

Samurdhi Social Development Trust Fund - 2025

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Samurdhi Social Development Trust Fund for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(3) 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 my opinion, the financial statements give a true and fair view of the financial position of the fund as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

As per Sub Section 16(1) of the National Audit Act No. 19 of 2018, the Fund 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 of the Fund.

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Audit scope also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the fund, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the fund has complied with applicable written law, or other general or special directions issued by the governing body of the Fund;
- Whether the Fund has performed according to its powers, functions and duties; and
- Whether the resources of the fund had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Accounts Receivable and Payable

1.5.1 Receivables

Audit Observation	Management Comment	Recommendation
The advance amount of Rs. 1,264,282, which had been provided as new releases of subsidies to 03 districts in 2019, had not been settled even by the end of the year under review and that amount had shown as unpaid advances continuously under current assets in the Statement of Financial Position.	The amount of Rs. 1,000,000 and the amount of Rs. 264,282 mentioned as being credited to the state revenue have been recorded as unpaid advances in the year 2025. Out of this amount, Rs. 1 million is an amount given by the Mannar District for the settlement of advances and since it was confirmed that that amount had also been spent on the distribution of new Samurdhi subsidy entitlement cards for 2019, the Board of Trustees dated 12 May 2026 has given approval to consider that amount as an amount spent on the distribution of new Samurdhi subsidy entitlement cards for 2019.	Necessary actions should be taken to settle the advance during the year and thereby correcting the long-term display under current assets and ensuring that such a situation does not occur in the future.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 240,377,744 and the corresponding surplus in the preceding year amounted to Rs.748,179,534. Therefore, an deterioration amounting to Rs.507,801,790 of the financial result was observed. The reasons for the deterioration are mainly due to the decrease in investment interest income during the year under review.

3. Operational Review

3.1 Management Inefficiencies

	Audit Observation	Management Comment	Recommendation
(a)	The Fund had acquired the 7 acres 37 perches of land in Nilaveli, Gopalapuram belonging to the Seva Lanka Foundation and the vocational training center located there for a value of Rs. 126 million with the approval of Cabinet Memorandum No. 16/1316/711/023/-1 dated 11 July 2016. Although this center had been maintained to conduct training programs for Divi Neguma beneficiaries, senior citizens, disabled persons and single-parent families with the aim of increasing their income and standard of living, only 05 training programs had been conducted during the year under review. Further, considering the income and expenses of the last 03 years, the objectives of acquiring the Center and the objectives of the Fund had not been effectively fulfilled as expected due to the fact that significant expenses had to be incurred from the Fund's funds to maintain the Center.	Presently, the Ministry of Rural Development, Social Security and Community Empowerment with Department of Samurdhi Development, is providing the necessary facilities at subsidized rates to government, non-government and private institutions to conduct training sessions and workshops. Also, there were room facilities at the time of purchasing this training center and actions have been taken to modernize them and provide residential facilities to increase the income of the training center. Since this area is a popular tourist attraction, there is also a demand for accommodation facilities.	Actions should be taken to implement adequate training programs to fulfill the objectives of the Fund by utilizing the physical and human resources available at the Center with maximum effectiveness and to implement an action plan to achieve a sustainable financial balance between the Center's income and expenses.
(b)	Although, an income of Rs. 7,683,746 had been accounted in relation to the year under review according to the information obtained from the officers in charge of the Nilaveli Training Center, adequate internal control and monitoring systems had not been implemented to ensure that all income receivable by the Center was fully identified, properly reported and accounted.	Instructions have been given to issue General 172 receipts for all money received by the Nilaveli Training Center and to maintain accounting records and written instructions have been given for further regularization.	Actions should be taken to establish an effective internal control and monitoring system and implement to ensure that all income received by the Center is properly reported and accounted.

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| (c) | In the repayment of the amount of Rs. 488,058 retained under the agreement for the renovation of 05 rooms of the Nilaveli Training Center dated 22 May 2023, the payment had been made without obtaining the necessary approval for the final certificate in terms of Schedule 1A (III) of Financial Regulation 237. Furthermore, the buildings remained in a dilapidated condition due to inadequate renovation and maintenance work of the center after the year 2023. | The release of the retention money has been made with the approval of the Director General through the file notes as per the recommendation given by the Technical Officer regarding the renovation of Room 05 of the Nilaveli Training Centre. Approval for the final certificates under Schedule 1A (III) of M.R. 237 had been missed due to an oversight. | Payments should be made only after obtaining the necessary approvals in accordance with financial regulations and relevant contractual provisions and the buildings and other assets of the Center should be properly maintained and maintained in a usable condition. |
| (d) | This fund had been identified as a fund requiring further action in accordance with paragraph 6 of the report dated 02 July 2025 of the Fund Review Committee appointed to deal with non-statutory funds declared under subsection (4) of Section 39 of Part VIII of the Public Finance Management Act, No. 44 of 2024, approved by the Cabinet Decision No. CMP/25/1531/804/179 dated 04 September 2025, after consulting the Attorney General. Accordingly, although the Attorney General's advice had been obtained, the actions to be taken regarding the future existence of the fund and the related legal proceedings had not been completed even by the date of this report. | The relevant decision has been taken after consulting the Attorney General and the Department of Public Finance has been informed of this. Further work regarding these funds will be carried out by special committees appointed as discussed by the Department's Audit Management Committee in order to streamline these activities of the department. | Since the period provided for the relevant activities in terms of subsection (4) of section 39 of the Public Finance Management Act, No. 44 of 2024, has expired, actions should be taken to complete the further actions to be taken regarding this fund expeditiously, taking into account the instruction of the Attorney General and relevant legal requirements. |

3.2 Operational Inefficiencies

	Audit Observation	Management Comment	Recommendation
(a)	Under the Individual Empowerment Program for the year under review, the Livelihood Development Division had released Rs. 129,859,717 and Rs. 37,614,969 for 2,253 projects on November 11 and December 09, 2025	An amount of Rs. 129,859,717 and Rs. 37,614,969 were provided to the districts for 2,244 projects on 11 November 2025 and 09 December 2025 respectively for the Individual	Necessary planning and administrative work should be carried out in advance so that empowerment programs are implemented within

respectively, totaling Rs.167,474,686 to 20 districts, as per Circular No. 2025/08 dated 25 June 2025. Although Rs. 136,312,386 had been spent on 1,909 projects, the program could not be implemented as expected during the year under review due to the issuance of the circular and release of funds in the latter half of the year.	Empowerment Program. At the time of the disbursement of funds for this program, Cyclone Ditwa affected some districts, while other districts have completed the procurement process and sent the remaining funds to the head office. Accordingly, A number of 1,909 individual projects were implemented in the year 2025 and Rs. 136,312,386 was provided for them.	the stipulated time frame and actions should be taken to provide the relevant benefits to the beneficiaries promptly.
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| <p>(b)</p> | <p>According to the sample audit check conducted on the Community Empowerment Program of the Matara District Secretariat, only 107 projects out of 150 projects approved by the Samurdhi Development Trust Board for obtaining social security funds in terms of Samurdhi Circular No. 2025/08 dated 25 June 2025 had been implemented. Accordingly, 43 projects with an allocation of Rs. 3,629,641 had been returned due to non-implementation of the relevant allocations by 10 Divisional Secretariats.</p> | <p>A sum of Rs. 15,039,490 has been provided for 205 individual projects in the Matara district in the year 2025, out of which 162 individual projects have been implemented and Rs. 11,452,328 has been spent on it. The remaining amount of Rs. 3,782,675 has been deposited.</p> | <p>Necessary planning and administrative work should be carried out in advance so that empowerment programs are implemented within the stipulated time frame and actions should be taken to provide the relevant benefits to the beneficiaries promptly.</p> |
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3.3 Idle or underutilized property, plant and equipment

	Audit Observation	Management Comment	Recommendation
(a)	As per the Financial Circular No. 2024/04 of the Director General of the Samurdhi Development Department dated 14 February 2024, it had been instructed that training centers with large amounts of land should utilize those lands on a lease or rental basis for cultivation or other income generating projects in a manner that maximizes income generation. However, any effective and formal	Although coconut plants, orange plants, mango plants, areca nut, banana plants and pomegranates have been cultivated as long-term crops presently, a certain number of coconut, mango and areca nut plants are still active and fertilizer has been applied to the coconuts due to natural causes and damage caused by animals.	Actions should be taken to implement a program to evaluate the resources and potential of the lands owned by the fund and utilize them to their maximum potential to generate sustainable income.

program for income generation had not been implemented in accordance with those instructions regarding the lands owned by the Nilaveli Samurdhi Training Center.

Further, the Board of Trustees has approved the cultivation of pomegranates on a selected plot of land and it is scheduled to be implemented in the year 2026.

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| (b) | <p>Since the payment of Samurdhi Social Security benefits had also stopped due to the discontinuation of the Samurdhi Subsidy Program from July 2023, the Beneficiary Management Module, which had been developed at a cost of Rs. 1,010,000, had not been utilized in the year under review itself. Accordingly, the expected return on the amount spent on that asset had not been achieved.</p> | <p>The process of entering the selected beneficiaries for empowerment in this data system in accordance with the functions assigned to the departments is currently going on. The necessary actions are being taken to amend the Trust Deed of the Fund to conduct the activities of the Samurdhi Social Development Trust Fund in accordance with the functions of the departments.</p> | <p>Actions should be taken to utilize the Beneficiary Management Module promptly and effectively to suit current functions and if it can no longer be used, a formal decision should be made regarding that asset and it should be used for another productive purpose.</p> |
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3.4 Procurement Management

Audit Observation	Management Comment	Recommendation
Even though though the Social Security Trustee Board had approved a provision of Rs. 270,000 for the purchase of 08 CCTV cameras for the Nilaveli Training Center in the year 2023, Rs. 411,000 was spent on the purchase of those cameras in the year under review exceeding the approved provision by Rs. 141,000. Further, out of the 08 cameras purchased, only 03 cameras had been installed so that they could be monitored through the television screen and an additional cost of Rs. 65,000 had to be incurred later to obtain the ability to monitor all the cameras. Accordingly, sufficient attention had not been paid to the efficiency and effectiveness of the procurement due to the fact that the requirement was not properly identified and specifications were not prepared before the procurement.	A provision of Rs. 270,000 had been allocated for the purchase of CCTV cameras in the year 2023. Although the quotations were called, these works could not be completed until the year under review due to the non-submission of proper quotations and this provision has been revised in the revised budget estimates in the year 2025. Only the cameras installed in the main building can be viewed on television and the Board of Trustees has approved the estimated cost submitted by the relevant institution of Rs. 65,000 to enable the cameras attached to other buildings to be viewed on television screens.	Procurement needs should be properly identified and planned and procurement activities should be carried out efficiently and the relevant officers should be properly assigned responsibility for carrying out the task.

4. Accountability and Good Governance

4.1 Budgetary control

Audit Observation	Management Comment	Recommendation
Although the budget for the coming year should be prepared and submitted to the Director General of National Budget for approval by the Treasury with the approval of the Secretary to the Ministry before 30 September of the current year and a copy thereof should be forwarded to the Director General of Public Finance and actions had not been taken accordingly, as per Financial Regulation 877(1)(c) contained in paragraph (i) 15 of the Public Finance Circular No. 1/2020 dated 28 August 2020.	I would like to inform you that there has been a delay in preparing the budget estimates of the Fund for the year 2025 and I would like to inform that actions will be taken to prevent delays in the coming year.	The necessary actions should be taken to prepare budget estimates and submit them for approval within the stipulated time frame as per the circular provisions and a monitoring system should be established to prevent such delays in the future.