtain the cash grant. It had been observed that as per the information provided to Agrarian Service Office by the project office, a grant amount of Rs.524,400 had not been paid up to 28 June 2023 owing to inactivation of bank accounts of 175 farmers who had cultivated 52.44 hectares and occurring various defects in entering data.
- (ii) The information is not available with Regional Agrarian Officer about how many farmers out of the applied farmers had been paid the grant and a methodology had not been prepared to obtain the information on receipt of grant. However, certain farmers who had not received the cash grant had not complained to Regional Agrarian Officer and A.R.P.A. officers.



Gathering with A.R.P.A. officers, farmers and Audit Officers on 28 June 2023 at Ibbagamuwa Agrarian Service Centre

(b) Galgamuwa Agrarian Service Centre

- (i) The land preparation and starting the cultivation in the areas belonging to this Agrarian Service Centre had been performed in October 2022. The obtaining of the data on the land extent cultivated by the farmers

had been commenced on 31 October 2022 and the entering data into data system had been carried out up to 01 March 2023. Even though 5,339 farmers had provided the information to obtain the cash grant, the payment of grant had been completed for 5,007 farmers up to 31 March 2023. It had been observed that a grant amount of Rs. 1,932,500 had not been paid to 332 farmers.

- (ii) A payment of Rs.1, 173,000 to be given to 184 farmers who had not paid the money had been refused by the project office and such information had been sent to Agrarian Service Centers to be made the necessary amendments of the information of those farmers. It had been informed to Agrarian Service Centre. Even though the bank accounts of 166 farmers had been submitted for the payment having made the amendments including update the bank accounts, no payment had been made even up to 16 May 2023 which was the audited date. 18 farmers had not submitted for repayment on non-submission of updated information.

(c) Payment of grant to the Farmers in the Divisions Belonging to Dummalasooriya Agrarian Services Centre

The data related to 944 farmers who had cultivated paddy in 20 A.R.P.A. divisions belonging to Dummalasooriya Agrarian Services Centre had been provided to the project office. It had been observed that as per the information obtained from the framers represented 17 A.R.P.A. Divisions; grant amount of Rs.56, 500 for 13 farmers out of 650 who had cultivated 510.5 hectares had not been paid even up to 31 May 2023.

- (d) Even though the questionnaires had been forwarded by the letters dated 02 June 2023 to Regional Agrarian Service Officer for obtaining information on payment of grant of Rambe Agrarian Service Centre, no information had been received on that up to 20 December 2023. However, as per the information given on the progress of payment of grant on 31 May 2023 by Kurunegala Agrarian Service Development Deputy Commissioner, an amount of Rs. 62,166,350 had been paid as cash grant to 11,090 farmers and it had been indicated that the grant has to be paid to 03 farmers.

3.6.4.3 Payment of Cash Grant for the farmers in Moneragala District

In accordance with the information obtained from project office, 61,998 farmers who had cultivated paddy in Moneragala District had applied for cash grant. Even though it had been mentioned that an amount of Rs.274, 477,830 had been paid as cash grant for 35,365 farmers who had cultivated paddy in 27,447 hectares on 31 July 2023, a grant amount of Rs.7, 676,900 had been rejected the payment for 1,056 farmers on 31 July 2023 due to non-accuracy of bank account numbers and inactivation of bank accounts. It had been observed that the payments couldn't be made to other farmers owing to submission of the information given by the farmers with the shortcomings.

The under-mentioned observations are made on that matter.

(a) Thanamalwila Agrarian Service Centre

The paddy cultivation activities had been commenced on 10 October 2022 by the farmers belonging to this Agrarian Services Centre and the harvesting activities had been completed on 30 January 2023. The data of 1,834 farmers who had cultivated in 1012.47 hectares of 08 A.R.P.A. Divisions belonging to Agrarian Services Centre had been entered into the information system for providing cash grant. An amount of Rs. 7,075,000 had been paid for 824 farmers who had cultivated in 707.5 hectares from the farmers applied the grant on 23 May 2023 on which the physical inspections had been carried out and no follow-up had been done on 1010 farmers to whom the money had not been paid. The only complaint of 10 farmers who had made the complaints that they had not received the money had been noted in a document.

(b) Kataragama Agrarian Services Centre

The farmers belonging to this center had commenced the cultivation activities on 20 November 2022 and the harvesting activities had been completed on 01 April 2023. The data of 1,409 farmers had been entered into the information system for obtaining the grant as per the information given by Agrarian Development Regional Officer. An amount of Rs. 6,760,000 had been paid for 734 farmers who had cultivated in 676 hectares from the farmers applied the grant on 23 May 2023 on which the

physical inspection had been carried out and it had been observed that no follow-up had been performed on the farmers to whom the money had not been paid. Moreover, though the bank account details of 46 farmers to whom the project office had refused the payment had been updated and sent to the project office on 12 May 2023 by Agrarian Services Centre, Agrarian Services Centre had not been made aware on the payment of them.

- (c) Even though the questionnaires had been forwarded by the letters dated 02 June 2023 to Regional Agrarian Services Officers for obtaining the information on the payment of grant in Ethimale, Siyabalanduwa and Higurukaduwa Agrarian Services Centers, no information on that had not been received up to 20 December 2023. However, it had been observed that the number of farmers who had been paid the grant related to these Agrarian Service Centers under 02 stages are 6843, 5453 and 297 respectively as per the information provided to the audit on 14 November 2023 by Moneragala Agrarian Development Assistant Commissioner on the payment of grant of these 03 Agrarian Services Center and the information on number of farmers applied grant and numbers of farmers who had been rejected the grant had not been received. It had been observed that the total value of grant paid to them was Rs. 110,897,800.

3.6.4.4 Payment of Cash Grant for the farmers in Hambanthota District

50,666 farmers who had cultivated paddy in 37,669 hectares in Hambanthota District had applied for grant. Even though as per the information obtained from the data system, it had been shown that an amount of Rs. 367,132,664 had been paid for 49,439 farmers who had cultivated paddy in 36,713 hectares up to 31 July 2023, an amount of Rs. 5,417,425 had been rejected the payment for 825 farmers up to 31 July 2023 owing to non-accuracy of bank account numbers and inactivation of the bank accounts. It had been observed that the payments couldn't be made to other farmers due to submission of the information by the farmers with shortcomings.

The following observations are made in relation to Agrarian Services Centers selected as a sample.

(a) **Ambalanthota Agrarian Services Centre**

The land preparation activities for the paddy cultivation belonging to this Agrarian Services Centre had been carried out between 10 October 2022 and

25 November 2022 and the harvesting activities had been performed up to May 2023. The entering data into the data system due to delay of cultivation had been carried out under 02 stages in November and December and Even though the data related to 2,935 farmers belonging to 25 A.R.P.A. divisions had been entered into the system, it couldn't be provided the grant to the farmers within the expected time by the project.

- (i) As per the information obtained from Ambalanthota Agrarian Development Officer, even though the cash grant had been only paid to 2,190 farmers up to 31 March 2023, the money had not been paid to 745 farmers. After the project office had informed that the bank had refused to pay an amount of Rs. 462,000 for 68 farmers owing to inactivation of the bank accounts, the information had been provided again having updated. The financial allowances had not been given on 02 May 2023 which was the audited date.
- (ii) In accordance with the information received from A.R.P.A. Officers about 23 A.R.P.A. Divisions representing the farmers belonging to this Agrarian Services Centre who had not been paid the grant, 2,525 farmers who had cultivated in 2,212.3 hectares had provided the information to obtain the cash grant. It had been indicated that the information in relation to payment of financial allowance to these farmers was not with A.R.P.A. Officers. Only 03 officers had reported the information on non-receipt of cash grant. And it had been mentioned that an amount of Rs. 51,000 had not been provided to 07 farmers who had cultivated in 5.1 hectares as per such information.

(b) Beralihela Agrarian Services Centre

The land preparation activities for the paddy cultivation belonging to this Agrarian Services Centre had been carried out between 10 October 2022 and 25 November 2022 and the harvesting activities had been performed up to May 2023. Even though the data of 688 farmers of 07 A.R.P.A. Divisions belonging to this Agrarian Services Centre had been entered into the information data system for the providing the

financial aids to the farmers related to this season, 666 farmers had received the cash grant up to 31 May 2023 and the relief has to be further paid to 12 farmers.

- (c) Even though the questionnaires had been submitted by the letters dated 02 June 2023 to Regional Agrarian Services Officers for obtaining the information on the payment of grant in Lunama and Aguanakolapallessa Agrarian Services Centers, no answers had been received up to 20 December 2023. With regard to the written notice given by Hambanthota District Agrarian Development Assistant Commissioner to forward the progress of payment of grant up to 31 May 2023 in Agrarian Services level, it had been indicated that the adequate information was not available to submit information separately.

3.6.4.5 Payment of the Cash Grant for the Paddy Farmers in Batticaloa District

49,376 farmers who had cultivated paddy in 59,109 hectares in this district had applied for the grant. Even though, it had been mentioned that an amount of Rs. 531,296,790 had been paid as grant up to 31 July 2023 for the 41,668 paddy farmers cultivated in 53,130 hectares as per the data obtained through the data system, it had been observed that Rs.12, 519,000 relief money had been rejected to 1, 007 farmers up to 31 July 2023 owing to non-accuracy of bank account numbers and inactivation of bank accounts.

It had been observed that there is difference of Rs.5, 763,250 for 463 farmers between the information obtained from the project office on payment of cash grant for overall paddy framers in Batticaloa District and the information obtained from Batticaloa District Agrarian Development Deputy Commissioner on 13 September 2023. The details are as follows.

Information Source	Number of farmers who had been paid the relief	Land in extent cultivated (hectares)	Paid relief value
Project Office	41,668	53,129	531,296,790
District Agrarian Development Deputy Commissioner	41,205	52,714	525,533,540
Difference	463	415	5,763,250

16 complaints on non-receipt of relief had been received to District Office and the under-mentioned facts had been observed in relation to Mandapaththadi and Kalladdi Agrarian Services Centers which had been physically inspected at the audit.

(a)Mandapaththadi Agrarian Services Centre

5,080 paddy farmers of **Mandapaththadi Agrarian Services Centre** had applied for money relief. It had been observed that an amount of Rs.70, 699,000 had been paid for 5,034 farmers out of them as per the information obtained from Agrarian Center on 27 June 2023. Accordingly, an amount of Rs. 674,000 had not been paid to 46 farmers who had cultivated in 67.4 hectares.

It had been observed that the following reasons had affected to the refusal of the payment to these farmers.

- Inactivation of the bank accounts
- Entering false bank account numbers into data system

(b) Kalladi Agrarian Services Center

The obtaining of data required for the cash grant had been completed on 27 December 2022 having made aware on payment of money to the paddy farmers who had cultivated in 08 A.R.P.A. Divisions belonging to Kalladi Agrarian Services Center on 24 December 2022. Even though 310 farmers had applied for grant and the grant had been paid to 280 farmers, it had been observed that 30 farmers had not been paid cash grant on 31 May 2023.



Audit Officer discussion with the farmers
27 June 2023 Kalladi Agrarian Services Centre

(c) Even though the questionnaires had been submitted through the letter dated 02 June 2023 to Regional Agrarian Services Officers in order to obtain the information on the payment of grant in Varkarai and Eravur Agrarian Services Centers, no information had been received up to 20 December 2023. However, an amount of Rs. 74,113,700 had been paid to 6,413 farmers in Varkarai and Eravur Agrarian Services Centers in 02 stages as per the information forwarded by Batticaloa Deputy Agrarian Development Commissioner on 12 September 2023 and no information had been received on how many farmers applied for the grant and rejected farmers.

3.6.4.6 Contribution of District Agrarian Service Commissioner's Offices to Cash Grant Subsidies to Paddy Farmers in Maha Season 2022/23.

The following observations are made in this connection.

- (a) The complaints received by the District Agrarian Commissioner has been forwarded to the regional officers, and the progress review meetings about the project had been conducted with the Regional Agrarian Officer. However, it had not been given power to the District Agrarian Commissioner for the activities such as entering and changing data to the data system for subsidy payment. 35, 30 and 16 complaints had been received from the District Agrarian Service Centers of Anuradhapura, Kurunegala and Batticaloa respectively and a small number of complaints were received in other district offices and they had not reported about those as very few written complaints had been received.
- (b) It was observed according to the information provided by the District Commissioner and during the physical inspections of the Audit that there were issues such as the inability to confirm that the details provided by the farmers are the correct facts, not having an adequate timeframe for entering the data of all the farmers belonging to the Agrarian Service Center within the given short period, checking the correctness of the data and correcting erroneously entered data, lack of trained staff and communication weaknesses and not providing correct information about the bank accounts by the farmers as a hindrance to provide cash grant to the farmers within the due timeframe under this project.

- (c) The number of circulars issued to give instructions to the officers involved in the implementation of this project is very minimal. During the inquiries made about this, the evidences had been submitted to the audit that one letter without number had been issued by the Hambantota District Agrarian Service Office and the instructions for approval had been given therein. In addition, the particulars had been presented that the instructions were given via email and Whatsapp to Agrarian Development Officers.
- (d) A register had not been maintained to record the complaints received from the farmers who did not receive the cash grant even if they applied. Although it was stated that the head office was informed over the phone about the complaints received, the district commissioner was not aware about the measures taken in that regard.

3.6.5 The Need to Establish a Beneficiary Management Data System

3.6.5.1 The Welfare Benefit Payment Order No. 01 of 2022 made by the President under Section 27 of the Welfare Benefits Act No. 24 of 2002 published by the Extraordinary Gazette No. 2302/23 dated 20 October 2022, an information system should be electronically and otherwise established and maintained. An Information Unit about Welfare Beneficiaries should be established in every Divisional Secretariat and those Welfare Beneficiaries Information Units should maintain information about the welfare beneficiaries in the form of electronic documents and electronic records as per the orders made under the Electronic Transactions Act No.19 of 2006.

The following observations are made about the existing data system.

- (a) Even if the information about the welfare beneficiaries should be maintained in the form of electronic documents and electronic reports according to the orders made under the Electronic Act No. 19 of 2006, there was no a computer data system for efficient implementation of the programs even though various subsidies including fertilizers, fuel and money and varied crop subsidies including paddy seeds had been given by the Department of Agrarian Development since a long time.

GeoGoviya computer data system had been started in the year 2022 with an initial and development cost of Rs.16,000, it was observed that the total cost incurred till 31 March 2023 was Rs.166,000. Although the data collection for the subsidy programs implemented in the year had been facilitated by this, it was observed that there is no Web Server suitable for the efficient use of the computer data system for subsidy payment activities.

- (b) Even if 03 landline numbers have been introduced to exchange information with the project office for the regional officers of 556 Agrarian Service Centers situated all over the island, the officers dealing with the relevant subject in those offices, Assistant Commissioners in charge of the Districts and other officers to whom the problems related to the project are referred, a telephone operator attached to the project office had not been deployed to take the calls given by the persons and forward those to the relevant officers. As the officers; from the Agrarian Service Centers, who enter the data about the farmers who cultivated paddy were unable to get the necessary instructions within the assigned timeframe and make the necessary amendments within the specified timeframe due to this, data entering for Google sheet and making amendments had been unable to be done.
- (c) As the number of Agrarian Service Centers assigned to one officer was very large and a very short time was given to correct the deficiencies in the data as well as not allocating an enough time for the corrections, the data about the farmers were corrected at several occasions. Consequently, it caused the delay in providing subsidies to the farmers.
- (c) Although the facilities needed to operate the data system should be adequate to provide a more efficient service in time at a situation where there are more than a million paddy farmers, it was observed that the following physical facilities at the project office were not sufficient.

Item	Amount required	Amount as at 31 May 2023	Outstanding Amount 31 May 2023
Desktop Computers	15	05	10
Laptop computers	06	04	02
Multimedia Projector	01	0	01
Digital Screen	01	0	01

3.6.5.2 The current status of the data system used for providing grant to farmers and the need for improvement

Due to the availability of limited physical resources, lack of adequate training and existence of technical errors, the project has been executed using a limited number of computers while encountering various obstacles and practical problems throughout the subsidy project. Also, it was observed that the physical facilities such as the computers with USPs of high performance, web server that matches the requirement, air conditioned environment, digital screens as well as providing necessary trainings for the officers serving in the Information Management Unit are essential to provide services more efficiently including the provision of grant for the farmers.

3.6.6 Payment of Farmer Subsidies based on the Gender Equality

According to the Output No. 2.1.1 in the Table No. 17 of the Action Plan for Gender Equality and Social Integration as specified by the Project Administration Manual, at least 45 percent, i.e. 270,000, out of 600,000 farmers selected for the program should be women.

The following observations are made in this regard.

- (a) Although it has been stated that at least 45 percent should be women in paying money for the paddy farmers, it was observed that there was no data field to enter data on gender in the Google Sheet used for entering data in the data system. Accordingly, it was observed that no attention has been paid on that matter at the beginning of the project.
- (b) Although it was expected to provide benefits for 600,000 farmers under the project, more than one million of farmers had applied for the benefits. As per the information analyzed and given for the audit purpose using the National Identity

Card Number of 1,051,807 farmers who received the benefits according to the data system, it was observed that 357,564 farmers; i.e. 34 percent, were women. Accordingly, it was observed that the percentage of women among the farmers who engaged in cultivation activities and presented information was less by about 11 percent.

- (c) Batticaloa was the only district that had met the criterion that says that 45 percent of farmers should be women farmers in the implementation of the project and it was observed that the representation of women engaged in paddy cultivation therein was 52.7 percent. In the discussions held with the farmers, it was observed that the higher percentage of women farmers in the districts where majority of Tamil people is living has been caused by the special feature of providing paddy lands to women in their culture.



Farmer meeting held at Mandapattadi Agrarian Service Centre

27 June 2023

3.6.7 Overall Impact of the Paddy Harvest in Maha Season from 2019 to 2023 and Providing Cash Grants to Paddy Farmers on Paddy Harvest

- (a) The paddy harvest in two main farming seasons; Yala and Maha, is estimated by the Department of Census and Statistics with the help of Agricultural Research and Production Assistants. The harvest in the 25 districts; based on the quantity of cultivated and harvested lands in Maha seasons from 2019 to 2022 had been estimated as follows.

Year	Farming Season	Quantity of Cultivated Land Area (Hectares)	Total Harvest (MT)
2019	2019/20 Maha	663,041	3,196,752
2020	2020/21 Maha	681,521	3,061,394
2021	2021/22 Maha	685,164	1,931,230

According to this data, the quantity of cultivated lands in the 3 main seasons during the period from 2019 to 2021 had been increased by 3.3 percent; that is from 663,041 to 685,164 hectares respectively. However, the paddy harvest had been declined by 39 percent from 3,196,752 to 1,931,230 metric tons.

- (b) As the Department of Census and Statistics had not received the complete data related to 25 districts about the cultivated area and the harvested area related to the 2022/23 Maha season for which the financial subsidies were given, the total harvest had not been estimated even by 23 August 2023. However, it was observed that the quantity of cultivated land in the 9 districts; about which the information had been received, had been increased by 9 percent compared to the 2021/22 Maha season.

District	2021/22 Quantity of Cultivated Land Area (Hec)	2022/23 Quantity of Cultivated Land Area (Hec)	Increase in Land Area (Hec)
Colombo	3,830	4,189	359
Matara	13,685	14,383	698
Jaffna	11,127	11,407	280
Vavuniya	18,859	23,503	4,644
Mullativu	19,990	25,652	5,662
Kilinochchi	27,403	27,883	480
Batticaloa	66,520	71,477	4,957
Trincomalee	39,650	48,765	9,115
Anuradhapura	116,969	119,864	2,895
Total	318,033	347,123	29,090

- (c) As per the Geogoviya Data System of the Department of Agrarian Development, the land area of paddy cultivation in 2022/23 Maha season is 760,498 hectares, and it is observed that the provision of financial support for paddy cultivation and the other favorable factors; that influenced the cultivation

activities, have caused its increase by 11 percent compared to the 685,164 hectares of land areas reported by the Department of Census and Statistics regarding the quantity of land area of paddy cultivation in 2021/22 Maha season.

3.6.8 General deficiencies in the payment of subsidies

(a) Payment of Subsidies through Govidiriya Accounts

The farmers had been informed to open bank accounts with an initial deposit of Rs.500 as per an agreement entered into with the People's Bank by the Department of Agrarian Development in the year 2018 to be used in the payment of grants to the farmers. It had also been agreed with the bank to maintain these accounts on long-term basis without cancellation. The Agricultural Research and Production Assistants were informed by the Department of Agrarian Development to provide the Govi Diriya Bank Account when the bank account details of the farmers are provided in this grants program. Subsequently, the farmers had been informed by the said officers to provide the respective account details.

Accordingly, the Govi Diriya bank account details had been given by the farmers. As this account had been inactive due to the non-payment of cash grants by the Department of Agrarian Development to the farmers after the year 2018, and non-use of this account by the farmers for transactions, the subsidies of a large number of farmers had not been credited to the relevant bank accounts.

(b) Non-preparation of a system to verify the receipt of money from the farmers who have applied for cash grant.

Although the Regional Officer in charge of the Agrarian Service Center was entrusted with the responsibility of entering data about the farmers who cultivated paddy in order to pay the cash grant to paddy farmers, a system had not been established to check how many farmers received the cash grant from the farmers whose data were entered for receiving the grant. Only the name list of the farmers who are refused to be paid are given to the Agrarian Service Center by the project office which processes the data entered into the data system. Accordingly, it was observed during the discussion with the Regional

Officer of the Agrarian Service Center or the Agricultural Research and Production Assistants that they have not been informed about the farmers who received the cash grant.

(c) Sending a text message to the farmer's mobile phone that the payment has been made prior to the credit of money to the bank account

Even if a text message was sent to the farmers' mobile phone number through the data system of the project office; upon the completion of preparing the subsidy payment voucher, stating that the money was credited to the bank accounts of the farmers, it was observed that money was not credited to the farmers' bank accounts as the slips without being run were returned by the bank to the Head Office of the Department of Agrarian Development due to various deficiencies. It was observed according to the information received during the audit that there are circumstances where the farmers who went to the bank to get money; as per the information received through the text message, encountered with inconveniences for not being able to get the money.

(d) As a cash grant amount of Rs.10,000 per hectare is paid on proportional basis for the farmers who cultivated paddy in 2022/23 Maha season, the amount received by a farmer who cultivated 0.2 hectares is Rs.2000. As the farmers' bank accounts had been inactive at the time of crediting this amount to the bank account of the respective farmer, they had to re-deposit money and submit the relevant revised details in order to activate the accounts. Consequently, some farmers had refused to receive the cash grant and it was observed according to the information obtained from the Agricultural Research and Production Assistants that the said situation caused the inability of providing the cash subsidy.

3.7 Efficiency of Benefit Payment by Samurdhi Banks

3.7.1 Payment of money to the Beneficiaries

In the examination of the decision taken to make payments through Samurdhi Bank and Government Banks during the payment of financial assistance to the beneficiaries, executing the operation activities manually in Samurdhi Banks, and the methods used for the payment of benefits to the beneficiaries, the following status was observed.

SN	Type of Beneficiaries	Number of beneficiaries	Method used prior to the payment of Asian Development Bank benefits					Payment Method of Asian Development Bank Benefits				
			Method of payment	Number of Branches	Availability of ATM	Use of Computerized Accounting System	Printing of Passbook by Computers	Method of payment	Number of Branches	Availability of ATM	Use of Computerized Accounting System	Printing of Passbook by Computers
01.	Samurdhi Beneficiaries (No. of persons permanent and included in the waiting list as per the Project Administration Manual)	2,490,000	By Samurdhi Banks	1090	No	1024	891	By Samurdhi Banks	1090	No	1024	891
02.	Elderly Persons (No. of persons permanent and included in the waiting list as per the Project Administration Manual)	660,000	By Post Offices	3995	No	No	No	By Samurdhi Banks	1090	No	1024	891
03.	Persons with Disabilities and Kidney Patients (No. of persons permanent and included in the waiting list as per the Project Administration Manual)	180,000	By Public Banks	1926	Available	Available	Available	By Samurdhi Banks	1090	No	1024	891
04.	Pregnant and Lactating Mothers (No. of persons paid with benefits)	153,320	Benefits have not initially been paid in cash					By Samurdhi Banks	1090	No	1024	891

When 3,486,449 beneficiaries (Nearly 3 million) for 4 types of relevant beneficiaries are referred to the Samurdhi Bank for the payment of benefits under the Loan Assistance Project of the Asian Development Bank, the beneficiaries and the bank officers had been tired and disappointed due to unavailability of the Automated Teller Machines for the beneficiaries of the above banks to easily withdraw money, not carrying out account activities through a computer system in 66 banks, and not printing the pass books through the computer system in 199 banks. According to the above particulars, it is observed that nearly 3 million of beneficiaries have not been provided with the benefits under the above project on time through a proper method in a way the project objectives are achieved.

3.7.2 Execution of Bank Operation Activities using Computer Software

As the set-up of the modules in the SLTS and SOFTWATCH computer software operating in Samurdhi Bank has not been accomplished in order to carry out customer and bank affairs quickly and efficiently, it was observed that it was not able to carry out the operation activities more efficiently in the Samurdhi Banks as well as to provide a more effective service to the customers due to the matters stated in the report that contains the progress of computerizing the Samurdhi Bank as at 18 May 2023.

3.7.2.1 Crediting Money to the Accounts of the Beneficiaries using Computer Software

- (a) According to the particulars indicated in the report showing the current progress of implementing the orders given by the Committee on Public Accounts of the Department of Samurdhi Development in its meeting held on 25 April 2023, the following observations are made regarding the program of computerizing the Samurdhi Bank and providing services through the Internet.
 - (i) According to the report showing the progress of computerizing the Samurdhi Bank, it had been indicated that there are 1024 banks that conduct transactions through the computer system out of 1090 Samurdhi Banks operating within the Samurdhi Bank system all over the island as at 18 May 2023, and the subsidies are credited through that to the accounts of the beneficiaries. The district level details on that is as follows.

District	Number of Banks	Banks carrying out transactions through computerized system	Banks that credit subsidies through computerized system	Banks that can print the pass book through computerized system
Colombo	42	39	39	38
Kalutara	56	56	56	56
Gampaha	88	84	84	84
Kandy	91	90	90	85
Nuwara Eliya	38	32	32	32
Matale	40	35	35	35
Anuradhapura	55	55	55	44
Ampara	45	42	42	42
Trincomalee	21	18	18	15
Kurunegala	120	111	111	110
Batticaloa	31	31	31	31
Puttalam	49	48	48	48
Kilinochchi	8	8	8	8
Mannar	10	10	10	10
Jaffna	33	33	33	32
Mullaitivu	10	10	10	10
Vavuniya	10	9	9	9
Polonnaruwa	22	21	21	21
Monaragala	27	23	23	17
Matara	50	47	47	20
Kegalle	45	34	34	16
Galle	69	68	68	65
Badulla	42	38	38	4
Hambantota	42	38	38	15
Rathnapura	46	44	44	44
Total	1090	1024	1024	891

Source : Annexure No. 03-1 of the Progress Report on the Computerization of Samurdhi Bank

It was expected to pay money promptly to the beneficiaries through this financial assistance program implemented throughout the island, and it is observed that the benefits had not been able to be provided to the beneficiaries in an efficient manner due to the lack of facilities available in the use of software.

- (ii) According to 5.2 of the Accounts Circular No. 8/2017 dated 31 March 2017 of the Department of Samurdhi Development, it has been stated that the subsidies should be credited to the relevant beneficiary accounts within 3 days upon the receipt of money of the month concerned. Accordingly, the subsidies given by the Asian Development Bank have not been able to be given to the relevant beneficiaries within the due timeframe under the above criteria due to manual recording of the transactions. Accordingly, the efficiency and effectiveness of the above program have been affected thereby.

- (b) As per the Annexure 3 of the report on the progress of computerizing the Samurdhi Bank, the following observations are presented according to the information presented about the banks not completed as modules as at 18 May 2023.

- i. Due to unavailability of communication signals in the Samurdhi Banks given in the below table related to the Divisional Secretary's Divisions of Kurunegala district, money had not been able to be credited to the beneficiaries immediately. Accordingly, the receipt of money for the beneficiaries had not happened efficiently through the computer software.

Divisional Secretariat Division	Samurdhi Bank
Giribawa	Wara wewa, Damsopura
Ambanpola	Borawewa
Polpitiyagama	Kalugalla, Madahapola, Moragollagama
Paduwasnuwara East	Moonamaldeniya
Rideegama	Delvita

- ii. For the Softwatch computer software installed in the Samurdhi Banks mentioned in below table related to the Divisional Secretariat Division belonging to the Hambantota district, the banking activities are carried out by

taking a copy from the old computer program available in those banks and entering to the new computer program. As the module related to the software has not been installed as required, it was observed that the bank staff had to spend unnecessary time for that matter. Accordingly, it was observed that the computer software is not used with sufficient efficiency and effectiveness.

District	Divisional Secretariat Division	Samurdhi Bank Branch
Hambantota	Angunakolapelessa	Angunakolapelessa Talawa Udayala
	Ambalantota	Bolana Hungama Nonagama (Revealed during physical examination on 02 May 2023)
	Katuwana	Katuwana Medakanda Welipitiya

- iii. As the function of software used in Kotagama, Lindha Kumbura, Dodamgolla and Sevenagala Samurdhi Banks belonged to Bibila and Sevanagala Divisional Secretariat Division of Monaragala District have become slow at varied occasions, the efficient provision of subsidies to the beneficiaries was problematic.
- iv. 23 out of 27 Samurdhi Banks operating in Monaragala District carry out the transactions through the computer system, and according to the information presented by the Samurdhi Internal Audit Division of Monaragala District about the program of computerizing the banks, money had not been credited to the bank accounts of the beneficiaries through the computer system in Rathugala, Siyambalanduwa, Hambegamuwa and Thanamalwila banks due to the unavailability of internet facilities, slow internet facilities, non-installation of computer software. Accordingly, it was observed that giving money swiftly to the beneficiaries had been problematic. Due to that matter, providing a friendly customer service at a satisfactory level by carrying out the bank operations efficiently and timely through computer software had not been possible.

3.7.2.2 Physical Examination of crediting money to the Accounts of Beneficiaries

- (a) As mentioned in the Circular No. DSD/SCBBU/21/2022/03/XVII dated 23 February 2023 issued by the Department of Samurdhi Development, it has been stated that all Samurdhi Banks carries out the transactions through computer software, all subsidies sent from the head office of the Department of Samurdhi Development are directly transferred to the Samurdhi Bank account and the money is credited to the accounts of the beneficiaries. However, it was observed during the physical examination that the accounts of Thanamalwila Samurdhi Bank account holders are maintained manually.
- (b) Even if the transactions are not carried out using computer software in Thanamalwila Samurdhi Bank, it was observed as explained by the Bank Manager that varied measures had been taken at different occasions since the year 2020 to establish the Soft Watch system in the bank. An agreement had been entered into with a private institute for the period of 2022-2025 to provide support and maintenance services for the said computer software, and a sum of Rs.46,502 had been paid for that purpose by the Bank for the year 2022. Although facilitating the accounting process related to the Samurdhi Bank operations and making it efficient have been stated as the objectives of maintaining this software system in the bank as per the Circular No. DSD/HO/05/MF/01 dated 26 October 2022; it was observed that the expected results had not been obtained by maintaining the above data system.

3.8 Adjusting the project objectives with Sustainable Development Goals and Targets

The Sustainable Development means the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Herein, in order to march towards the sustainable development of a country, the economic, social and environmental objectives should get connected together.

For this purpose, Sri Lanka has passed the National Sustainable Development Act No. 19 of 2017 under the legal provisions related to sustainable development. As per the Section 11 of the said Act, it has been stated that every Ministry, Department, Provincial Council, Provincial Ministry and Department, and Local Government

Institute should prepare the National Policy on Sustainable Development related to their scope and the strategy in accordance with the Sustainable Development Strategy. A digital portal has been established under the Section No.10 (e) of the Sri Lanka Sustainable Development Act No. 19 of 2017 to facilitate the mechanism of implementing the national policy and the strategy on sustainable development by the Sustainable Development Council and the progress review process. Accordingly, the sustainable development progress of Sri Lanka can be observed once the relevant government institutes of Sri Lanka identify the objectives and targets related to their scope, prepare the related indicators and provide their progress to the above data portal. The progress of reaching the Sustainable Development Goals and Targets of Sri Lanka (as at 05 July 2023) has been shown in Annexure 09.

3.9 Project Monitoring Activities

3.9.1 Project Steering Committee

Project Steering Committee has been established to provide strategic & policy direction and guidance among the implementing agencies of the project. It is chaired by the Secretary to the Ministry of Finance and is composed of representatives from the Treasury Department, Department of National Budget, Department of Treasury Operations, Department of Project Management and Monitoring, Department of External Resources, Department of National Planning, Ministry of Women, Child Affairs and Social Empowerment and Ministry of Agriculture.

As per the Project Administration Manual, the roles and responsibilities assigned to the Project Steering Committee are as follows.

- i. Provide overall strategic and policy directions and guidance for project implementation.
- ii. Provide coordination among the Executing Agency and Implementing Agencies in the project implementation and management.
- iii. Review and approve quarterly project plans.
- iv. Review and recommend consolidated quarterly budget requirements for approval.

- v. Undertake periodic performance reviews of project outputs and activities and suggest ways to expedite project implementation and resolve any project management issues.
- vi. Any weaknesses in financial management, including audit observations and recommendations, and recommend corrective actions to be taken by the Executing and Implementing Agencies.

The project agreement related to this project has been signed on 09 September 2022 and providing financial grants to the beneficiary groups has started from October 2022. As per the Project Administration Manual, it has been stated that this committee meets once a month for the first three months and then once a quarter. However, the Project Steering Committee has not met even once during the year 2022 as per the requirements shown in the project administration manual and the first meeting held on 21 February 2023. In respect of the decisions taken therein, the following observations are made.

- (a) It had been stated that the proposals for the activities of the Food Security and Livelihood Recovery Emergency Assistance Project should be submitted for the recommendation of the Department of National Planning, and the Department of Samurdhi Development and Department of Agrarian Development should; include it to their quarterly project plans after the receipt of the above recommendations and can present it to the Project Steering Committee for approval. However, at the time of taking this decision, Rs. 55,930,396,478 or 90 percent out of Rs. 62,311,741.96 that had been received from the project loan amount had been paid as at 31 December 2022.
- (b) Also, it was observed; while obtaining information regarding the implementation of the project activities during the audit, that the actions plans have not been prepared for the tasks expected to be fulfilled for the last month of the third quarter and for the fourth quarter of the year 2022.

3.9.2. The Progress of the Project Performance Indicators

The framework for project design and monitoring has been outlined under No. 70 (Table 18) in the Project Administration Manual of the Asian Development Bank

Loan Assistance Project. Accordingly, the relevant results, output and the progress of the livelihood development of the affected people are as follows.

SN	Result Chain	Index	Data Source and Reporting Method	Progress
01.	Outcome To create food security for poor and vulnerable people (Specially Women and Children)	01. Reduction of food insecurity by 30 percent (Baseline - 3.26 million people in the year 2022)	The Food Security Progress should be calculated by the Government of Sri Lanka or the Development Partners in 2024 or 2025.	The Food Security Progress should be calculated by the Government of Sri Lanka or the Development Partners in 2024 or 2025
		02. Maha season (September 2022 - March 2023) Cultivation of 80 percent of lands in high yield zones (Baseline - 73 percent of land expected to be cultivated in the year 2022)	Data from the Department of Census and Statistics	The quantity of cultivated lands in 2021-2022 Maha season is 685,164 hectares. As the 2022-2023 Maha season data has not been published, it is not possible to measure the progress.
			Data from Department of Agrarian Development	The data for 2021-2022 Maha season is

not available and 2022-2023 Maha season is 760,498 hectares as per Geo Goviya data system.

03. Obtaining at least 75 percent from the paddy harvest that had been obtained in Maha season in the years 2020-2021

(Baseline - Paddy harvest in 2020-2021 Maha season is 3,061,394 Metric Ton)

02. Output

Provide direct financial support for poor and vulnerable groups.

01. Providing cash grants for 1.76 million low income families and 0.73 million of low income families in the waiting list.

(Baseline – Providing cash grants up to August 2022)

Department of 2022 – 2023 Data and have not been published
 CRM Computer Number of persons benefited
 System of the Department of 2022 –
 Samurdhi September 99 %
 Development. October 99 %
 November 99 %

02. Giving cash grants for 0.42 millions of low-income adults (above 70 years and completed 100 years) and 0.24 millions of

Information System of the Department of 2022 –
 Samurdhi September 74%
 Development October 74 %
 November 75%

persons in waiting list.

(Baseline - Giving assistance up to August 2022)

03. Providing financial Information Number of assistance for 71,000 System of the persons benefited low-income disabled Department of 2022 - September persons and 61,000 Samurdhi 63% persons in waiting list. Development October 63% (Baseline - Paying assistance till August 2022) November 63%

04. Providing assistance Information Number of to 38,000 low-income System of the persons benefited kidney patients and Department of 2022 - September 5,000 persons in Samurdhi 92% waiting list Development October 93% (Baseline - Paying assistance till August 2022) November 92%

05. Providing financial Information Number of assistance to 300,000 System of the persons benefited pregnant and lactating Department of (Became eligible mothers. Samurdhi during the period (Baseline - Providing Development of 04 months) - vouchers of Rs. 2,000 each to 300,246 mothers in 2019) 51%

03. Livelihood Providing financial Geo-Goviya The percentage of development of assistance to at least Data system the farmers who vulnerable people 600,000 paddy farmers for Maha season received the subsidies out of (September 2022 to the farmers who

March 2023) for the extent cultivated.

applied for subsidies is 88% (No. of farmers who applied for financial assistance for Maha season from September 2022 to 31 July 2023 - 1,176,655) and the (No. of farmers who received financial assistance as at 31 July 2023 is 1,039,961)

- (a) The outcome of the related activities of the above project has been indicated as the reduction of food insecurity by 30 percent, cultivation of 80 percent of paddy lands in Maha season (September 2022, March 2023) and getting at least 75 percent of the paddy harvest obtained in Maha season in the years 2020-2021. It has been stated that the progress of reducing the food insecurity will be calculated in the years 2024 and 2025 by the Government of Sri Lanka or the Asian Development Bank; that is the Development Partner. Even though the data on the quantity of paddy lands cultivated in Maha season (September 2022 - March 2023) are available as per the Geo-Goviya data system of the Department of Agrarian Development, the progress has not been able to be measured as the Geo-Goviya data system did not possess the data for 2021-2022 Maha season. The progress has been impossible to be measured as the data for 2020-2021 Maha season has not been published by the Department of Census and Statistics to measure the progress of having the expected paddy harvest.

- (b) In examination of the progress of the output given by the above project, the progress of the activities implemented by the project is as follows.

In comparison of the progress of giving financial assistance for 2.49 millions in low-income families with the targets planned, it is 99 percent in September, October and November 2022. The progress of giving financial assistance to 0.66 million low-income adults for the months of September and October of 2022 is 74 percent and it is 75 percent for the month of November 2022. The progress of giving financial assistance for 132,000 low-income disabled persons is 63 percent each for September, October and November 2022. The progress of giving financial assistance to 43,000 low-income kidney patients is 92 percent in September, 93 percent in October, and 92 percent in November 2022. Progress of giving financial assistance to pregnant and lactating mothers (Entitled during the months of paying benefits) is 51 percent as at July 2023.

- (c) The progress of giving financial assistance to the paddy farmers for Maha season (2022/2023) which is an activity implemented under the above project for the livelihood development of vulnerable people is 88 percent up to 31 July 2023 against the 1,176,655 farmers who applied for subsidies.

04. Recommendations

- (a) Implementation of all welfare programs as per the powers of the Commissioner of Welfare Benefits according to the Gazette Notification issued in October 2022 in accordance with the Welfare Benefits Act No. 24 of 2002.
- (b) Providing an efficient service to the beneficiaries by modernizing the Computer System (CRM system) of Samurdhi Banks.
- (c) Providing human and physical resources required for Samurdhi Banks to provide an efficient service to the beneficiaries and to perform the duties of the officers satisfactorily.
- (d) Designing and implementing the programs with special attention in giving benefits for the easily vulnerable people (low income earners, elderly and disabled persons, patients, children, and women).
- (e) Entering the surveyed land areas into the Geo-Goviya computer system being maintained by the Department of Agrarian Development in relation to the farmers, improving the computer system so as to do the necessary corrections quickly according to the information provided by the farmers during the farming seasons.
- (f) Upgrading the computer system so that the details about the payments can be obtained quickly by the responsible officers including the District Agrarian Development Commissioner and the Regional Officer on the required date.
- (g) Establishing an agreement with State Banks to actively maintain the Govi Diriya Bank Accounts maintained by State Banks in order to encourage farmers and using Govi Diriya Bank Accounts for the payment of subsidies.
- (h) Referring written circular instructions to the concerned officers through modern technological methods on time and taking relevant actions in the payment of emergency benefits.
- (i) Identifying the existing gaps to reach the sustainable development goals by the year 2030 and taking actions for it by the relevant responsible institutions.

Sgd./W.P.C. Wickramaratne
Auditor General

W.P.C Wickramaratne
Auditor General
On 24 June 2024

Annexure 01

Beneficiaries for whom the money was credited to the banks by the Department of Samurdhi and actual payments were done

Allowance	Month											Percentage of difference %
	September				October				November			
	Number of beneficiaries for whom the money was credited by the Dept. of Samurdhi to the Samurdhi Banks for the payment	Number of beneficiaries to whom the money was paid by Samurdhi Banks	Difference	Percentage of difference %	Number of beneficiaries for whom the money was credited by the Dept. of Samurdhi to the Samurdhi Banks for the payment	Number of beneficiaries to whom the money was paid by Samurdhi Banks	Difference	Percentage of difference %	Number of beneficiaries for whom the money was credited by the Dept. of Samurdhi to the Samurdhi Banks for the payment	Number of beneficiaries to whom the money was paid by Samurdhi Banks	Difference	
Regular	415,398	406,983	8,415	2.02	416,833	409,451	7,382	1.77	418,674	409,612	9,062	2.16
Additional	243,933	210,909	33,024	13.53	235,968	209,968	26,000	11.01	237,674	210,531	27,143	11.42
Included in waiting list	115,037	83,491	31,546	27.42	115,018	83,555	31,463	27.35	115,753	83,154	32,599	28.16

Source – Department of Samurdhi Development (All island summary for elderly payment)

Annexure 02

Payment for elderly permanent, additional and those who are in the waiting list (beyond 70 years of age)

Month	Payment of permanent allowance				Payment of permanent additional allowance				Payment for those who are on the waiting list			
	Amount of money credited to Samurdhi Banks by the Samurdhi Department for making payments	Amount of money paid by the Samurdhi Bank.	Difference (Rs.)	Percentage of the difference %	Amount of money credited to Samurdhi Banks by the Samurdhi Department for making payments (Rs.)	Amount of money paid by the Samurdhi Banks. (Rs.)	Difference (Rs.)	Percentage of the difference %	Amount of money credited to Samurdhi Banks by the Samurdhi Department for making payments (Rs.)	Amount of money paid by the Samurdhi Banks. (Rs.)	Difference (Rs.)	Percentage of the difference %
September	789256200	773267700	15988300	2.02	731799000	632727000	99072000	13.53	575185000	417455000	157730000	27.42
October	791982700	777956900	14025800	1.77	707904000	629904000	78000000	11.01	575090000	417775000	157315000	27.35
November	795480600	778262800	17217800	2.16	713023500	631593000	81430500	11.42	578709200	415770000	162939200	28.15

Source – Samurdhi Development Department (All island summary for elderly payment)

Reasons for not taking the money by the beneficiaries

Divisional Secretariat	Beneficiary Category	Month	Number of persons claimed for benefits	Number of beneficiaries obtained money from the Samurdhi Department	Number of beneficiaries who did not obtain the allowance	Reasons for not taking the money				
						Duplication	Nonexistence of bank accounts	Other*	Percentage of duplication	Percentage that did not open bank accounts
Galgamuwa	Regular	September	1265	1265	11	11	-	-	-	-
		October	1265	1265	11	1	-	-	-	-
		November	1265	1265	11	1	-	-	-	-
	Additional allowance	September	456	456	44	44	-	-	9.6	-
		October	456	456	49	49	-	-	11	-
		November	456	456	47	47	-	-	10	-
	On the waiting list	September	271	271	44	48	-	-	18	-
		October	271	271	49	38	-	-	14	-
		November	271	271	47	42	-	-	15	-
Nochchiyagama	Regular	September	756	756	4	-	4	-	-	-
		October	756	756	4	-	4	-	-	-
		November	756	756	3	-	3	-	-	-
	Additional allowance	September	494	494	21	21	2	-	4.2	-
		October	494	494	22	20		-	4.4	-
		November	494	494	22	20		-	4.4	-
	On the waiting list	September	414	414	76	-	66	-	-	16
		October	414	414	75	-	65	-	-	16
		November	439	439	75	-	65	-	-	15
Ambalantota	Regular	September	1125	1125	17	-	-	-	-	
		October	1129	1129	29	-	-	-	-	

		November	1127	1127	18	-	-	-	-	-
	Additional allowance	September	712	712	45	45	-	-	6.3	-
		October	712	712	62	62	-	-	8.7	-
		November	712	712	53	53	-	-	7.4	-
	On the waiting list	September	276	276	6	-	-	-	-	-
		October	276	276	8	-	-	-	-	-
		November	276	276	12	-	-	-	-	-
Palugaswe wa	Regular	September	426	426	-	-	-	-	-	-
		October	426	426	-	-	-	-	-	-
		November	426	426	1	-	-	-	-	-
	Additional allowance	September	233	233	78	76	-	-	33	-
		October	233	233	77	76	-	-	33	-
		November	233	233	77	75	-	-	33	-
	On the waiting list	September	7	-	-	-	-	-	-	-
		October	7	-	-	-	-	-	-	-
		November	13	13	-	-	-	-	-	-
Manmunai (north)	Regular	September	1597	1597	7	-	-	*	-	-
		October	1597	1597	12	-	-	*	-	-
		November	1597	1597	8	-	-	*	-	-
	Additional allowance	September	673	673	9	-	-	-	-	-
		October	673	673	22	-	-	-	-	-
		November	673	673	17	-	-	-	-	-
	On the waiting list	September	99	99	14	-	-	-	-	-
		October	100	100	18	-	-	-	-	-
		November	100	100	19	-	-	-	-	-
Manmunai (west)	Regular	September	791	791	7	-	-	*	-	-
		October	791	791	10	-	-	*	-	-
		November	790	790	8	-	-	*	-	-
	Additional allowance	September	153	153	10	-	-	-	-	-
		October	153	153	11	-	-	-	-	-

	ce	November	153	153	11	-	-	-	-	-
	On the waiting list	-	-	-	-	-	-	-	-	-
Thanamalwila	Regular	September	678	678	-	-	-	-	-	-
		October	678	678	-	-	-	-	-	-
		November	678	678	-	-	-	-	-	-
	Additional allowance	September	319	319	-	-	-	-	-	-
		October	319	319	-	-	-	-	-	-
		November	319	319	-	-	-	-	-	-
	On the waiting list	September	130	129	-	-	-	11	-	-
		October	130	129	-	-	-	11	-	-
		November	130	129	-	-	-	11	-	-
Ibbagamuwa	Regular	September	1374	1374	-	-	-	-	-	-
		October	1377	1377	-	-	-	-	-	-
		November	1377	1377	-	-	-	-	-	-
	Additional allowance	September	539	539	14	14	-	-	2.5	-
		October	539	539	13	13	-	-	2.4	-
		November	539	539	13	13	-	-	2.4	-
	On the waiting list	September	553	553	75	69	-	-	12	-
		October	553	553	76	69	-	-	12	-
		November	553	553	77	69	-	-	12	-
Katharagama	Regular	September	375	375	-	-	-	-	-	-
		October	375	375	-	-	-	-	-	-
		November	375	375	-	-	-	-	-	-
	Additional allowance	September	219	219	32	32	-	-	15	-
		October	219	219	24	24	-	-	11	-
		November	219	219	24	24	-	-	11	-
	on the waiting list	September	44	44	-	-	-	-	-	-
		October	44	44	-	-	-	-	-	-
		November	44	44	-	-	-	-	-	-
* Deaths, change of residence, being a non-disqualified person										

Particulars on delaying of crediting assistance money to the accounts of elderly persons

Samurdhi bank	Month	Allowence Type								
		Regular			Additional			On the waiting list		
		The date on which the money received to the current account	The date on which the account had been debited for making payments	Delayed period (days)	The date on which the money received to the current account	The date on which the account had been debited for making payments	Delayed period (days)	The date on which the money received to the current account	The date on which the account had been debited for making payments	Delayed period (days)
Katharagama	September	2022.10.11	2022.10.23	12	2022.10.17	2022.10.23	06	2022.10.18	2022.11.06	19
		2022.11.17	2022.11.28	11	2022.10.17	2022.11.12	25			
	October	2022.11.18	2022.11.29	10	2022.11.28	2022.12.04	06	2022.11.23	2022.12.04	11
	November	2022.12.16	2022.12.21	05	2022.12.16	2022.12.22	06	2022.12.16	2022.12.22	06
Nonagama	September	2022.10.11	2022.10.15	04	2022.10.17	2022.10.20	03	2022.10.18	2022.10.20	02
	October	2022.11.20	2022.11.21	-	2022.11.30	2022.11.30	-	2022.12.02	2022.12.02	-
	November	2022.12.19	2022.12.19	-	2022.12.19	2022.12.19	-	2022.12.19	2022.12.19	-
Puliyanthive	September	2022.10.12	2022.10.15	03	2022.10.20	2022.11.08	19	2022.10.20	-	-

	October	2022.10.19	No delays	-	2022.11.30	2022.12.22	22	-	-	-
	November	2022.12.17	2022.12.22	05	2022.12.17	2022.12.22	05	-	-	-
Pudumandapat hthadi	September	2022.10.12	2022.10.18	06	2022.10.18	2022.10.29	11	2022.10.12	2022.11.04	23
	October	2022.11.18	2022.11.19	01	2022.11.28	2022.12.10	12	2022.11.23	2022.11.26	03
	November	2022.12.16	2022.12.29	13	2022.12.16	2022.12.20	04	2022.12.16	2022.12.29	13
Ibbagamuwa	September	2022.10.11	2022.10.18	07	2022.10.17	2022.11.22	35	2022.10.18	2022.11.11	24
	October	2022.11.17	2022.11.22	05	2022.11.28	2022.12.21	23	2022.11.22	2022.12.14	22
	November	2022.12.16	2022.12.22	06	2022.12.16	2023.02.14	60	2022.12.16	2022.12.22	06
Thanamalwila	September	2022.10.11	2022.10.27	16	2022.10.07	2022.11.21	44	-	-	-
		2022.11.17		-	-	-	-			
	October	2022.11.18	2022.11.30	12	2022.11.28	2022.12.16	18	2022.11.28	Details not clear	
	November	2022.12.16	2022.12.27	11	2022.12.16	2022.12.27	11	2022.12.16	2022.12.19	03

Information on the beneficiaries who have appealed to the Samurdhi Development Department due to not receiving money even by 30.06.2023 although claimed for benefits by 31 12.2022.

SN	District	Divisional Secretariat	Number of beneficiaries	Required amount of allocation	Reasons /óther
1	Chilaw	Chilaw	5	50,000.00	Allocation insufficient
2	Galle	Karandeniya	2	20,000.00	Allocation insufficient
3	Galle	Rathgama	1	10,000.00	Allocation insufficient
4	Galle	Madampagama	1	10,000.00	Allocation insufficient
5	Galle	Nagoda	5	50,000.00	Allocation insufficient
6	Hambantota	Ambalantota	1	10,000.00	Allocation insufficient
7	Monaragala	Bibila	1	10,000.00	Allocation insufficient
8	Kurunegala	Mawathagama	1	10,000.00	Allocation insufficient
9	Gampaha	Meerigama	4	40,000.00	Allocation insufficient
10	Gampaha	Polgahawela	4	40,000.00	Allocation insufficient
11	Gampaha	Biyagama	5	50,000.00	Allocation insufficient
12	Matara	Pasgoda	3	30,000.00	Allocation insufficient
13	Polonnaruwa	Welikanda	12	120,000.00	Allocation insufficient
14	Trincomalee	Muthur	92	920,000.00	Allocation insufficient
15	Rathnapura	Elapatha	8	80,000.00	Allocation insufficient
16	Anuradhaupra	Rajangane	5	50,000.00	Allocation insufficient
17	Anuradhaupra	Rambewa	2	20,000.00	Allocation insufficient
18	Anuradhaupra	Manupa	27	270,000.00	Allocation insufficient
19	Anuradhaupra	Thalawa	17	170,000.00	Allocation insufficient
20	Anuradhaupra	Horowpathana	155	1,550,000.00	Allocation insufficient
21	Nuwaraeliya	Nuwaraeliya	29	290,000.00	Allocation insufficient
22	Galle	Balapitiya	5	50,000.00	Allocation insufficient
23	Polonnaruwa	Medirigiriya	7	70,000.00	Allocation insufficient
Total			392	3,920,000.00	

Source : National Secretariat for Earlychildhood Developmen

Annexure 06

Particulars on the beneficiaries who had forwarded applications after the scheduled date due to weaknesses at Divisional Secretariats, although the applications had been forwarded by them as at 31.12.2022.

Serial No	District	Divisional Secretariat	Beneficiaries not received benefits	Required amount of allocation	Reasons/other
1	Kalutara	Agalawatta	10	100,000.00	Delayed
2	Kurunegala	Ridigama	1	10,000.00	Delayed
3	Kurunegala	Ridigama	8	80,000.00	Change of Bank
4	Mannar	Mandaya-West	33	330,000.00	Delayed
5	Gampaha	Negambo	24	240,000.00	Delayed
6	Ampara	Damana	43	430,000.00	Delayed
7	Kegalle	Aranayaka	2	20,000.00	Delayed
8	Kandy	Harispattuwa	8	80,000.00	Delayed
9	Kurunegala	Panduwasnuwara-West	30	300,000.00	Delayed
10	Vavuniya	Vavuniya	23	230,000.00	Delayed
11	Anuradhapura	Galenbindunuwewa	3	30,000.00	Delayed
12	Kegalle	Rambukkana	1	10,000.00	Delayed
13	Hambantota	Walasmulla	2	20,000.00	Delayed
14	Ampara	Addalachchena	8	80,000.00	Delayed
15	Vavuniya	Vavuniya-South	1	10,000.00	Delayed
16	Kalutara	Horana	7	70,000.00	Delayed
17	Matara	Kadawath sathara	2	20,000.00	Change of Bank
18	Anuradhapura	Kekirawa	1	10,000.00	Change of Bank
19	Matara	Kadawath sathara	3	30,000.00	Change of Bank
20	Monaragala	Bibila	2		Change of Bank

				20,000.00	
21	Kurunegala	Ridigama	4	40,000.00	Change of Bank
22	Galle	Benthara	1	10,000.00	Change of Bank
23	Matara	Kadawath sathara	1	10,000.00	Change of Bank
24	Kurunegala	Nikaweratiya	4	40,000.00	Change of Bank
25	Kurunegala	Ibbagamuwa	1	10,000.00	Change of Bank
26	Matara	Kadawath sathara	2	20,000.00	Change of Bank
27	Galle	Yakkalamulla	6	60,000.00	Change of Bank
28	Hambantota	Weeraketiya	1	10,000.00	Delayed
29	Kurunegala	Bamunakotuwa	3	30,000.00	Change of Bank
30	Kurunegala	polpithigama	6	60,000.00	Change of Bank
31	polonnaruwa	Dimbulagala	17	170,000.00	Delayed
32	Kurunegala	Weerambudeniya	2	20,000.00	Change of Bank
33	Colombo	Colombo	37	370,000.00	Delayed
34	Kalutara	Mathugama	1	10,000.00	Change of Bank
35	Kurunegala	Kuliyapaitiya-East.	1	10,000.00	Change of Bank
Total			299	2,990,000.00	

Source : National Secretariat for Earlychildhood Development

Particulars on the beneficiaries who had not applied for benefits by 31.12.2022 / applied after the scheduled period (new applicants)

Seria l No	District	Divisional Secretariat	Number of beneficeries	Required amount of allocation	
1	Vavuniya	Vavuniya - South	1	10,000.00	New
2	Jaffna	Uduwil	77	770,000.00	New
3	Jaffna	karaweddi	27	270,000.00	New
4	Badulla	Badulla	1	10,000.00	New
5	Hambantota	walasmulla	1	10,000.00	New
6	Ratnapura	Elapatha	1	10,000.00	New
7	Nuwaraeliya	Thalawakele	1	10,000.00	New
Total			109	1,090,000.00	New

Source : National Secretariat for Earlychildhood Development

Annexue 08

Number of farmers for whom payments could not be made on account of inactive bank accounts and the financial assistance that could not be made.

Number of farmers for whom making of payments had been rejected by 25 May 2023															
Serial No	District	Less than Rs.4999		Rs.5000		Rs.5001-9999		Rs.10000		Rs..10001-19999		Rs.20000		Grand total	
		Number of farmers	value	Number of farmers	value	Number of farmers	value	Number of farmers	value	Number of farmers	value	Number of farmers	value	Number of farmers	
1	Ampara	496	1737917	30	150000	739	5389072	194	1940000	579	7847676	151	3,020,000	2189	20084665
2	Anuradhapura	1129	3661000	53	265000	622	4532000	212	2120000	289	3878000	171	3,420,000	2476	17876000
3	Badulla	1330	2989000	23	115000	288	2058600	77	770000	61	808000	19	380,000	1798	7120600
4	Bataloa	70	261000	7	35000	262	2029000	66	660000	377	5034000	225	4,500,000	1007	12519000
5	Colombo	526	1338380	18	90000	85	584870	7	70000	18	234280	3	60,000	657	2377530
6	Galle	626	1621350	25	125000	132	881800	9	90000	11	147000	2	40,000	805	2905150
7	Gampaha	1229	2760609	34	170000	161	1106053	12	120000	40	537030	3	60,000	1479	4753692
8	Hambantota	366	1048775	20	100000	225	1625400	121	1210000	69	953250	24	480,000	825	5417425
9	Jaffna	32	107000	9	45000	35	249301	3	30000	25	342500	10	200,000	114	973801

10	Kalutara	1342	3657460	69	345000	241	1641380	44	440000	33	447100	3	60,000	1732	6590940
11	Kandy	770	1669320	13	65000	54	365000	7	70000	11	142000	0	0	855	2311320
12	Kegalle	1204	2434740	33	165000	86	573274	4	40000	2	26950	0	0	1329	3239964
13	Kilinochchi	41	149000	4	20000	74	547000	10	100000	145	2082000	193	3,860,000	467	6758000
14	Kurunegala	4273	10581000	169	845000	875	6140500	154	1540000	228	3036500	55	1,100,000	5754	23243000
15	Mannar	28	100000	4	20000	92	672000	12	120000	108	1553000	111	2,220,000	355	4685000
16	Matale	586	1549400	13	65000	218	1522400	17	170000	46	608800	9	180,000	889	4095600
17	Matara	818	2018440	21	105000	128	851810	8	80000	32	422065	2	40,000	1009	3517315
18	Monaragala	270	904500	30	150000	591	4452900	41	410000	109	1459500	15	300,000	1056	7676900
19	Mullaitivu	12	38000	0	0	42	309000	10	100000	74	960000	52	1,040,000	190	2447000
20	Nuvaraeliya	631	1579450	29	145000	103	700100	6	60000	12	156500	2	40,000	783	2681050
21	Polonnaruwa	241	819000	5	25000	311	2209000	405	4050000	206	2794000	157	3,140,000	1325	13037000
22	Chilaw	487	1542900	17	85000	267	1918390	56	560000	73	1005500	37	740,000	937	5851790
23	Ratnapura	1151	3039370	46	230000	215	1484700	28	280000	39	500700	0	0	1479	5534770
24	Trincomlee	86	311000	40	200000	558	4227000	40	400000	325	4416000	103	2,060,000	1152	11614000
25	Vavuniya	74	227740	16	80000	75	566640	13	130000	97	1374000	71	1,420,000	346	3798380
	Total	17818	46146351	728	3640000	6479	46637190	1556	15560000	3009	40766351	1418	28,360,000	31008	181109892

Sustainable development goals and targets related to Asian Development Bank project.		Objectives, targets, and progress displayed on the web portal of the Sustainable Development Council by 05 July				
Objective	Description	Objective	target	Index	Description	Progress
01.	Eradication of all type of poverty existing in every place.	1	1	1	Percentage of the population existing below the international poverty line.	2016 – 0.83%
		1	2	1	Percentage of the population existing below the national poverty line	2019 – 14.31%
		1	3	1	Percentage of the population covered under social security benefits.	2016 – 52.9%
		1	a	1	Legitimate development aids receipts for reducing poverty.	2020 - 0.04 (As a percentage of the Gross National Product)
		1	b	1	Social expences of poor people.	Data is not available
02.	Promotion of sustainable agriculture for eliminating hunger and for food security and improved nutrition.	02	01	02	Number of people for whom food security is non-existing.	2019 - 9.1
12	Ensuring sustainable	12	01	01	Formulation of policy for sustainable	Data not available.

	consumption and production patterns.				consumption and production.	
		12	03	01	Minimization of food waste per person and minimization of waste in the production and supply chains including harvest damage.	Data not available.