PERFORMANCE REPORT
2020

DEPARTMENT OF COOPERATIVE DEVELOPMENT

Message of the Commissioner of Co-operative Development and Registrar of Co-operative Societies

It is with pleasure forwarding the performance report prepared for the year 2020 of the Department of Co-operative Development (Line) dedicated for upgrading the Co-operative movement which was established to empower Sri Lankan community.

“Co-operative as a Public Enterprise for Sustainable Development” having made the vision, the Department of Co-operative Development has broadly involved to fulfil the prime objective of development of Co-operative movement. Further, the Department is undeniably so connected to the normal lifestyle of Sri Lankan community. The structure and the role of the Department, internal administration, human resource development, audit and legal affairs are described within the content of the performance report.

I firmly believe that our commitment allows us to raise as a public enterprise in the face of controversial situation of COVID 19 outbreak in the year 2020. It can be considered as a prosperity received for us. It could be considered that the unique incident occurred during the period of 2020 had been the dedicated contribution made for distribution of essential food items obviously showing the “each for every one and every one for each”

Department of Co-operative Development rendered invaluable service and played pilot role within the Co-operative movement and it could be obtained sound understanding about the Department to the users with reference this performance report.

I would like to extend my fullest gratitude to everyone who work joining hands with me for making all the functions of the Department successful. In addition, I express my special thanks to Hon. Minister of Trade and Secretary to the Ministry of Trade, State Minister of Co-operative Services, Marketing Development and Consumer Protection, Secretary to the State Ministry of Co-operative Services, Marketing Development and Consumer Protection, and all the staff including Commissioners of Co-operative Services, staff grade officers of this Department and all Co-operative Movements throughout the Island.

Further, I wish that all the Co-operatives may have strength, courage, and opportunity to achieve all the sustainable development expectations of Sri Lankan community and world community.

Suvinda S. Singappuli,
Commissioner of Co-operative Development and
Registrar of Co-operative Societies

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CHAPTER 1 - Institutional Profile / Summary of Implementation

1.1 Introduction

Cooperative Society which implements under a specific policies and ethics for enhancement of Sri Lankan community throughout hundred years empowering the community which could not be achieved their objectives under huge market challenges and work together to support them for fulfilling their economic, social and cultural requirements. Cooperative Department which was established on 01st October 1930 with the aforesaid objectives has been renamed as Department of Cooperative Development in the year 1945 broadening their roles. At present, Department of Cooperative Development is established at No .330, Union Place, Colombo 02 under the purview of Ministry of Co-operative Services, Marketing Development and Consumer Protection

The Department has committed for improvement of cooperative businesses and to guide and achieve the policy of Vistas of prosperity and splendor through formulating specific policies and plans necessary to be developed businesses and the Commissioner of Cooperative Development and Registrar of Cooperative Society Suvinda S. Singappuli has taken the responsibility and provided the required leadership to his supporting staff.

Further, one of the prime roles of the Department is to register Cooperative Societies at the inter provincial and all island level and monitor the functions of registered cooperative Societies and associations and perform the activities relevant to the development. Further, the Department provides contributory service in development for implementation of public policies including the coordination of the activities of Provincial Department of Cooperative Development and monitoring these activities within the national policy and supporting the national cooperative development.

The annual performance report of the Department of Cooperative Development for year 2020 which has been prepared in terms of Public Finance Circular No 02/2020, is forwarded herewith.

1.2 Vision, Mission and the objectives of the Department.

Department of Cooperative Development

Vision

Co-operative as a Public Enterprise for Sustainable Development

Mission

Wider Intervention for Building
Good Governance in the Cooperative Societies
by Encouraging and developing of
Cooperative Movements
in Sri Lanka as a Public Enterprise

1.3 Main Functions

Prime Functions of the Department of Cooperative Development

1. Registration of Inter provincial and all Island Level Cooperative societies.
2. Monitoring functions of the registered cooperative societies and perform development related activities.
3. Steering the activities of Co-operative Movement within the national movement by coordinating The Provincial Department of Cooperative Development.
4. Providing assistance to activities of the national Cooperative development processes.
5. Providing the constructive contribution for implementation of public national policies.

Other Functions

1. Statutory functions of the Cooperative Societies

i. Registration of Societies.
ii. Amalgamation and separation of Cooperative Societies and federations.
iii. Membership related activities.
iv. Granting Approval of by-laws and by-law amendments.
v. Supervision of the election relevant activities of the Co-operative Societies
vi. Calling for annual general meetings and decision of legitimacy status.
vii. Dissolution of registered co-operative societies
viii. Arbitration activities and empowerment of court proceedings.
ix. Conducting of annual auditing of cooperative societies and federations.

2. Management activities

i. Appointment of Board members and Board of Directors
ii. Supervision of accounting activities
iii. Auditing
iv. Conducting normal/special investigations as per the provisions of the Co-operative Act
v. Providing advices on management and education activities.

3. Coordination activities

i. Coordination activities with the State Ministry of Co-operative Services, Marketing Development and Consumer Protection and other public institutions and other private enterprises.
ii. Supporting to the State Ministry of Co-operative Services, Marketing Development and Consumer Protection and other public institutions for coordination activities with the Ministers of Provincial Department of Cooperative Development, Secretaries of the Ministries, Commissioners and Registrars of Provincial Departments of Cooperative Development
iii. Cooperation with the international cooperative alliance and other international cooperative institutions.
iv. Cooperation with the Central Bank of Sri Lanka in respect of cooperative rural banks and cooperative financial institutions.
v. Cooperation with the Central Bank of Sri Lanka and Department of Census and Statistics in respect of statistics on cooperative Societies.
vi. Coordination for implementation of Government Concessionary programs as necessary on behalf of the Government.
vii. Cooperation with the Cooperative Societies.

4. Development activities

i. Conducting development activities in national and provincial level according to the annual budget allocations.
ii. Performing activities relevant to ensure good governance of the co-operative societies and federations
iii. Providing consultative services relevant to the development for advancement of the co-operative societies and federations
iv. Supervision of financial and operational activities of the co-operative societies and federations
v. Implementation of development projects.
vi. Providing grants and support for development projects.
vii. Providing guidance for development programs and coordination of development programs.
viii. Human resource development in the Department and cooperative field.
ix. Welfare activities of employees and officers.

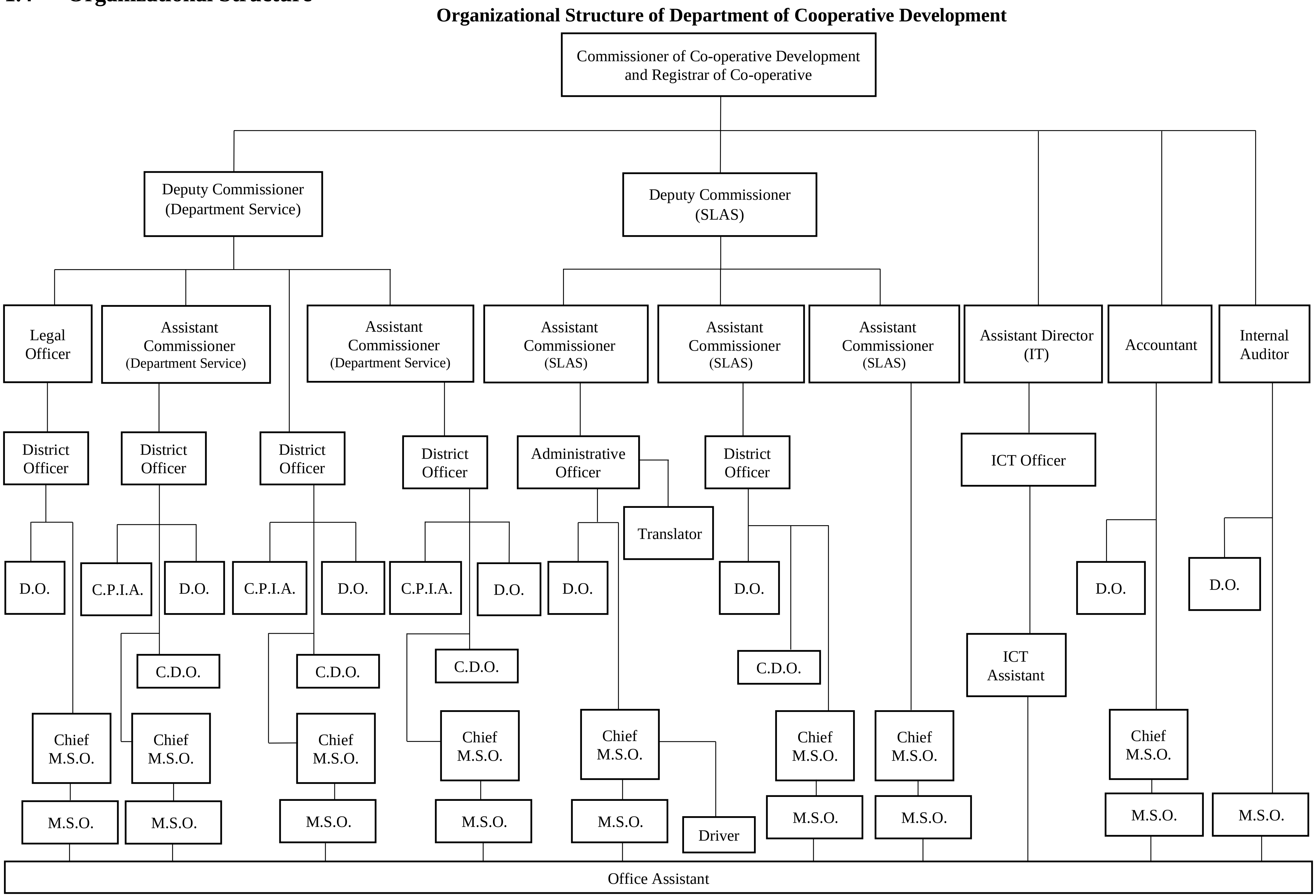
5. Control of Funds

i. Management and control of cooperative fund and cooperative surplus fund operated under the Department.
ii. Collection of allocated contributory funds of the statutory societies subsequent to the annual audit.
iii. Granting loans and aids for development projects and trainings of cooperative societies.
iv. Recovery of loans.
v. Investment of funds in productive manner.

6. **Internal administration and Management activities**.

i. General administration
ii. Human resource management
iii. Improvement of performance of the Department.
iv. Assets Management

1.4 Organizational Structure



1.5 Regional Offices of the Department

There are no regional offices in the department.

1.6 Institutions / Funds under the Department

Co-operative Development Fund

This fund which was established under the series of orders published in the Government Gazette No 10086 dated 24.03.1950 imposed under the section Co-operative ordinance (107 Authority) is contributed by Co-operative Societies and all island Co-operative Societies registered under the Department.

Co-operative Surplus Fund

This fund was constituted in terms of the provisions of the section 57(3) of the Co-operative Society Act No 5 of 1972 and financed by utilization of the balance of the surplus which is remained after the liquidation of registered society stipulated from 44(i) to 44(iii) in the special Gazette No 93/5 dated 10.01.1974 and any amount which had not been claimed by any creditor of this society for his rights under his owned entitlement at the time of the dissolution of assets.

1.7 Information on foreign aided projects

There are no foreign aided projects under the department.

CHAPTER 2 - Progress and future vision

Important incidents in the year 2020

There were several special incidents which had been occurred in the administrative structure of this Department in the year 2020.

Many new projects had been commenced and implemented for the progress of co-operative movement since broad requirement was arisen in the new Government with the community centered economic vision. There had been huge necessity to fill the vacancies existed in the Department.

During the mid-term of the year 2020, a lady officer in the Sri Lanka Accountants Service has been received a permanent appointment to the post of an Accountant while a new lady officer has been recruited to the post of Legal Officer during the end of the year 2020.

Further, Grade I Management Services Officers and Grade III Office Assistant who were received new appointments, have joined to the Department in the year 2020. In addition, officers in the Development Service and Management Service have been transferred inward and outward from this Department from time to time in year 2020.

Further, several divisions have been restructured for upgrading the Department in order to perform the functions which are discharged by the Department more efficiently and productively and steps have been taken to make the recruitments as earliest possible.

Accordingly, enabling the maximum utilization of the space, Internal lay out have been reformulated so as to perform the services efficiently. Amendment of the recruitment procedure in the Departmental Service has been commenced with the view of receiving promotional opportunities to the seniority and qualified officers. Meanwhile, arrangements have been made to continue office functions by utilization of limited number of officers even in the dangerous time period of COVID 19 in the year 2020. In addition, formulation of clients' charter had been completed for providing the services with more transparently and efficiently.

Even though, it could not be achieved Departmental objectives/targets 100% under unexpectedly arisen COVID 19 epidemics in the year 2020, the roles which were assigned to the Department, have been performed in maximum efficient manner. The Department had played the leadership role in the distribution of essential food items during the log down season due to COVID 19 epidemic in the year 2020.

New appointments and Transfers

Serial No	Name	Post	Date of new appointments / Transfers
01	Mr. W.P.A.P. Pathiranage	Information and Communication Technology Assistant III	16.03.2020
02	Ms. W.D.A.I.M. Wijayarathna	Information and Communication Technology Assistant III	16.03.2020
03	Mrs. W.M.T. Priyanthi	Management Service Officer I	25.02.2020.
04	Ms. H.R.A. Anuruddhika	Management Service Officer II	25.02.2020.
05	Mrs. G.K.H.M. Gamlath	Management Service Officer III	25.02.2020.
06	Mrs. R.N.B.A. Ranasinhe	Management Service Officer III	25.09.2020.
07	Mr. R.J.P. Hanton	Driver Supra Grade	20.02.2020
08	Mr. E. N.V. Prasanna	Driver III	11.05.2020.
09	Mr. H.P.J. Peris	Driver III	01.06.2020.
10	Mr. P. Jayaweera	Office Assistant - Supra Grade	04.03.2020.
11	Mr. R.M.S.M.D.S. Bandara	Office Assistant III	20.02.2020

Transferred/ Released Officers

Serial No	Name	Post	Transfer date
01	Mr. Nilanga D. Somapala	Sri Lanka Administrative Service III	19.02.2020
02	Mrs. W.M.T. Priyanthi	Management Service Officer III	09.06.2020
03	Mr. Arjuna Thamarasa	Management Service Officer II	28.02.2020
04	Ms. N.H.A. Peris	Management Service Officer III	02.03.2020
05	Mrs. D. N. S.M. Madushani	Management Service Officer III	28.02.2020
06	Mrs. O.T. Withanaarachchi	Management Service Officer III	25.09.2020
07	Mrs. L. S.S.A. Liyanaarachchi	Development Officer III	02.03.2020
08	Mr. Mahasen Katapearachchi	Driver I	24.02.2020
09	Mrs. A. S.K. Dahanayaka	Office Assistant III	17.08.2020

Retirement

Serial No	Name	Post	Retired date
01	Mrs. Lalitha Basnayaka	Administrative Officer	27.04.2020
02	Mrs. Pushpa Ranjani	Chief Clerk (Admin)	22.03.2020

Training and Media Division

Local Training

Officers in the Department have participated for the following educational and training courses conducted in locally in the year 2020.

	Training Program	Institute Organized	Time Duration	Officers Participated
01	Disciplinary and office Ethics for Drivers and Office Assistant	SDFL	23/24.01.2020	Mr. M.A.S. Farsad Mr. S.M. Shakeer Mrs. H.A.R. Dilhara
02	Capacity Building on Research and Data Analysis Using SPSS	University of Colombo	4 Sundays from 26.01 .2020	Mr. Nilanga D. Somapala Mr. Chandana Fonseka Mrs. K.S.L. Malkanthi
03	Preparing of Government Salaries	Miloda Institute	29/30/31.01.2020	Mrs. E.M. Batagama Mr. D. U.S. Witharana
04	Improvement of Efficiency of Drivers	SDFL	17/18.02.2020	Mr. M.R.P. Thilakarathne
05	How to prepare Procurement Plan and Action Plan	SDFL	24/25/26.02.2020	Mr. Sanath De Silva Mrs. H.M.A.S. Herath
06	Workshop on Pension	SDFL	27.07.2020	Ms. M. I. Sara Ms. H.L.A.K. Madushani

Foreign Training

Officers in the Department have participated for the following foreign educational and training scholarship and conferences conducted in the year 2020.

	Name	Time Duration	Country	Name of the Program
01	Mrs. B. R. Tharangani	From 01.02. 2020 To 14.03.2020	Thailand, Japan	ICA-Japan Training Course on "Fostering Leaders for Management & Development of Agricultural Cooperative of Asia 2019

Media Activities

"Samupadipani" monthly periodical has been issued for January and February months.

Planning, Development, Progress, Administrative Division and Society Division

Development Activities

Registration of Co-operative Societies in the year 2020

	Name of the Society and Movement	Registered No	Registered Date
01	Green Community Entrepreneurs Co-operative Societies Ltd	coop 75	30.09.2020
02	Technology Entrepreneurship and Management / Co-operative Development Bank Society Ltd	coop 76	26.11.2020

Providing Instructions for amendments and updating of by-laws of Co-operative Societies/Movements in the year 2020.

	Name of the Society/Federation
01	Registrar General Department Employees Thrift and Credit Co-operative Societies Ltd
02	Postal and Telecommunication Employees Co-operative Bank Society Ltd

Conducting of Elections of the Co-operative Societies/Federations in the year 2020

	Name of the Society
01	Department of Prison Gratuity Provident Fund Co-operative Society Ltd
02	Sri Lanka Health Employees Development Service Co-operative Society Ltd
03	Sri Lanka Public Health Inspectors Thrift and Credit and Welfare Co-operative Society Ltd
04	Port Authority Employees Welfare Co-operative Society Ltd
05	All Island Exotic Plans and Orchid Growers Co-operative Society Ltd
06	Sri Lanka National Co-operative Council
07	Sri Lanka Federation of Consumer Co-operative Societies Ltd
08	All Island Exercise Book Producers Co-operative Societies Ltd
09	Sri Lanka Federation of Rural Banking Co-operative Societies Ltd
10	Sri Lanka Federation of Thrift & Credit Societies Resources Management Co-operative Societies Ltd
11	All Island Foreign Language Education Promoting Co-operative Societies Ltd

Active Co-operative Societies during the year

13 national level Co-operative Societies have been in active condition during the year and the Department has directly supervised these societies providing guidance and empowerment for the management and business activities of these societies.

	Name of the Society	Registered No	Registered Date
01	Sri Lanka Coconut Cultivators Co-operative Society Ltd	C 1086	1942.04.01
02	Sri Lanka National Co-operative Society	C 2490	1972.07.26
03	Sri Lanka Federation of Marketing Co-operative Societies Ltd	C 2504	1973.03.01

04	Sri Lanka Federation of Industrial Co-operative Societies Ltd	C 2527	1974.03.19
05	Sri Lanka Federation of Thrift & Credit Societies Co-operative Societies Ltd	C 2651	1980.11.10
06	Sri Lanka Federation of Textile Industrial Co-operative Societies Ltd	C 2559	1981.09.02
07	Sri Lanka Federation of Youth Service Co-operative Societies Ltd	C 2689	1986.01.01
08	Sri Lanka Federation of Consumer Co-operative Societies Ltd	Co 01	1989.09.15
09	Sri Lanka Federation of Rural Banking Co-operative Societies Ltd	Co 17	1997.12.15
10	Sri Lanka Federation of Tea Producers Co-operative Societies Ltd	Co 29	2003.10.07
11	Sri Lanka Federation of Thrift & Credit Societies resources Management Co-operative Societies Ltd	Co 30	2005.11.21
12	Sri Lanka Rice Producers Co-operative Societies Ltd	Co 60	2018.08.08
13	Sri Lanka National Janodana Development Co-operative Societies Ltd	Co 73	2019.04.04

All island Financial Services Co-operative Societies

Employees of majority of public and private institutions have taken the membership of the Thrift & Credit Co-operative Societies

Prime functions of these Co-operative Societies

1. Membership savings
2. Providing credit facilities to members
3. Welfare of members (in deaths, scholarships, medical facilities, Consumer services)
4. Business activities (Retirement Houses., Holiday resorts, Pawning, Printing services, Insurance representative Services)

All Island Production and Services Co-operative Societies

Co-operative Societies which registered under this Department and engaged in the production of goods and providing of various services to fulfil requirements and needs of the members who are living in Sri Lanka, have been classified as all Island Production and Services Co-operative Societies

Prime Functions of these societies

1. Purchasing of productions of members
2. Providing necessary raw materials to the members for productions and supplying services
3. Introduction of productions of the members to the market and broadening the market opportunities
4. Introduction of technical equipment and new technologies to the members.

Classification of registered and active societies /federations according to the business activities.

Financial Services Co-operative societies and federations	
01	Sri Lanka Federation of Thrift & Credit Societies Co-operative Societies Ltd
02	Sri Lanka National Youth Service Co-operative Societies Ltd
03	Sri Lanka Federation of Rural Banking Co-operative Societies Ltd
04	Sri Lanka Federation of Thrift & Credit Societies resources Management Co-operative Societies Ltd
05	Sri Lanka National Janodana Development Co-operative Societies Ltd
06	Public Service Credit and Savings Co-operative Societies Ltd
07	Department of Prison Gratuity Provident Fund Co-operative Society Ltd
08	Postal & Telecommunication Employees Co-operative Bank Society
09	Educational Employees Thrift and Credit Co-operative Societies Ltd
10	Sri Lanka Health Employees Development Services Co-operative Societies Ltd
11	Registrar General Department Employees Thrift and Credit Co-operative Societies Ltd
12	Health Department Thrift and Credit Co-operative Societies Ltd
13	Sri Lanka Public Health Inspectors Thrift and Credit and Welfare Co-operative Societies Ltd
14	Port Authority Employees Welfare Co-operative Societies Ltd
15	Station Masters and Clerks Thrift and Savings and Credit Co-operative Societies Ltd
16	Railway Track Workers and Department Employees Thrift and Savings Co-operative Societies Ltd
17	Health Services Savings and Credit Co-operative Societies Ltd
18	CTB Employees Thrift and Welfare Co-operative Societies Ltd
19	Peoples Bank Employees Co-operative Societies Ltd
20	Sathosa Employees Thrift Welfare and Credit Co-operative Societies Ltd
21	Brown Group Industrial and General Services Thrift and Credit Co-operative Societies Ltd
22	State Engineering Co- operation Thrift and Credit Co-operative Societies Ltd
23	Inland Revenue Department Employees Thrift and Credit Co-operative Societies Ltd
24	Co-operative Development Department Staff Officers Thrift and Credit Co-operative Societies Ltd
25	Sri Lanka Port Authority Employees Co-operative Bank Ltd
26	Department t of Survey Surveyor Assistant's Thrift Credit and Welfare Co-operative Societies Ltd
27	Sri Lanka Women Development Services Co-operative Societies Ltd
28	SANASA Development Bank Employees Thrift and Credit Co-operative Societies Ltd
29	Samurdhi Animators & Agricultural and Research Assistants Thrift & Credit Co-operative Societies Ltd
30	Water Supply and Drainage Board all Employees Thrift & Credit Co-operative Societies Ltd
31	Public Service Graduates Thrift & Credit Co-operative Societies Ltd
32	Rajarata University Co-operative Societies Ltd
33	Lanka Estate Workers Housing Co-operative Societies Ltd

Production Co-opreation Societies /Federations	
01	Sri lanka Printers Co-operative Societies Ltd
02	All Island Exercise Book Producers Co-operative Society Ltd
03	All Island Small and Medium Scale Grain Processors Entreprenurship Development Co-operative Society Ltd
04	Sri Lanka Small and Medium Scale rice Mill Owners' Co-operative Society Ltd
05	Sri Lanka Coconut Producers' Co-operative Society Ltd
06	Sri Lanka Ferdration of Industrial Co-operative Societies Ltd
07	Sri Lanka Handloom Manufacturers Industry Co-operative Societies Ltd
08	Sri Lanka Federation of Tea Producers Co-operative Societies Ltd
09	Sri Lanka Rice Prodcers Co-operative Societies Ltd

Agricultural Cooperative Socities / Federation	
01	All Island Exotic Plants and Orchid growers Co-operative Societies Ltd
02	All Island Agricultural Co-operative Societies Ltd
03	Agricultural and Enviornmental Scholars Co-operative Societies Ltd
04	Sri Lanka Haritha Community Entrepreneurs National Co-operative Society Ltd
05	Sri Lanka Haritha Co-operative Societies Ltd
06	Hadabima Co-operative Societies Ltd

Agricultural Cooperative Socities / Federation	
01	All Island Exotic Plants and Orchid growers Co-operative Societies Ltd
02	All Island Agricultural Co-operative Societies Ltd
03	Agricultural and Enviornmental Scholars Co-operative Societies Ltd
04	Sri Lanka Haritha Community Entrepreneurs National Co-operative Society Ltd
05	Sri Lanka Green Co-operative Societies Ltd
06	Hadabima Co-operative Societies Ltd

Co-operative Societies / Federations providing other vatios services	
01	Sri Lanka National Co-operative Board
02	Sri Lnka Port Shipping Service Supply Co-operative Society Ltd
03	Housing and Property Development Co-operative Societies Ltd
04	Sri Lanka Technical Development National Co-operative Society Ltd
05	Business Management Entreprenurship Skill Development and Technical Service Consultation Co-operative Societies Ltd
06	Sr lankan Journalists' Co-operative Societies Ltd
07	All Island Foreign Language Education Promoting Co-operative Society Ltd
08	Youth Empowerment Co-operative Society Ltd
09	Srui Lanka National Fisheries Co-operative Society

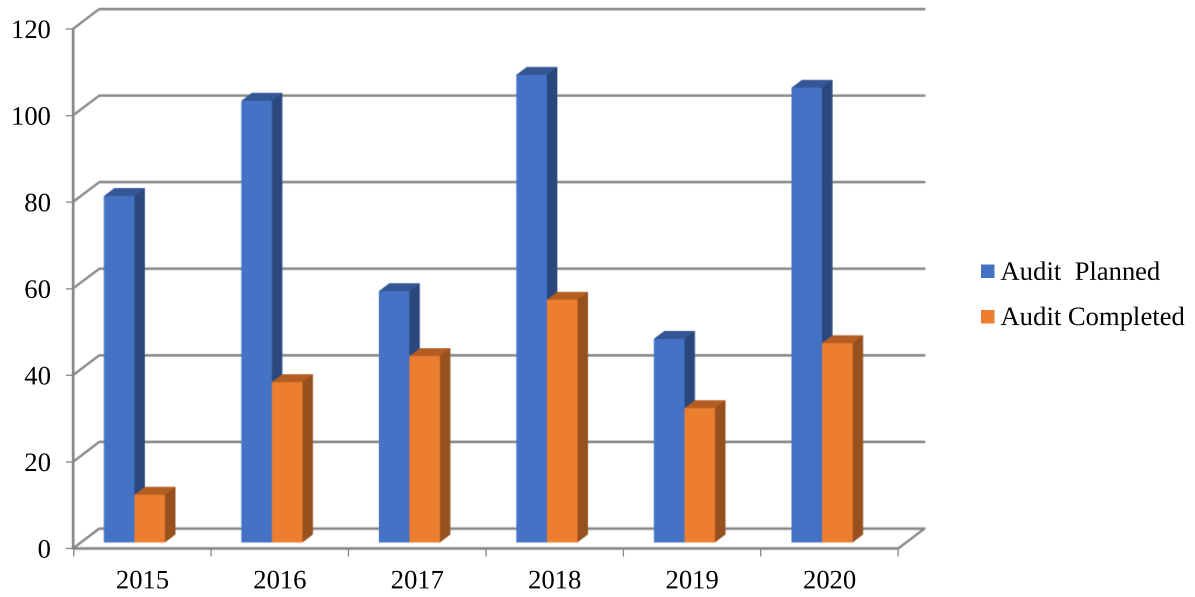
10	Sri Lanka Large Net Owners Co-operative Society Ltd
11	Sri Lanka Federation of Marketing Co-operative Society Ldt
12	Sri Lanka trained Professionals Co-operative Society Ltd
13	Audit and Management Services Supplying Co-operative Society Ltd
14	Federation of Hospitals Services Co-operative Society Ltd
15	Technical Entreprenur's and Management Development Bank Co-operative Society Ltd
16	Sri Lanka Federation of Consumer Co-operative Societies Ltd
17	National Envioronment Protectionists Co-operative Society Ltd

Audit Division

Details of the Audit reports planned and received to the office from 2015 to 2020 under the statutory Audit functions of the Audit Division of the Department are as follows.

Audit Year	Audit Planned	Audit Completed	Percentage of the Completed Audits during the year
2015	80	11	13.75%
2016	102	37	36.27%
2017	58	43	74.13%
2018	108	56	60.48%
2019	47	31	65.95%
2020	105	46	43.81%

Planned and completed Audits for 6 years



Legal Division

The prime activities of the Legal Division can be briefly stipulated as follows

1. Submission of interpretations pertaining to Rules and Regulations and statutes on Co-operative Societies and providing consultations in respect of legal matters submitted by provincial Commissioners.
2. Formulation of bylaws and studying the provisions of so drafted bylaws.
3. Making the appeals with regard to award of the arbitrator and arbitrators which are forwarded by the Co-operative societies /federations under section 58 of the Co-operative societies Act, providing the grants, hearing the appeals and empowerment of Court.
4. Submission of particulars and observations necessary to the Department of Attorney General relevant to the cases referred by the District Courts, Appeal Courts and Supreme Court by making the officers attached to the Department of Co-operative Development as respondents.

Arbitration of Disputes

Description	**Total**
No of files referred to the arbitrators as at 01/01/2020	38
No of files received to the Division for arbitration during the year 2020	34
Total for referring	72
No of files referring for the arbitration during the year 2020 (providing files to the arbitrators)	39
No of files returned during the year 2020	7
No of files to be referred for arbitration as at 31-12-2020	26

Remittances of fines imposed by the Court

1. Empowerment of arbitration court decisions - 22
2. Obtaining of money to the Department from the court - 5.9 Million Rupees
3. Releasing the money received to the societies - 4.1 Million Rupees

Providing recommendations for amendments of the bylaws

1. Registrar General Department Employees Thrift and Credit Co-operative Societies Ltd
2. Postal & Telecommunication Employees Co-operative Bank Society
3. Sri Lanka Federation of Rural Banking Co-operative Societies Ltd

Other special functions of the Legal Division

- Obtaining cabinet approvals for national Co-operative policies.
- Obtaining recommendations for amendment of Co-operative bylaws.
- Obtaining recommendations for amendment of bylaws of the Co-operative Societies.
- Providing legal instructions necessary for Co-operative Societies.

Fund Division

The following Funds which were established under the section 43(1)(b) and section 57(b) and section 3 of the Co-operate Society Act No 5 of 1972, have been under the custodianship of the Commissioner of Co-operative Development during this year as well and the functions such as credit, investment, charging of contributions, incurring of expenses and providing aid are made and managed under the decisions of committee chaired by Secretary to the Ministry subject to supervision and order of the Hon Minister.

1. Co-operative Development Fund
2. Co-operative Surplus Fund

Co-operative Development Fund

This fund which was established under the series of orders published in the Government Gazette No 10086 dated 24.03.1950 imposed under the section Co-operative ordinance (107 Authority) is contributed by Co-operative Societies and all island Co-operative Societies registered under the Department.

Co-operative Surplus Fund

This fund was constituted in terms of the provisions of the section 57(3) of the Co-operative Society Act No 5 of 1972 and financed by utilization of the balance of the surplus which is remained after the liquidation of registered society stipulated from 44(i) to 44(iii) in the special Gazette No 93/5 dated 10.01.1974 and any amount which had not been claimed by any creditor of this society for his rights under his owned entitlement at the time of the dissolution of assets.

Bank Division

This division is established in May 2013 and the division regulates the Co-operative Societies/federations engaging in the registered financial activities under the Department Co-operative Development (line) and Co-operative Societies engaging in the registered financial activities under the Provincial Department Co-operative Development and work collaboratively for providing necessary instructions and guidance to regulate the societies /federations in the respective provinces that are occupying in the financial activities.

Serial No	**Activity**	**Mearsuring Unit**	**Physical Progress**	
			Target	**Achievements**
01	Calling for Financial Position Analysis Reports at the end of each quarter for reviwing finanacial condition of societies	Number of reports	36	27
02	Obtaining Teritiay Reports from Rural Banks in every province at the end of each quarter .	Number of reports	36	27
03	Coducting in site investigations	Investigations	24	02
04	Formulation of Act to regulate Co-operative financial institutions	Handing over to the Ministry after formulation of the Act	The Act has been handed over to the Ministry after formulation	

05	Issuance of circulars/regulatory instructions	Drafting of circulars and regulatory instructions and obtaining approval	10 circulars and regulatory instructios have been drafted	
06	Conducting of 1 trainning courses	Conducting courses	01	-
07	Conducting of o2 regulatory committes		02	02
08	Conducting of 2 provincial coordination meetings		02	01
09	Recruiment to the bank regulation national unit and engaging in the service		Recruitment of o2 consultants on part time basis and engaging in the service	Recruitment and engaging in the service of o2 consultants have been made

An audit specimen has been prepared to conduct a management audit by the Auditors of Provincial Internal Audit Department in collaboration with the Auditors of Department of Co-operative Department a for all rural banks prior to end of the year 2021.

Arrangements have been made to release SAPP loans to branches of Co-operative Rural Banks by Small Scale Agri Business Participatory Programme (SAPP) associated to IFAD institution. Accordingly, Rural Bank Federation and Peoples Bank had signed for loan agreement on 23.11.2020. 4P Loans, Income Generation Loan and Youth loan are some of the loans under these loan scheme.

A training programme has been conducted for regulation of rural banks and financial Co-operative societies.

Project Division

Implementation of following projects and activities have been done by this Division.

1. Development of Lakmal Uyana Orchid Garden and exotic plant house. An amount of Rs. 1,544,500.00 has been spent to purchase exotic plants and materials and necessary equipment and surveying of the land.
2. Convening of 2 committees to include subject matters on Co-operations to school text books under the NanaShakthi programme. These seminars had been conducted in February and August and an amount of Rs. 122,015.00 had been incurred for these seminars.
3. An urgent programme to distribute essential food items in national level during the 1st wave of Covid-19 and an amount of Rs. 248,020,108.00 had been spent for this programme.
4. Basic functions have been started for establishment of 30 divisional shops as a pilot project. (Covering all 9 divisions).
5. Steps has been started to introduce value added agriculture products. Two meetings have been conducted with the participation of Uva province Department of Co-operative, Uva Province Climate Adaptation Project, Post-Harvest Technology, Agrarian Development Department and selected societies. It has been proposed to conduct the next meeting in Uva Province.
6. Plans have been prepared under the patronage of National Co-operative Board to establish combined Purchasing system.
7. Modernization of Cope city shops and establishment of new cope city super markets.
8. Four programmes have been conducted to make aware relevant to the development of coop city shops in provincial level. (Western, Central, Sabaragamuwa, North Central).
9. Preparation of combined plan joining with the Ministry for achieving the roles assigned to the Ministry.
10. Action has been taken to conduct 03 provincial commissioners' meetings.

Serial No	Project	Progress
01	Purchasing of paddy under a guanteed price through Co-operative Socities and drawing production of rice	Purchasing of paddy has been done through the various Co-operative Societies and Co-operative Societies of District Rice Producers whose societies does not have outstanding loans, under the supervision of Provincial Co-operative Commissioners. Rs. 300 Million has been allocated by the Food Commissioner's Department for small and medium scale rice producers' Co-operative societies under Capital fund for purchasing paddy in the yala season 2020 Out of this amount, an amount of Rs. 276.7 Million has been given to the co-operative societies for purchasing the paddy and the societies have purchased the paddy.
02	Nanashakthi	It has been decided to include co-oprative sector as a subject for the school text books from year 6 to 11 with the objective of drawing school children towards co-operative movement . The 1st committee meeting was conducted on 10.02.2020 and the 2nd committee meeting was conducted on 15.07.2020 and an amount of Rs.122,015 has been spent for these meeting.
03	Lakmal Uyana Orchid garden and exotic plant house project	This is a 3 years project and the project is implemented with the objective of preparing 20 acres land of the all island exotic plant and orchid co-operative society Ltd land as a garden and establishment of

		tissue culture laboratory and creating a market for various flower plants and other plants. . An amount of Rs.1,544,500 has been spent to purchase new types of plants for development of Lakmal Uyana Orchid garden and exotic plant house , surveying 20 Acres land and purchasing of new plants.

Management and Research Division

Functions of this Division can be briefly stipulated as follows.

1. Organization of meetings for discussion of the projects which have been submitted by the provinces, obtaining information and forwarding recommendations.
2. Forwarding of a concept paper to National Co-operative Development Institute for identification of various sectors for research activities which should be done for promotion of co-operative movement.

Serial No	Project	Progress
01	A project for providing nutrition basket to school children	As to COVID 19 epidemic, the programme for providing nutrition basket to school children has been conducted by Ministry of Education in collaboration with the Department of Co-operative Development through Sri Lanka Federation of Marketing Co-operative Societies Ltd. It has been planned to implement this programme under 3 stages. The first phase of this project has been successfully completed and 3167 sets of school equipment worth of Rs. 157,888.00 have been distributed. At the second stage nutrition basket have distributed in western and southern provinces.

Other special matters

- Calling for and inclusion of information pertaining to investment opportunities, new innovations reported from societies and federations
- Inclusion of the societies and federations selected which had been received excellence from annual performance appraisals

Information Technology unit

- Since it has been complexing to implementation of web-based Info Coop Management Information Software System for Department of Co-operative Development as a single project, it has been decided to divide into sections and implement as Point-of-Sale system and Banking System.
- When Point of Sale system is implemented, followings have to be done.
  - Apponment of technical appraisal committee.
  - Preparation of Request for Proposal notice and document and obtaining of approval
  - Appointment of Ministry Consultative and Procurement Committees
  - Completion of preparing Request for Proposal notice and document
  - Publishing of Request for Proposal notice
  - Issuance of Request for Proposal document
- Studying of presently existing successful software and analysis of requirements for implementation of Banking system for Co-operative sector
- Development of Legal Case Software
- Development of Item Price Management Software System
- Integration of Best Coop software
- Discussion of present software suppliers on Co-op city
- Development of updated official web site for the Department
- Management of official web site of the Department
  - Uploading of documents received from divisions and updating of documents in the year 2020 (Content, News, Banners, Image & Files)
- Maintenance of Web Server
- Collection of Data
- Creation and Designing work (Art works) required to the Department.
- Management of Official Email for the officers and taking action for creating Official Email for the officers
- Management of Providing LGN Internet facilities to the officers
- Maintenance of Official Facebook for the Department and updating of Content
- Coordination of technical activities necessary for maintenance of Desktop computers and laptop computers.
- Providing Information technology assistance necessary to the Department

CHAPTER 03 - Overall Performances for The Year Ending 31st December 2020

3.1 Financial Performance Statement

Financial Performance Statement for the period ending 31st December 2020 **ACA-F**

Budget 2020		note	Actual 2020	Actual 2019	
-	**Revenue receipts**		-	-	
-	Income Tax	**1**	-	-	
-	Goods and Services Tax	**2**		-	**ACA-1**
-	Tax on international trade	**3**	-	-	
-	Non-tax revenue and other	**4**	-	-	
-	**Total Revenue receipts (a)**		-	-	
-	**Non-revenue receipts**		-	-	
-	Treasury imprest deposit		81,099,330	208,725,150	**ACA-3**
-			144,877	138,476	**ACA-4**
-	Advance Account		5,724,517	5,001,831	**ACA-5/5(A)/5 (B)**
-	Other receipts		3,807,540	6,224,141	
-	**Total non-revenue receipts(b)**		**90,776,264**	**220,089,598**	
-	**Total revenue receipts and non-revenue receipts c = (a)+(b)**		**90,776,264**	**220,089,598**	
	Deduct; expenses				
81,250,000	**Recurrent expenses**		**-**	-	
64,135,750	Salaries wages and other workers benefits	**5**	62,474,947	57,965,327	
15,660,000	Other goods and services	**6**	14,728,253	16,575,416	**ACA-2(ii)**
1,400,000	Subsidy, grants and transfers	**7**	1,315,324	1,117,076	
-	Interest payment	**8**	-	-	
54,250	Other recurrent expenditure	**9**	54,250	-	
81,250,000	**Total recurrent expenditure (d)**		**78,572,774**	**75,657,819**	
6,310,000	**Capital expenditure**				
510,000	Rehabilitation and improvement of capital assets	**10**	383,353	828,655	
200,000	Acquisition of capital assets	**11**	199,910	1,014,769	
5,200,000	Capital transfers	**12**	5,115,833	21,070,921	**ACA-2(ii)**
-	Acquisition of financial assets and	**13**	-	-	
400,000	Capacity development	**14**	190,569	397,035	
-	Other capital expenditure	**15**	-	-	
6,310,000	**Total capital expenditure (e)**		**5,889,665**	**23,311,380**	
	Main ledger expenses (f)		**3,892,560**	**5,724,902**	
	Payment deposits		**124,250**	**134,620**	**ACA-4**
	Payment advances		**3,768,310**	**5,590,282**	**ACA-5/5(A)/ 5(B)**
	Total expenditure f = (d+e+f)		**88,354,999**	**104,694,101**	
-	**Imprest balance as at 31st December 2020 g = (b-f)**		**2,421,265**	**115,395,497**	

3.2 Statement on financial status

ACA-P

Statement of Financial Position
As at 31st December-2020

	Note	Actual 2020 Rs	2019 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	54,529,709	54,329,799
Financial Assets			
Advance Accounts	ACA-5/5(a)	14,191,364	16,147,573
Cash & Cash Equivalents	ACA-3	600.00	
Total Assets		**68,721,673**	**70,477,372**
Net Assets / Equity			
Net Worth to Treasury		11,329,900	13,182,668
Property, Plant & Equipment Reserve		54,529,709	54,329,799
Rent and Work Advance Reserve	ACA-5(b)	-	- -
Current Liabilities			
Deposits Accounts	ACA-4	2,861,464	2,907,500
Imprest Balance	ACA-3	600	57,405.00
Total Liabilities		**68,721,673**	**70,477,372**

Detail Accounting Statements in ACA format Nos. 1 to 6 presented in pages from …01…to…47 and Notes to accounts presented in pages from ..48.. to .55.... form and integral parts of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Finacial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found to in agreement.

Chief Accounting Officer
Name-k.D.S.Ruwanchandra
Designation -State Ministry of co-operative Services,Marketing Development and consumer Protection

Date : 24|02|2021

K.D.S. Ruwanchandra
Secretary
State Ministry of Co-operative Services,
Marketing Development and Consumer Protection
08th Floor, HQ Colombo Building,
No. 464 A, T.B. Jayah Mawatha, Colombo 10 Sri Lanka.

Accounting Officer
Suvinda s. singappully
Designation -Commissioner of cooperative Development and Registrar of coopertive societies

2021/02/24

Date :

SUVINDA S. SINGAPPULI
Commissioner of Cooperative Development
Registrar of Cooperative Societies
P.O. Box: 419, No: 330, Union Place
Colombo 02

Sarathchandra

Chief Financial Officer/ Chief Accountant/ Director (Finance)/ Commissioner (Finance)

Name T.M.E.H.Sarathchandra

Date : 24/02/2021

T. M. E. H. Sarathchandra
Accountant
Department of Co-operative Development
P.O. Box. 419, No. 330, Union Place,
Colombo 02

3.3 Cash Flow Statement

Cash Flow Statement for the year ending 31st December 2020 **ACA-C**

	Actual 2020 Rs.	2019 Rs.
Cash Flows generated from the operating activities		
Total tax receipt	-	-
Fees, Surcharge, Penalty, License	-	-
Profit	-	-
Non-revenue receipts	644,660	3,949,287
Income collected from other Departments/Ministries	-	-
Imprest receipts	81,099,330	208,725,150
Cash Flows generated from the operating activities (a)	**81,743,990**	**212,674,437**
Deduct: Cash expenses		
Personal emoluments and operating expenses	71,948,762	71,017,006
Subsidies and transfers	1,315,324	23,311,380
Expenses incurred for other head of expenditure	461,028	115,142,640
Imprests settled to Treasury	58,005	-
Cash Flow incurred for the operating activities (b)	**73,783,119**	**209,471,026**
Net Cash flow generated from operating activities (b)= (a)-(b)	**7,960,871**	**3,203,411**
Cash flows generated from the investing activities		
Interest	-	-
Dividends	-	-
Provisions for divestments and sale of physical assets	97,230	-
Recovery of sub loans	-	-
Recovery of advances	61,993	1,194,078
Cash flows generated from the investing activities (d)	**159,223**	**1,194,078**
Deduct; cash expenses		
Construction and purchase of physical assets and acquisition of other investments	5,889,665	-
Receipt of advances	2,230,680	4,310,790
Total cash flows incurre4d for the investment activities (e)	**8,120,345**	**4,310,790**
Net cash flows generated from the investing activities (f)= (d)-(f)	**(7,961,122)**	**(3,116,712)**
Net cash flow generated from the operating and investing activities (e)=(b) + (f)	**(251)**	**86,699**
Cash flows generated from financial activities		
Local loans	-	-
Foreign loans	-	-
Receipt of grants	-	-
Receipt of deposits	112,427	105,326
Cash flows generated from the financial activities (g)	**112,427**	**105,326**

Deduct: Cash expenses		
Repayment of local loans	-	-
Repayment of foreign loans	-	-
Deposit payments	112,176	134,620
Total cash flow incurred for the financial activities (a)	**112,176**	**134,620**
Cash flow generated from the financial activities (a)=((j)=(h)-(j)	**251**	**(29,294)**
Net change in cash (i) = (g) - (j)	**-**	**115,993**
Cash balance at beginning 01st January	**57,405**	**-**
Cash balance at the end of December 31st	**-**	**57,405**

3.4 Financial statement notes

1) **Reporting period of time**

   The period of time from 01st January 2020 to 31st December 2020 is the time period relevant to these financial statements.

2) **Measurement basis**

   The financial statements have been prepared on the historical cost and the historical cost of some assets has been improved to reassessed value. When it is not shown in other way, the preparation of the accounts is performed on improved cash basis.

   The financial statements have been presented to the nearest Rupee in Sri Lankan Rupees.

3) **Revenue identification**

   The revenue which is exchanged and not exchanged is identified as revenue in the period received the money irrespective the receivable time of those.

4) **Identification and measurement of property, plants and machineries**

   When there is a confirmation which ensures the receipt of future economic benefit related to asset to the institute and those assets can be confidentially measured, those are identified as properties, plants and equipment.

   The property, plant and machineries are identified to their cost and in the event of not relating the cost format, the reassessed value is used.

5) **Property, plant and machinery reserves**

   This reserve account is the corresponding account of properties, plants and machineries.

6) **Cash and cash equivalents**

   The cash and cash equivalents consist of local currency notes and coins in hand on 31st December 2020.

3.5 Revenue Collection Performance

Rs.

Revenue code	Details of revenue code	Revenue estimate		Revenue collected	
		Initial estimate	Final estimate	Amount (Rs.)	As a % of final revenue estimate
-	-	-	-	-	-

3.6 Performance for Utilization of allocated provisions

Rs.

Type of provision	Allocated provision		Actual cost	Provisions utilized as a percentage of completed provisions
	Initial provision	Final provision		
Recurrent	81,250,000	81,250,000	78,572,774	97.7
Capital	87,560,000	87,560,000	84,370,339	96.3

3.7 In terms of F.R. 208, the provisions granted to this Department/District Secretariat/Provincial council as a representative of another ministry/ department

Rs.

Se. No.	Ministry/ Department which received the provision	Objective of provisions	Provision		Actual cost	Provisions utilized as a percentage of completed provisions
			Initial provision	Final provision		
-	-	-	-	-	-	-

3.8 Performance for reporting the non-financial assets

Rs.

Revenue code	Details of code	Balance as per the report of board of Survey as at 31.12.2020	Balance as per financial status report as at 31.12.2020	Due to be accounted in future	Reporting progress as a %
9151	Buildings and structures	-	-	-	-
9152	Machineries		54,529,709		
9153	Lands	-	-	-	-
9154	Intangible assets	-	-	-	-
9155	Biological assets	-	-	-	-
9160	Ongoing work	-	-	-	-
9180	Leased assets	-	-	-	-

3.9 Auditor General's Report

Translation

My No: TCM/D/CODD/FA/2020

Coomitioner of Cooperative Development and
Registrar of Cooperative Society,
Department of Cooperative Development.

Auditor General's Summary Report in terms of Section 11 (1) of the National Audit Act No. 19 of 2018 on the Financial Statements for the year ending 31st December 2020 of the Department of Cooperative Development

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Department of Cooperative Development for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. This report states my comments and observations on the financial statements submitted to the Department of Cooperative Development in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018. This report will be tabled in Parliament in due course in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Cooperative Development as at 31 December 2020 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). 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 Chief Accounting Officer and the Accounting Officer for the Financial Statements

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

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

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

1.4 Auditor's Responsibilities 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 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 Department's internal control.
- Evaluate the Structure and content of the financial Statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a fair and reasonable manner.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Report on other Legal Requirements

I express the following matters in accordance with Section 6(1) (d) and Section 38 of National Audit Act, 19 of 2018.

(a) That the financial statements are consistent with the preceeding year.

(b) The recommendations I had made in relation to the preceeding year had been implemented.

1.6 Comments on the Financial Statements

1.6.1 Financial Performance Statement

1.6.1.1 Recurrent Expenditure

There were no estimated provisions under Object No 301-1-1-1-1701 and provisions of Rs.54,250 had been made under Financial Regulation 66/69. This total provision had been saved according to treasury printouts and total recurrent expenditure had been overstated by Rs.54,250 since it was mentioned as an expenditure in Financial Performance Statement.

1.6.2 Imprest Adjustment Account

Imprest balance was understated by Rs. 54,250 according to the Financial Performance Statement to the 31 December 2020

1.6.3 Cash Flow Statement

1.6.3.1 Cash flow generated from operational activities

The following observations are made.

(a) Although the sum of the non-revenue receipts were Rs. 3,763,596 and from that the value of Rs. 3,666,366 should be expressed as non-revenue receipts out of which Rs. 97,230 deducted from the sales of assets, cash flow generated from operational activities had been understated in accounts by Rs. 3,021,706 due to Rs. 644,660 being shown in cash flow statement

(b) Expenditure of money

i. Although the total value after deducting the expenditure on subsidies and transfers and expenditure of acquisition of capital assets out of the total expenditure when calculating the total of personal salaries and operating expenses should be stated as Rs. 82,802,104, it had been shown as Rs. 71,948,762 by understating Rs. 10,853,342

ii. The arrears paid to the Treasury was Rs. 600 and in the cash flow statement it had been shown as Rs. 58,005 by overstating Rs. 57,405.

1.6.3.2 Cash flow generated from investment activities

The following observations are made.

(a) Although Advance Recoveries in cash within the year was Rs. 2,112,768, it had been shown as Rs. 61,993 in Cash Flow Statement in calculating the Cash Flow Generated from The Investment Activities.

(b) Although the value of construction or purchase of physical assets was Rs. 199,910, in the cash flow statement it was stated as the total capital expenditure of Rs. 5,889,665.

2 Financial Review

2.1 Management of Imprest

The imprest was Rs. 123,324,990 as planned during the year and the imprest received was Rs. 81,099,330 which was not able to utilize the provision as planned.

2.2 Management of Expenditure

The following observations are made.

(a) Estimated Provision for Other Allowance Expenditure Object No. 301-1-1-1003 was Rs. 16,500,000 and from Financial Regulations 66/69 by provision had transferred Rs. 1,564,250 to other Expenditure Subjects.

(b) The net allocation for Expenditure Object 301-1-1-1505 was Rs. 550,000 and the expenditure was Rs. 479,683 but there was a saving of Rs. 70,317, no reasons were given for it.

(c) It was stated in the account that the reason for the savings in Expenditure Object No.14009 was the non-continuous service of the officers due to Covid 19, but increase the provisions of the Annual Estimates from transfer provisions of Financial Regulations 66/69 by 50 percent has led save the provision.

2.3 Approach liabilities and obligations

The following observations are made.

(a) Although the provisions in terms of Financial Regulations 94 (1) should not be bound to the liabilities exceeding, the provision for the object No. 301-1-1-1301 was Rs. 2,410,000 and the expenditure was Rs. 2,409,971 and had been reached a Rs. 486,862 of liabilities, exceeding the balance

(b) Although the unreported liability under paragraph 3.4 of Guideline No. 06 relating to the preparation of financial statements under paragraph 10.1 of Public Finance Circular No. 02/2020 could not be paid as an expenditure of the previous year, more than of the amount of liabilities with regarding to the four objects of the financial statements had been bound the Rs. 73,970 of liabilities

(c) Liabilities of Rs. 11,388 for an object of expenditure could not be verified according to the payments of the year 2021.

2.4 Non-compliance with laws, rules and regulations

Five checks worth Rs. 91,093 exceeding 06 months in related to one current account had not been dealt with as per Financial Regulation 396 (d).

2.5 Deposits

General Deposit Accounts as per state Accounts Circular No. 243/2015 dated 24th June 2015 should be maintained separately for each function but the stamp duty of the department, tender deposits etc. were included in the Temporary withholding deposit account for repayment to third parties.

3 Operational Review

3.1 Performance

3.1.1 Annual Action Plan

Although the action plan prepared in accordance with paragraph 03 of Public Finance Circular No. 01/2014 dated 17th February 2014 should include the Imprest Cash Requirement Plan for the Annual Activities and the Internal Audit Plan, these facts were not included in the action plan prepared by the Department.

3.2 Procurement

A procurement plan for the year 2020 had not been prepared.

4 Sustainable Development

4.1 Identification of the Sustainable Development Goals

According to the National Budget Circular No. 4/2018 dated 17th July 2018, the Sustainable Development Goals to be achieved by the Department had not been identified.

5 Good Governance

5.1 Internal audit

An Internal Audit Unit had not been established in accordance with the provisions of Section 40 of the National Audit Act No. 19 of 2018

5.2 Audit and Management Committee

Audit and Management Committees had not been held in accordance with the provisions of Section 41 of the National Audit Act No. 19 of 2018.

6 Human Resource Management

Approved staff, actual staff are as follows.

	Approved	Actual	Vacant
Senior	12	07	05
Tertiary	09	02	07
Secondary	110	87	23
Primary	20	16	04
Total	151	112	39

The approved number of employees in the department was 151 and the actual number of employees was 112 and there were 39 vacancies.

K.K.V. Dharmasiri
Additional Auditor General
For Auditor General

CHAPTER 04 - Performance Indicators

4.1 Progress as at 31.12.2020 based on the Action Plan

Se.No. No.	Division	Performance Indicator	Progress as at 31.12.2020 as a percentage
01	Administration	08	63%
02	Societies	15	83%
03	Audit	08	90%
04	Liquidated	03	66%
05	Bank	13	75%
06	Legal and dispute arbitration	10	50%
07	Managerial research	03	As those programs are carried out by provincial coordination, those couldn't be conducted due to Covid-19
08	Information technology	03	66%
09	Training	18	Owing to Covid-19, the training programs couldn't be held
10	Media	12	The printing and publication of Samupadeepani Paper were only carried in January and February months.
11	Planning development and progress control	10	40% A considerable number of programs scheduled couldn't be conducted due to Covid-19 pandemic
12	Projects	12	4% Project implementation couldn't be carried out due to Covid-19

CHAPTER 05 - Performance for achievement of Sustainable Development Goals (SDG)

5.1 Mention the relevant sustainable development goals identified

Target/ Objective	Targets	Winning indicators	Progress of winning up to no		
			0%-49%	50%-74%	75%-100%
-	-	-	-	-	-

The Sustainable Development Goals (SDG) couldn't be implemented in 2020 due to Covid-19 pandemic.

CHAPTER 06

6.1 Cadre Management

	Posts	**Approved No. of posts**	**Existing number**	**No. of vacancies**
Seniority Level	Commissioner of Cooperative Development and Registrar of Cooperative Societies	01	01	00
	Deputy/Assistant Commissioner (Sri Lanka Administrative Service II, III)	04	01*	04
	Accountant (Sri Lanka Accountants' Service III/II)	01	01	00
	Internal Auditor (Sri Lanka Accountants' Service III / II)	01	00	01
	Deputy Commissioner/Assistant Commissioner (Departmental)	03	03	00
	Legal Officer (Departmental)	01	01	00
	Assistant Director – Information Technology (Sri Lanka Information and Communication Technology Service)	01	01	00
	Total	**12**	Permanent **- 07** Contract **- 01***	**05**
Tertiary Level	Administrative Officer	01	00	01
	Cooperative Development Officer (Supra Grade)	05	02**	03
	Translator	01	01***	00
	Information and Communication Technology Officer (Sri Lanka Information and Communication Technology Service III, II)	02	00	02
	Total	**09**	**03**	**06**
Secondary Level	Cooperative promotion and Investigation Assistant	37 } 62	20 } 48	14 ****
	Cooperative Development Officer	25	28	
	Development Officer	15	11	04
	Information and Communication Technology Assistant (Sri Lanka Information and Communication Technology Service III, II)	05	04	01
	Management Service Officer	28	17	11
	Graduate Trainees	00	07	-07
	Total	**110**	**87**	**30**
Primary Level	Driver	05	05	00
	Office Employee Assistant	15	11	04
	Total	**20**	**16**	**04**
Final Total		**151**	**115**	**45**

*A retired officer in Sri Lanka Administrative Service recruited on contract basis attends to the duties.
** 02 officers in Grade 1 of Cooperative Development Service cover up the duties for 02 vacancies out of 03 in Supra Grade of Corporate Development Service.
***An officer recruited on contract basis attends to the duties in Translator post.
**** The recruitments will not be made for the vacancies in Cooperative Promotion and Investigation Assistant which will be vacant in due course and as Cooperative Promotion and Investigation Officers and Cooperative Development Officers perform the similar duties, the approval of the Department of Management has been granted to jointly maintain such vacancies.

6.3 Human Resource Development

Name of program	Number of workers trained	Program's period of time	Overall investment (Rs.)		Nature of program (Local/ foreign)	Output /knowledge gained
			Local	Foreign		
Discipline official ethics for drivers and office employee assistants	05	02 days	42,500.00		local	A development of efficiency of the workers can be gained and a proper service can be obtained by the higher officers
Capacity Building on Research and Data Analysis using SPSS	03	04 days	30,000.00		local	SPSS for successful data/statistical analysis career
Preparation of government salaries	02	03 days	36,000.00		local	Obtaining an understanding on preparation of government's salaries
Development of efficiency of Drivers	01	02 days	8,500.00		local	A development of efficiency of the workers can be gained and a proper service can be obtained by the higher officers
How to prepare Procurement Plan and Action Plan	02	03 days	30,000.00		local	Gained an understanding on the preparation of procurement plan and action Plan
Workshop on pensions	02	01 day	10,000.00		local	Gain an understanding on the process on pensions
ICA-Japan Training Course on "Fostering leaders for Management & Development of Agricultural Cooperative of Asia 2019	01	45 days	268,327.92		foreign	

CHAPTER 07 - Compliance Report

No.	Necessity to be related	Compliance status (Complied/ not complied)	If not complied, short clarification for that	Accurate decisions and measures proposed for prevention of non-compliance in due course
1	**The following financial statements/accounts have been submitted on due date.**			
1.1	Annual financial statements	compiled		
1.2	Public officers ‘Advance Account	compiled		
1.3	Business and Production Advance Account (Commercial Advance Account)	Not relevant		
1.4	Stores Advance Account	Not relevant		
1.5	Special Advance Account	Not relevant		
1.6	Other	Not relevant		
2	**Maintenance of books and documents (F.R.445)**			
2.1	Update and maintain the fixed assets register as per Public Administration Circular 267/2018	compiled		
2.2	Update and maintain personal emoluments documents/personal emoluments cards	Not relevant		
2.3	Update and maintain audit query register	compiled		
2.4	Update and maintain internal audit report register	compiled		
2.5	Prepare all monthly accounts summaries (CIGAS) and submit them to the General Treasury on due date	compiled		
2.6	Update and maintain cheques and money order register	compiled		
2.7	Update and maintain the inventory	compiled		
2.8	Update and maintain stock register	compiled		
2.9	Update and maintain loss and damages register	compiled		
2.10	Update and maintain liabilities register	Not relevant		
2.11	Update and maintain register of counterfoil books (GA-N20)	compiled		
3	**Delegation of functions for financial control (F.R.135)**			
3.1	Delegation of financial power in the institutions	compiled		
3.2	Awareness on delegation of power in institutions	compiled		
3.3	Delegated the power for approving every transaction through 02 or more officers	compiled		
3.4	As per Circular No.171/2004 dated 11.05.2014, control system that should be followed by the accountants when using GPS Software	compiled		

4	**Preparation of Annual Plans**			
4.1	Preparation of Annual Action Plan	compiled		
4.2	Preparation of Annual Procurement Plan	compiled		
4.3	Preparation of Annual Internal Audit Plan	Not compiled	The officers have not been attached to Internal Audit Division	
4.4	Preparation and submission of annual estimates to National Budget Department (NDB)	compiled		
4.5	Submission of Annual Cash Flow to Department of Treasury Operations on due date	compiled		
5	**Audit queries**			
5.1	All the audit queries have been replied within the specified time by the Auditor General	compiled		
6	**Internal Audit**			
6.1	As per F.R. 134(2)DMA/1-2019, preparation of Internal Audit Plan subsequent to consultation with Auditor General at the beginning of the year	Not compiled		
6.2	Answering to every internal audit report within one month	Not compiled		
6.3	In terms of sub section of 40(4) of Audit Act No.19 of 2018, submission of all copies of internal audit reports to the Auditor General	Not compiled		
6.4	In terms of Financial Regulations 134(3), submission of all copies of internal audit reports to Auditor General	Not compiled		
7	**Audit and Management Committee meetings**			
7.1	As per DMA Circular 1-2019, conducting at least 04 Audit and Management Committee meetings within relevant year			
8	**Assets Management**			
8.1	As per chapter 07 of Assets Management Circular No.01/2017, submission the information on purchase of assets and disposals to Comptroller General's Office	Compiled		
8.2	In terms of 13th Chapter of above-mentioned circular, appointment of a suitable Coordinating Officer for implementation of the provisions specified in that circular and reporting the information on such officer to Comptroller General's Office	compiled		
8.3	As per Public Finance Circular No.01/2020, conducting board of surveys and submission the relevant reports to Auditor General	compiled		

8.4	Carrying out Surpluses, shortages and other recommendations revealed from annual board of survey within the time mentioned in the circular.	compiled		
8.5	As per F.R. 772, disposal of condemned items	compiled		
9	**Vehicle Management**			
9.1	Preparation of daily running charts and monthly summary reports and submission to Auditor General on due date	compiled		
9.2	Disposal of the condemned vehicles less than 06 months from being condemned	compiled		
9.3	Maintenance of vehicle log books and update them	compiled		
9.4	Taking action relevant to every accident in terms of F.R.103,104,109 and 110	compiled		
9.5	In terms of the provisions laid down in chapter 3.1 of Public Administration Circular No.2016/30 dated 29.12.2016, re-inspection of fuel consumption of the vehicles	compiled		
9.6	Transfer the absolute ownership of the log books of leased vehicles subsequent to lease period	compiled		
10	**Bank Accounts Management**			
10.1	Should have prepared bank reconciliation statements on the due date and submitted them for audit	compiled		
10.2	Should have settled the dormant bank accounts carried forward in the year under review or in the years earlier	compiled		
10.3	Acting in accordance with financial regulations regarding the balances that were revealed in the bank comparison statements and that needed to be adjusted and settling the balance within a period of one month	compiled		
11	**Utilization of Provisions**			
11.1	Incurring expenses from the provisions not exceeding the limit	compiled		
11.2	In terms of F.R.94(1), coming into liabilities from the balance provisions not exceeding the limit after utilizing	compiled		
12	**Public Officers’ Advance Account**			
12.1	Compliance with the limitations	compiled		
12.2	Carrying out age analysis on outstanding loan balance	compiled		
12.3	Settlement of outstanding loan balances prevailed from more than a year	compiled		
13	**General Deposit Account**			
13.1	Taking action on lapsed deposits F.R.571	compiled		

13.2	Update and maintain Control Account for general deposits	compiled		
14	**Impress Account**			
14.1	Remittance the balance of the Cash Book in the under review to the Department of Treasury Operations	compiled		
14.2	In terms of F.R. 317, settlement of adhoc interim impress within one month from the completion of such activity	compiled		
14.3	In terms of F.R. 317, issuance of adhoc interim imprest not exceeding the limit	compiled		
14.4	Reconciliation of imprest account balance with treasury books monthly	compiled		
15	**Revenue Account**			
15.1	Carrying out payments from the revenue collected in compliance with relevant regulations	Not relevant		
15.2	Credit the revenue collected directly to revenue but not crediting to Deposit Account	Not relevant		
15.3	As per F.R.176, submission of reports on revenue arrears to Auditor General	Not relevant		
16	**Human Resource Management**			
16.1	Maintenance the staff within the approved cadre	compiled		
16.2	Providing the duty lists in writing to every member of staff	compiled		
16.3	In terms of Circular of MSD No.04/2017 dated 20.09.2017, submission of all reports to Department of Management Services	compiled		
17	**Providing information to public**			
17.1	In terms of Right to Information Act and Regulations, appointment of Information Officer and update and maintain information register	compiled		
17.2	The information on institute has been provided through its website and providing the facilities to publish appreciations/accusations of public through website or alternative methods	compiled		
17.3	In terms of sections 08 and 10 of Right to Information Act, submission of reports twice or once a year	compiled		
18	**Implementation of Citizen Charter**			
18.1	As per Public Administration and Management Ministry Circulars No.05/2008 and 05/2018(1), formulation and implementation of citizens' and Clients' Charter	compiled		
18.2	As per Para 2.3 of that circular, preparation a methodology for monitoring and evaluating the activities on formulation and implementation of Citizens' and Clients' Charter	compiled		

19	**Formulation of Human Resource Plan**			
19.1	Preparation of a human resource plan based on Annexure 02 format in Public Administration Circular No. 02/2018 dated on 24.01.2018	compiled		
19.2	Ensuring a training opportunity of at least not less than 12 hours per year for every member of the staff within above mentioned human resource plan	Not compiled	The relevant training activities couldn't be carried out due to Covid 19 pandemic situation	
19.3	Putting signatures in annual performance agreements for overall staff based on the format mentioned in Annexure 01 of above Circular	compiled		
19.4	In terms of Para 6.5 of above Circular, appointment of a senior officer who had been entrusted responsibility on preparation of Human Resource Development Plan, improvement of capacity development programs and implementation of skills development plans	compiled		
20	**Response to audit Paras**			
20.1	Rectifying the shortcomings pointed out by the audit paras issued by Auditor General for previous years	compiled		