

Transactions report of the Samurdhi Micro Finance Stationery Revolving Fund - 2024.

The audit of the operational activities of the Samurdhi Micro Finance Stationery Revolving Fund for the year ended 31 December 2024 was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No.19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report in terms of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibilities of Management and Those Charged with Governance for the Financial Statements

As per section 16 (1) of the National Audit Act No. 19 of 2018, every auditee entity is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared in respect of such entity. As per section 16 (2) of the above Act the annual financial statements in respect of every other auditee entity, is required to submit by the Chief Accounting Officer to the Auditor General along with the annual performance reports, within such period as may be provided by rules. As per section 38 (1)(d) of the above Act ensure the timely preparation and submission of annual and other financial statements and in addition the Chief Accounting Officer should be required to submit annual reports to Parliament pertaining to the auditee entity.

1.3 Submission of Financial Statements

In terms of the Financial Regulation 877 (2)(d) included in Paragraph 15 of the Public Finance Circular No.01/2020 of 28 August 2020. Even though the Financial Statements should be required to submit to the Auditor General along with the annual performance reports, with a copy to the Department of Public Finance of the General Treasury within 02 months after end of financial year. The Financial Statements of the years of 2020, 2021, 2022 2023 and 2024 had not been submitted to the audit even by the date of this report.

1.4 Position of the Assets and Liabilities as at 31 December 2019

The details of assets, liabilities, income and expenses as shown in the financial statements as of 31 December 2019 last prepared by the Fund are given below.

Items of the Financial Statements	Value
	Rs.
<u>Assets</u>	
Non -current assets	33,198,564
current assets	134,519,860

Total assets	167,718,424
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<u>Equity and Liabilities</u>	
Equity	144,867,690
<u>Liabilities</u>	
Current Liabilities	22,850,734

Total Liabilities	167,718,424
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Total Income	13,336,957
Total Expenditure	2,318,911

Excess	11,018,046
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2. Audit Observations

2.1 Non-compliance with rules, regulations and management decisions

	Reference to the Laws, Rules and Regulations	Non-Compliance	Comments of the management	Recommendation
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i)	Financial Regulations 381(1)	Approval had not been obtained from the Treasury for the Fund's current account in accordance with the Financial Regulations.	Action will be taken to present the case after receiving instructions from the Attorney General.	Actions should be taken to act as per Financial regulations.
(ii)	Financial Regulations 382	According to the December 2024 bank reconciliation statement, Actions had not been taken in respect of 15 cheques with a total value of Rs.748,397 deposited but not cashed from 30 January 2017 to 26 April 2024 to process in accordance with the financial regulations.	Actions will be taken to carry out the Settlement of cheque-related matters within one month.	-Do-

custody and security of government funds, the relevant officers had not given security deposits regarding the funds and stocks of the fund.

3. Operational review

3.1 Procurement

Audit Observations	Comments of the management	Recommendation
<p>A sum of Rs.58,907,945 had been spent on printing stationery during the year under review and the following matters were observed in this regard.</p>		
<p>(a) Request were made to print the stationery on 12 February 2024 and it had took more than 06 months for the stationery to be printed and received in the warehouse. The bid documents opened on 29 April 2024 were evaluated by the Technical Evaluation Committee and the report was submitted on 27 May 2024. The recommendations of the report were reviewed and the report of the Procurement Committee had been issued on 29 July 2024. The Procurement Committee had taken 02 months to provide the recommendations of the Technical Evaluation Committee as not being in compliance with 4.2.3 of the Procurement Guidelines.</p>	<p>There were delays in the procurement process.</p>	<p>Actions should be taken in accordance with the Government Procurement Guidelines.</p>
<p>(b) Although in accordance with 5.3.10 of the Procurement Guidelines, a specific validity period of 91 days had been specified in the bidding documents to enable the procurement entity to compare and</p>	<p>The delay has occurred due to the fact that the ministry was reviewing this procurement file.</p>	<p>-Do-</p>

evaluate the bids, review the recommendations for contract award and obtain all other necessary approvals from the procurement authorities so that the contract can be awarded within the specified period, it took only 03 months for the Technical Evaluation Committee to evaluate the bids and for the Procurement Committee to review and report on the recommendations of the Technical Evaluation Committee after the bids were opened on 29 April 2024 and the approval of the Secretary to the Ministry had been obtained only on 06 August 2024 after a delay of 9 days.

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| <p>(c) It had been pointed out in discussions with the bidders that it was not possible to agree to a price reduction since the bids had been submitted about 3 months ago. Due to the long time spent in the procurement process and selecting the bidder who submitted the highest price out of the two bidders who were subjected to detailed evaluation and a sum of Rs.2,473,500 had been overpaid.</p> | <p>The error regarding the delay in approval is acknowledged and is a matter that arose due to administrative issues.</p> | <p>Actions should be taken to carry out the procurement process within the planned time.</p> |
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3.2 Stationery inventory management

	Audit Observations	Comments of the management	Recommendation
(a)	Out of 33 types of bank stationery used for the banking financial sector, 8 items namely, S 9 Member Passbook (Non-Computerized), S 10 - Non-Member Passbook (Non-Computerized), S 11 - Group Passbook (Non-Computerized), S 12 - Kekulu Passbook (Non-Computerized), S 13 - Diriyamatha Passbook (Non-Computerized), S 47 - Cash Transaction Pad, S 53 -	Requests from Samurdhi Banks for non-computerized passbooks have decreased.	Procurement activities should be carried out after properly identifying the need.

Compulsory Savings Passbook, S 56 - Shrama Shakthi Passbook (Non-Computerized) were in the warehouse as non-moving items during the year 2024.

3.3 Unsettled Audit Paras

The following audit observations set out in paragraph 3.2 of the report tabled in Parliament in 2019 in accordance with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka have not been addressed to date.

	Un-settled Audit Paras	Comments of the management	Recommendation
(a)	Although the stationery stock stored in the warehouse belonging to Lanka Salusala had been removed in 2010, actions had not been taken to recover the warehouse rental deposit of Rs.1,454,112 paid for it.	Further investigations have been carried out to recover this money and steps have been taken to identify the institution that is currently retaining the money as a transfer.	Action should be taken to recover the money due.
(b)	A sum of Rs.21,269,895, which was due to the Government Printing Department for printing stationery for more than 04 years as of 31 December 2018, had not been settled to date.	Since the final accounts of this fund were last prepared in 2019, actions will be taken to examine and settle all transactions related to the balance, including the cash books and invoices submitted.	Action should be taken to settle the balance.