SAMURDHI AUTHORITY OF SRI LANKA

ANNUAL REPORT

FOR THE YEAR 2011

SUBMITTED BY THE SAMURDHI AUTHORITY OF SRI LANKA TO THE HON MINISTER OF ECONOMIC DEVELOPMENT

PREFACE

The Samurdhi Authority of Sri Lanka which was involved in achieving the noble objective of making Sri Lanka the miracle state of Asia, made a large number of achievements.

Through the experience acquired during 15 years, this institution gave its unstinted cooperation for the "Divi Neguma" programmes implemented by the Ministry of Economic Development for the creation of a prosperous country.

The main objective here is getting the low income earners linked to the national economy as a strong bond. In order to achieve this objective, we have opened paths of sustainabale prosperity to the rural and urban poor through the implementation of livelihood development programmes and Samurdhi banking union credit schemes on behalf of low income earners.

Our singular aim is to develop the country by building up the village through the development of the family with the individual in accordance with the "future vision of the Mahinda Chinthanaya" and to contribute towards making Sri Lanka the developed state of Asia by eradicating poverty.

AMURDHI AUTHORITY OF SRI LANKA

SAMURDHI AUTHORITY OF SRI LANKA

The basic objectives of the Samurdhi Authority of Sri Lanka incorporated under Parliamentary Act No. 30 of 1995 are as follows:

The planning and implementation of the "mobilization of youth, women and disadvantaged groups for economic and social development activities, the promotion of their social stability and the eradication of poverty."

VISION

"Creating a prosperous Sri Lanka where poverty is at a minimum"

MISSION

Contributing to a stable national development where poverty is at a minimum through community participation centered development

OBJECTIVES

- ❖ Creation of small groups and thereby identifying the potential of rural families through building up of Samurdhi societies, and the strengthening of such rural communities.
- ❖ Development of the urban, rural and estate sectors by the year 2013 through economic, physical and social development.
- ❖ Contribution to provincial development through the coordination of local and international government and non governmental organizations.
- ❖ Strengthening the overall economy by enhancing the micro finance network.
- ❖ Making the Samurdhi Authority of Sri Lanka a technically strong institution.

SAMURDHI AUTHORITY OF SRI LANKA

INTRODUCTION AND EVALUATION OF THE YEAR 2011

The Samurdhi Authority of Sri Lanka, created by Act no. 30 of 1995, implements economic and social development programmes in order to achieve its main objective of eradicating poverty in Sri Lanka. During this process, poor families are identified and strengthened by implementing development programmes based on the causes of their poverty.

A sum of Rs Mn 3260 has been allocated this year for the main programmes.

Concurrent to the Divi Neguma National Programme, 75 domestic economic units per grama nilaldhari wasam island wide would be selected for this project through the Livelihood Development Programme. Mainly, it would be possible to raise the nutritional level of the selected Samurdhi beneficiary families by the implementation of this project, and it is anticipated that through this the economic levels and living conditions too would improve.

As progress of the plant nurseries and green house development implemented concurrent to the Divi Neguma programme as at 31/12/2011, 2163 green houses, 885 plant nurseries, 23,329 other agricultural programmes and 469,537 home gardens are in operation, and a sum of Rs. Mn. 602.299 had been released in this behalf.

Under the spiritual and social development programme, projects for the development of social and cultural values of Samurdhi beneficiaries are being implemented. Social factors affecting poverty are identified and appropriate methodologies for their eradication are introduced through these programmes. Prevention of drug abuse, prevention of child abuse and prevention of suicides are the main programmes under the Mathata Thitha programme. In addition, international days are commemorated. That is to say, Womens Day, Childrens Day, Elders Day, Literacy Day, and Poverty Eradication Day. The “Diriya Piyasa Niwasa” programme is implemented for providing housing facilities to destitute women. In the year 2011, 58,578 spiritual and social development programmes, 69,074 programmes for the promotion of love and harmony within the family unit, 66,359 programmes for the prevention of drug abuse and smoking, 48,848 village level childrens welfare programmes, 13,279 programmes for social and cultural development, 5,670 programmes concurrent to international days, 3,947 Diriya Piyasa housing programmes and 19,158 programmes in collaboration with other organizations had been implemented, making the overall total of such programmes 285,373. The umbers benefited by these programmes are 477, 175.

The Samurdhi Authority of Sri Lanka has paid more attention to infra structure facilities development programmes, which enable livelihood development. Under this, a sum of Rs. Mn. 341.825 has been allocated for minor irrigation schemes, supply of drinking water and the development of agricultural wells, canals and tanks. Accordingly, 259 irrigation schemes, 170 drinking water supply schemes, 5,548 sanitation programmes, 01 multi purpose center, 04 minor bridges and 120 Gemidiriya programs at village level have been implemented. For this purpose, a sum of Rs. 250,000/= has been allocated for every secretarial division. By the end of the year 2011, 5,950 projects had been implemented at a cost of Rs. Mn 326.29, bringing benefits to 14,423 beneficiaries.

Through the Samurdhi banking unions inaugurated in 1996, it was anticipated to increase the savings of low income earners thereby developing the investment potential, to provide the capital necessary (credit facilities) for the development of goods and services, to reduce informal loan transactions and thereby creating a profitable institutional framework by liberating them from the burden of debts. For this purpose, as at 31st December 2011, 2,869,548 persons had obtained membership through the 1043 Samurdhi banking union network. During this year alone, membership had increased by 68,015, and a sum of Rs. Mn 5,370.68 had been deposited, demonstrating the further confidence placed in the banking unions. Accordingly, as at 31st December 2011, the overall amount of deposits is indicated as (Rs.000) 41,000,855, while the total number of accounts is 9,889,010.

Under the banking union loan scheme, entrepreneurship skills of low income earners, including Samurdhi beneficiaries, are identified and the necessary micro financing facilities are provided to develop an environment conducive to eradicate poverty through self reliance. Further, several special loan schemes have been introduced and implemented to cater to capital requirements of members and the staff. Under this loan scheme, self employment, cultivation, Mihijaya, fisheries, Swashakthi, distress, Kirula, Yovun Diriya, consumer, Jana Pubudu and housing loans have been introduced and implemented for beneficiaries and low income earners. In respect of the staff, consumer, housing and motor cycle loans are given, while under special loan schemes, the Viduli Athwela loan programme has been implemented.

As at 31st December 2011, a sum of Rs. Mn 71,721 had been issued to 4,682,822 beneficiaries and low income earners as loans. Under the staff loan scheme, Rs. Mn 1,367.62 had been given to 22,886 persons under the consumer loan programme, Rs.Mn 762 had been given to 1,838 persons under the housing loan programme and Rs.Mn 299.7 had been given to 3,557 persons under the motor cycle loan programme. Further, 20,694 persons had been provided with electrical connections and a sum of Rs. Mn 353 used in that behalf under the Viduli Athwela loan programme.

During the year 2011 alone, a sum of Rs.Mn 13,189 had been given as loans to 522,226 members. The rate of recovery for the year is 111.90%, while the bad debt ratio is 5.51%.

In spite of officer vacancies, it was possible to achieve these financial successes in the year 2011 due to the cooperation and correct decision making of all staff in the head office, district and divisional offices, including the Board of Directors and the Director General. The guidance given by the staff of the Ministry of Economic Development including the Secretary and Additional Secretary, the cooperation received from the staff of the Government Audit Unit in pointing out deficiencies in time for rectification, and the cooperation received from the Internal Audit Division should also be mentioned in this connection.

It is especially stated that the cooperation received from Hon Basil Rajapakse, Minister and the Deputy Ministers directing the Ministry of Economic Development to make Sri Lanka the miracle of Asia while stressing the future vision of the Mahinda Chinthanaya of His Excellency the President, were also valuable guide lines for the successes in the year 2011.

R P B Thilakasiri,
Director General,
Samurdhi Authority of Sri Lanka

SAMURDHI AUTHORITY OF SRI LANKA
Administrative Distribution

1. Break down of operational units of the Samudhi programme:

* No of districts	25
*No of secretarial divisions	316
* No of Grama Seva Wasam	14,008
*No of banking unions/zones	1,043
*No of Maha Sangams	317
* No of Samurdhi societies	18,788
*No of Samurdhi brigades	14,008
2. No of Samurdhi beneficiary families	1,541,619
3. No of small groups	207,975

4. Details of staff

1. Director/Dy Director/Asst Director	06
2. Chief Internal Auditor/Asst Internal Auditor	02
3. Asst Director (Legal)	01
4. Legal Officer	--
5. Samurdhi Coordinating Officer	16
6. Administration Officer	01
7. Press Officer	01
8. No of Managers	2129
9.No of Samurdhi Development Officers	22,008
10..Other staff	294

SECTOR WISE AND PROGRAMME WISE DISTRIBUTION OF ALLOCATIONS MADE FOR LIVELIHOOD DEVELOPMENT SPIRITUAL AND SOCIAL DEVELOPMENT ACTIVITIES UNDER THE BUDGET FOR THE YEAR 2011

Serial No	Development Sector		Break down of allocations made under the 2011 Treasury provisions Rs Mn
1	Rural Development Division		346.00
2	Livelihood Development		2197.00
	Marketing Division	319.00	
	Industries Division	618.00	
	Agricultural Division	870.00	
	Fisheries and Animal Husbandry Division	390.70	
3	Social Development Division		250.00
4	Banking Finance Division		356.30
5	Maha Sangam Division		20.00
6	Human Resources Division		20.00
7	Media Division		25.00
8	Finance Division (Supplies)		23.00
9	Monitoring Evaluation Division		20.00
10	Administrative expenditure		2.00
	TOTAL		**3260.00**

FINANCIAL PROGRESS OF EXPENDITURE AS AT 31/12/2011
CAPITAL EXPENDITURE

Details`	Allocations for the year 2011 Rs	Revised allocations for the year 2011 Rs	Allocations sent to District Secretariatsas at 31/12/2011 Rs	Balance allocations as at 31/12/2011 Rs	Total real expenditure as at 31/12/2011 Rs	Balance allocation as at 31/12/2011 (out of the total real expenditure) Rs
Programme of the Rural Development Division	102,000,000.0	345,800,000.00	334,102,318.00	11,697,682.00	310,145,731.20	35,654,268.80
Programme of the Agri Development Division	1,000,000,000.0	870,000,000.00	860,710,050.00	9,289,950.00	549,140,074.19	320,859,925.81
Programme of the Fisheries & Animal Husbandry Division	750,000,000.0	400,700,000.00	415,652,599.00	(14,952,599.00)	231,411,093.89	169,288,906.11
Programme of the Marketing Development Division	500,000,000.0	319,000,000.00	310,149,543.00	8,850,457.00	166,895,451.78	152,104,548.22
Programme of the Industrial Division	750,000,000.0	608,000,000.00	579,097,050.00	28,902,950.00	389,527,650.00	218,472,350.00
Programme of the Social Development Division	30,000,000.0	358,500,000.00	357,006,416.00	1,493,584.00	356,081,513.80	2,418,486.20
Programme of the Human Resources and Institutional Development Division	20,000,000.00	20,000,000.00	7,582,453.00	12,417,547.00	17,224,726.10	2,775,273.90
Programme of the Media Division	25,000,000.00	25,000,000.00	1,588,000.00	23,412,000.00	11,320,649.61	13,679,350.39
Programme of the Monitoring and Evaluation Division	20,000,000.00	20,000,000.00	6,746,019.00	13,253,981.00	6,384,011.80	13,615,988.20
Programme of the Maha Sangam Division	20,000,000.00	20,000,000.00	19,487,026.00	512,974.00	10,236,565.24	9,763,434.76
Programme of the Banking & Fin Division	20,000,000.0	250,000,000.00	200,000,000.00	50,000,000.00	200,000,000.00	50,000,000.00
Totaldevelopment expenditure	**3,237,000,000.00**	**3,237,000,000.00**	**3,092,121,474.00**	**144,878,526.00**	**2,248,367,467.61**	**988,632,532.39**
Recovery of fixed assets	23,000,000.00	23,000,000.00	8,056,335.00	14,943,665.00	12,405,529.14	10,594,470.86
Total capital expenditure	**3,260,000,000.00**	**3,260,000,000.00**	**3,100,177,809.00**	**159,822,191.00**	**2,260,772,996.75**	**999,227,003.25**

SAMURDHI AUTHORITY OF SRI LANKA

GOALS OF THE ACTION PLAN FOR 2011………………

- Based on Samurdhi beneficiaries and low income earning families.
- The basic planning unit is the Grama Niladari wasama.
- Concurrent to the "Gama Neguma" programme, under the theme of a pleasant village, in 3060 Grama Niladari wasams and elsewhere too, moral and spiritual development and livelihood development is activated and development of the infra structure enabling livelihood development is also activated.
- Need identification is from bottom to top. Only guidance for this is provided at institutional level.
- Funds are created through state funds (Treasury provisions), Samurdhi bank loans and the main contributions of beneficiaries.
- Programmes have been lined up to achieve the millennium development targets, the SAARC social charter and the Mahinda Chinthana targets.
- Encouraging Samurdhi beneficiaries and low income earners towards development by mobilizing them and weaning them away from the subsistence mentality.
- Keeping the Mahinda Chinthanaya in view, affirming its objectives and rendering total commitment towards making Sri Lanka the miracle of Asia.
- Giving the fullest cooperation to bring down the low income earner percentage to 22.5% by the year 2002 from the 26% in the year 1996, to bring it down further to 15% during the period 2006/2007, and to lower it to 8.9% during the period 2009/2010 and 7.6% by the year 2011.

PART ONE

- ADMINISTRATIVE STRUCTURE OF THE SAMURDHI AUTHORITY OF SRI LANKA

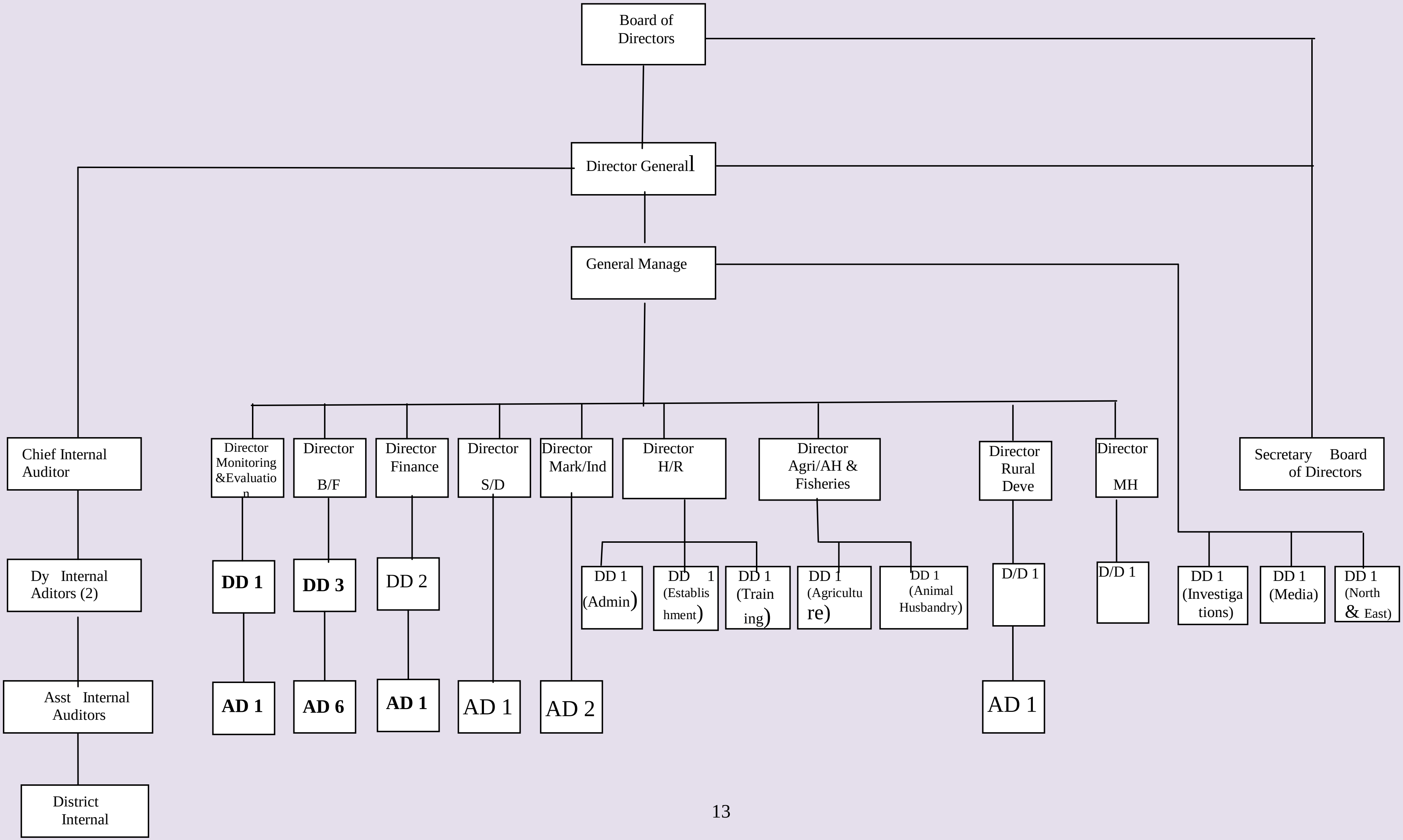
BOARD OF DIRECTORS WHICH FUNCTIONED IN THE YEAR 2011

In accordance with the Incorporation of the Samurdhi Authority of Sri Lanka Act No 30 of 1995, approved by the parliament of the Democratic Socialist Republic of Sri Lanka, the Board of Directors of the Authority should comprise four directors nominated legally, and three other directors nominated by the Minister in charge of the subject. Accordingly, the under mentioned Board of Directors is functioning:-

Composition of the Board of Directors functioning from 01/01/2011 to 31/12/2011

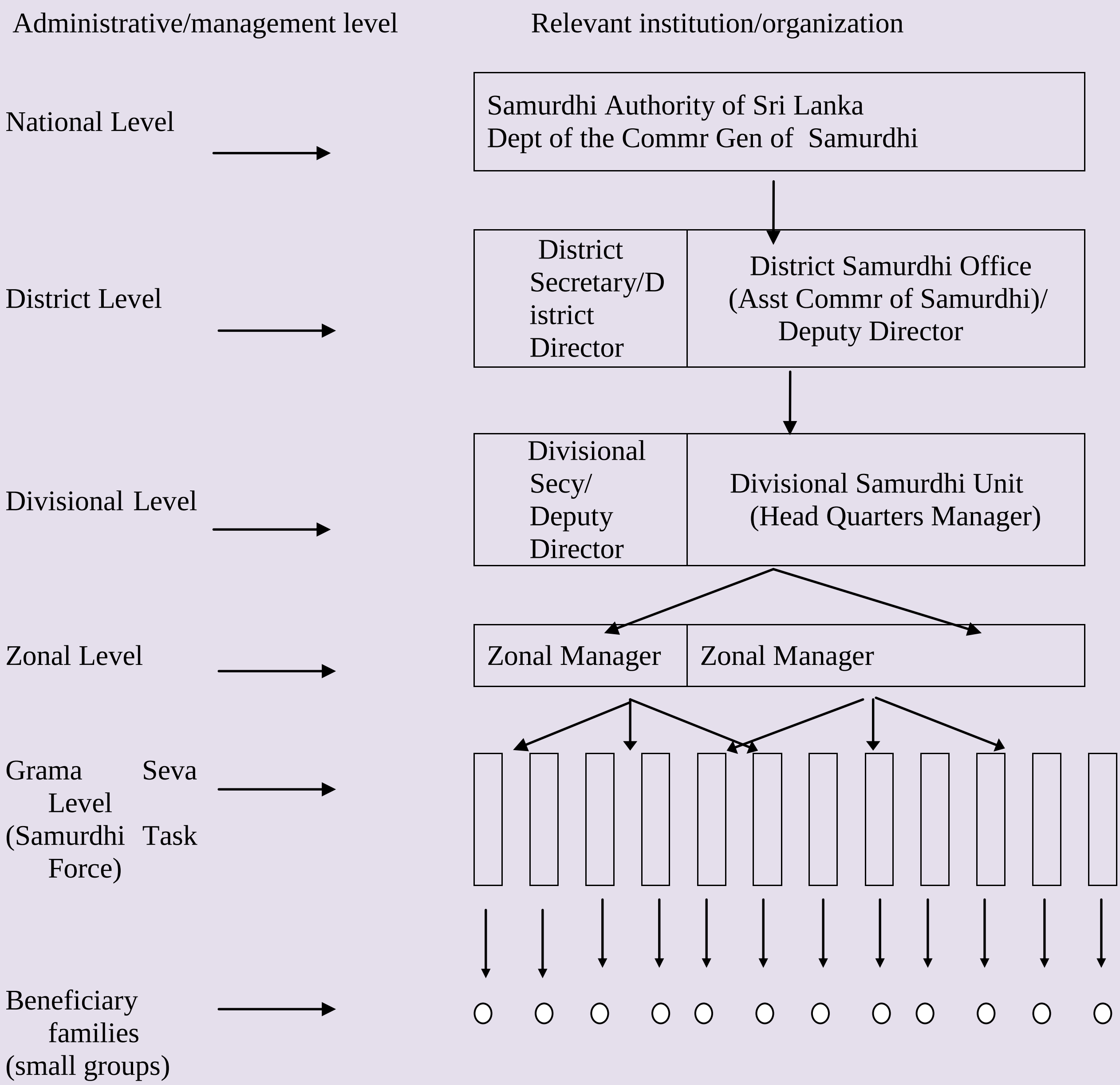
1.	Mr.R.G.B. Thilakasiri, Attorney at law Director General	-	Chairman of the Board of Directors
2.	Mrs.Chandra Wickremasinghe Commissioner General of Samurdh	-	Official member.
3.	Mr.R.A.A.K.Ranawaka Additional Secretary	-	Official member
4.	Miss Geetha Wimalaweera Representative of the Treasury	-	Official member.
5	Dr.P.A.Kiriwandeniya	-	Nominated member.
6.	Dr.Vijitha Nanayakkara	-	Nominated member.
7.	Mrs.Shanthi Fernando	-	Nominated member

ORGANIZATION STRUCTURE – SAMURDHI AUTHORITY OF SRI LANKA



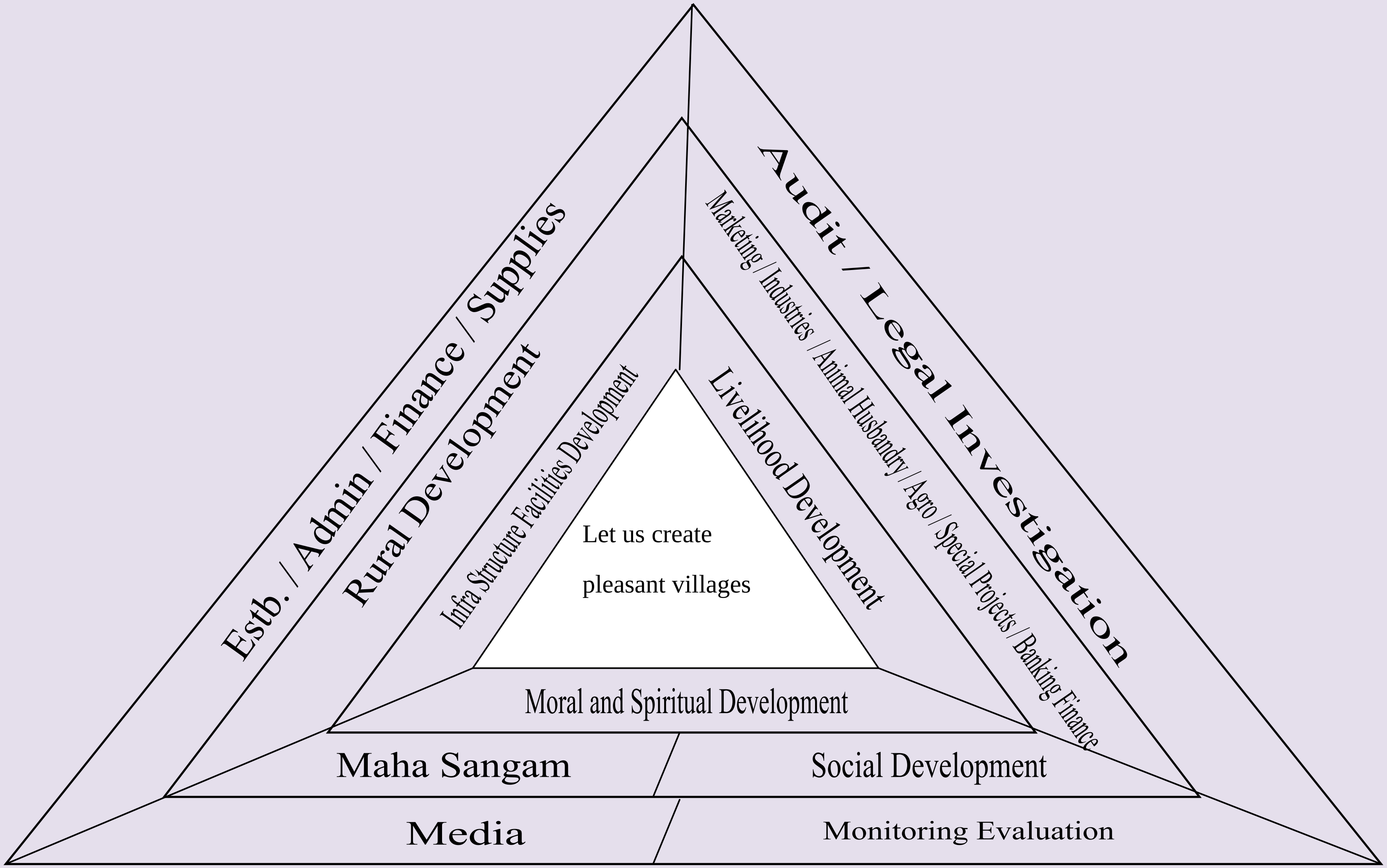
SAMURDHI AUTHORITY OF SRI LANKA

- ORGANIZATION STRUCTURE NATIONAL LEVEL DOWN TO THE RURAL LEVEL



NOTE: This chart which depicts the spread over of the institutional organization structure of the Samurdhi Authority of Sri Lanka from the national level down to the village level, gives an idea about the basic objective and activities of the institution for the mobilization of village level small groups.

DEVELOPMENTAL AND INSTITUTIONAL SERVICE SECTORS



STAFF OFFICERS OF THE SAMURDHI AUTHORITY OF SRI LANKA – 2011

1. Mr.R.P.Bandula Thilakasiri - Director General/Chief Executive
   Attorney at law

2.Mr.C.D.Kaluarachchi - General Manager
Sri Lanka Administrative Service Class 1
(from 18/08/2011)

3.Mr.M.A.S.Weerasinghe - Secretary to the Board (Actg)
Director (Rural Development)
Director – Media (Actg)
Sri Lanka Administrative Service Class 1
(Up to 17/05/2011)

4. Mr.S.P.Bandara - Director (Monitoring and Evaluation)
Sri Lanka Administrative Service Class 1
(Up to 10/08/2011)

5.Mr.S.Madawalagamage - Deputy Director (Investigations)

6.Mr.S.A.D.P.Mathangadeera - Chief Internal Auditor (Up to 25/06/2011)

7.Mr.L.P.J.P.Gunathilake - Director (Livelihood Development) (Up to 26/07/2011)

8. Mrs.Sunanda Piyaseeli - Director (Finance)
Sri Lanka Accountants Service Class 11/1

9. Mr.M.Nadesharajah - Director (Industries)
10.Mr.K.K.L.Chandratilake - Deputy Director (Banking Finance) (From 01/07/2011)

11.Mr.K.B.Guruge - Chief Internal Auditor (From 21/10/2011)

12.Mrs.H.Kulatunga - Director (Marketing) (From 27/10/2011)

13.Mr.A.Felix Fernando - Asst Director (Administration) (From 03/08/3011)

14.Mr.P.R.D.H.Anurawansa - Asst Internal Auditor

15.Miss D.U.S.Pathirage - Asst Director (Legal) (From 05/05/2011)

16.Mrs.Sriya Boralugoda - Administration Officer

17.Mr.Senaka Ubayasinha - Press Officer

SAMURDHI AUTHORITY OF SRI LANKA – DATA ABOUT THE AUDIT AND MANAGEMENT COMMITTEE – 2011

Details of members

1.Miss.Geetha Wimalaweera Director (Dept of National Budget) General Treasury Ministry of Finance and Planning	-	Hony Chairperson
2.Mrs.Shanthi Fernando Director Presidential Coordination Nominated member, Board of Directors	-	Member
3. Mr.Sunil Pathmashantha Commissioner General of Samurdhi Dept of the Commr Gen of Samurdhi	-	Member (Up to 24/01/2011)
4.Mrs.Chandra Wickremasinghe Commissioner General of Samurdhi Dept of the Commr Gen of Samurdhi	–	Member (From 23/03/2011)
5. Mr.P.R.L.Wasantha Accountant Ministry of Economic Development	-	Member
6. Mrs. D.A.Sunanda Piyaseeli Director – (Finance) Samurdhi Authority of Sri Lanka	-	Member
7.Mr.Gamini Wickremapala Director (Banking Finance) Samurdhi Authority of Sri Lanka	-	Member (From 01/06/2011)
8. Mr.K.K.L.Chandratilake Deputy Director (Banking Finance) Samurdhi Authority of Sri Lanka	-	Member (From 17/08/2011)
9. Mr.Sunil Weerasinghe Secretary to the Board of Directors Samurdhi Authority of Sri Lanka	–	Member (Up to 23/03/2011)
10. Mr.S.Madawala Gamage Secretary to the Board of Directors Samurdhi Authority of Sri Lanka	-	Member (From 01/06/2011)
11. Mr.S.Madawala Gamage Secretary to the Board of Directors Samurdhi Authority of Sri Lanka	-	Convenor (From 17/08/2011 to 08/11/2011)

12. Mr.C.D.Kaluarachchi - Member (From 01/10/2011)
General Manager
Samurdhi Authority of Sri Lanka

13. Mr.G.R.D.H.Anurawansa - Member (From l7/08/2011)
Deputy Internal Auditor (Actg)
Samurdhi Authority of Sri Lanka

14. Mr.S.A.D.P.Mathangadeera – Convenor (Up to 01/06/2011)
Chief Internal Auditor
Samurdhi Authority of Sri Lanka

15. Mr.K.B.Guruge – Convenor (Up to 17/11/2011)
Chief Internal Auditor
Samurdhi Authority of Sri Lanka

DATA ABOUT COMMITTEE MEETINGS FOR THE YEAR 2011

Eight meetings had been held during the year.

PROGRESS OF THE

SAMURDHI AUTHORITY OF SRI LANKA

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1.0 BOARD OF DIRECTORS SECRETARIAT DIVISION

The basic function of the Board of Directors Secretariat Division is twofold. That is, on one hand to function as the secretariat of the Board of Directors, and on the other hand to assist, in liaison with the administration, the executive body of the institution in the implementation of decisions of the Board of Directors.

The basic functions of this Division are establishment, administrative, financial matters, as well as preparing the necessary legal background for disciplinary matters, collection of data relevant to development activities, assist in the maintenance of discipline conducive to the running of the institution, and to assist the Director General in monitoring the relevant followup actions.

Functions and assignments

The basic function of this Division is related to co-ordination and reporting, and the most important responsibility assigned to it is to render policy wise support for the preparation of the strategic plan of the institution.

In the capacity of the Board of Directors secretariat:

1. Briefing the Board of Directors about establishment, administrative and financial matters, and providing the back ground information relating to policy decisions about development activities.
2. Submission of board papers, and assisting the heads of divisions in obtaining Board of Directors approval and follow up action.
3. Assisting the Board of Directors in decision making by providing the relevant information and data.
4. Maintaining secrecy about decisions of the Board of Directors.
5. Keeping heads of divisions informed about decisions taken by the Board of Directors and relevant follow up action.
6. Organizing matters relating to the summoning of meetings of the Board of Directors and the connected follow up action.

Accordingly, 167 papers had been submitted to the Board of Directors during the current year.

			No of pps
i.	Relating to establishment and administrative matters	-	55
ii.	Relating to human resource development matters	-	04
iii.	Relating to financial matters	-	74
Iv.	Relating to development matters	-	11

v.	Relating to legal and auditing matters	-	18
vi.	Relating to media matters	-	02
vii.	Relating to monitoring and evaluation matters	-	03

In the capacity of the co-ordination secretariat of the Director General, the following functions are performed:-

1. Co-ordination of meetings, conferences, workshops etc attended by the Director General.
2. Maintaining liaison with the ministry and other government institutions
3. Keeping the Director General informed about data pertaining to administrative, disciplinary and investigation matters, and maintaining of inter institutional co-ordination.
4. Distribution of the daily tappal received by the Director General and the Board of Directors Secretariat to the relevant divisions, and follow up action thereof.
5. Attending to establishment matters of the officers in the division.

Board of Directors during the year

1.	Mr.R.P.B.Thilakasiri, Attorney at law Director General	Chairman,
2.	Mrs.Chandra Wickremasinghe Commr Gen of Samurdhi	Official member
3.	Mr.R.A.A.K.Ranawaka Addl Secy	Official member
4.	Miss Geetha Wimalaweera Treasury representative	Official member
5.	Dr.P.A.Kiriwandeniya	Nominated member
6.	Dr.Vijitha Nanayakkara	Nominated member
7.	Mrs.Shanthi Fernando	Nominated member

2.0 ADMINISTRATION DIVISION

The administration division of the Samurdhi Authority of Sri Lanka functions as two branches, namely, management and establishment. Day to day matters arising in the course of administration is attended to by the administration division, while the establishment division attends to practical matters relating to policy decisions.

2.1 Both the management and establishment branches have been brought under the direct supervision of the Managing Director and the Administration Division has a staff of 32, while the Establishment Division has a staff of 42. The basic function entrusted to the Administration Division is the proper management of human and physical resources, dedication towards institutional development and the provision of ancillary services to enable the various Divisions of the Authority to achieve their goals.

2.2 OBJECTIVES AND OTHER FUNCTIONS OF THE ADMINISTRATION BRANCH

2.2.1 MAIN OBJECTIVES

- Study of staff requirements and reporting about basic matters incidental to same to the Chief Executive and organization of the staff.
- Action regarding staff recruitment, training and promotions, and the formulation and submission of a restructuring programme including relevant methodologies and schemes to the Management Services Department and updating same.
- Taking action necessary to maintain good conduct and discipline of the staff and to facilitate day to day work.
- Upholding the dignity of the institution.
- Formulation of the office lay out and the office organization chart.

2.2.2 DAILY ROUTINE DUTIES

- Attending to the daily tappal
- Management of the procedure for the issue of identification cards to the staff.
  Finalization of the issue of such identification cards.
- Inter-divisional and intra-divisional co-ordination.
- Taking action regarding requests made by the public.
- Taking action regarding requests made by the staff.
- Maintenance and updating of personal files of staff
- Asset management and maintaining an updated inventory of stores items.
  (Safeguarding assets physically as well as the relevant documents)
- Management of the transport section.
- Taking action with regard to the payment of staff salaries, allowances, traveling expenses and all payments.

2.2.3 SPECIAL ASSIGNMENTS

- Referring questions in Parliament to the appropriate Divisions to obtain relevant replies and co-ordination thereof.
- Compiling answers for audit queries and co-ordination thereof.
- Taking action regarding matters arising from parliamentary advisory committee meetings, and briefing divisional heads about such matters.
- Holding of efficiency bar examinations and other promotion examinations, and attending to the communication function of same.

2.2.4 CO-ORDINATION ACTIVITIES

- Formulation of the recruitment and promotion scheme under restructuring.
- Providing facilities necessary for the meetings held monthly.
- Duties in connection with the efficiency bar examinations to be held annually and with regard to promotions
- Preparation of the annual report and appropriate action incidental thereto.
- Collection and updating of information and data and transmission of same to relevant agencies. (Dissemination of information)

2.3 COMPOSITION OF THE CADRE OF THE SAMURDHI AUTHORITY OF SRI LANKA

The overall cadre of the Samurdhi Authority of Sri Lanka, including Samurdhi Development Officers engaged in field duties, is 27,662. This cadre is sub divided into two broadcategories as Samurdhi Development Officers and other staff.

Mr.K.D.Kaluarachchi has been appointed for the post of General Manager which fell vacant this year. Further, there was a trend of the percentage of vacancies in the cadre increasing, due to the delays in the recruitment to fill most posts which fell vacant as a result of members of the overall staff retiring, employees being released for service to other institutions, failure of most employees who had been released back to report to their original posts and employees going abroad to seek overseas employment.

APPROVED CADRE OF THE SAMURDHI AUTHORITY OF SRI LANKA

	POST	APPD NO	AVAL NO	SHORT FALL
HIGHER MANAGEMENT	DIRECTOR GENERAL	01	01	-
	GENERAL MANAGER	01	01	-
	SECRETARY TO THE BOARD OF DIRECTORS	01	-	01
	DIRECTOR	09	04	05
	CHIEF INTERNAL AUDITOR	01	01	-
SUB TOTAL		13	01	12

MIDDLE MANAGEMENT	ASST DIRECTOR (LEGAL)	01	01	--
	ASST DIRECTOR	09	01	08
	ASST INTERNAL AUDITOR	04	01	03
	SAMURDHI CO-ORD OFFICER	26	16	10
	SUB TOTAL	55	20	35
MANAGEMENT	FINANCIAL ASST	01	01	--
	ADMIN OFFICER	02	01	01
	LEGAL OFFICER	03	--	03
	MEDIA OFFICER	02	01	01
	SYSTEMS ANALYST	01	01	--
	SAMURDHI MANAGER	2500	2120	371
	INTERNAL AUDIT OFFICER V	34	--	34
	CHIEF CLERK	09	03	06
	SYSTEMS CONTROLLER	01	--	01
SUB TOTAL		2553	2135	418
FIELD OFFICERS	SAMURDHI DEVELOPMENT OFFICERS	24370	22008	2362
SUPPORTING STAFF	INTERNAL AUDIT OFFICER VI	95	65	30
	COMPUTER PROGRAMMER	02	--	02
	TRANSLATOR	02	01	01
	VIDEO CAMERA MAN	03	01	02
	CLERK	455	60	390
	STENOGRAPHER	11	04	07
	BOOK KEEPER	04	01	03
	SHROFF	02	02	--
	RECEPTIONIST	01	01	--
	STORE KEEPER	01	01	--
	TYPIST	11	10	01
	COMPUTER DATA OPERATOR	14	11	03
	SUB TOTAL	24971	22170	2801
BASIC STAFF	DRIVER	37	34	03
	KARYALA KARYA SAHAYAKA	26	26	--
	SECURITY GUARD	01	01	--
	LABOURER	06	05	01
	SUB TOTAL	70	66	04
	GRAND TOTAL	27662	24398	3264

(Source : Salaries and Cadre Committee Report - 2011)

2.5 COMPOSITION OF THE STAFF OF THE ADMINISTRATION DIVISION

Even though the identified approved cadre of this division headed by the General Manager is 32, the existing staff consists only of 21 personnel.

3.0 ESTABLISHMENT DIVISION

An organization can be defined as a place where a group works together methodically to achieve a common objective

We all are aware of the fact that stronger and more regular the internal administration and the management structure of any organization, the easier it becomes to achieve its planned objective. In this respect, management practices including personal supervision and human resource management are basically tied up with office management.

In the process of personnel administration, the Establishment Division attends to a large number of functions including the selection and recruitment of the staff required for the institution, cadre planning, deciding on staff salaries, appreciation of worker efficiency, promotions, transfers, interdictions, settlement of worker grievances, disciplinary matters, administration, trade union activities etc.

3.2 OBJECTIVES OF THE ESTABLISHMENT DIVISION:-

1 Providing official guide lines to Samurdhi Managers/ Samurdhi Development Officers.
2 Providing guidance required to solving various problems arising during the performance of duties.
3 Raising the efficiency of officers, through prompt and effective action regarding their official requirements.

FUNCTIONS CARRIED OUT IN THE YEAR 2011

- Establishment of transfer boards at district, divisional and national levels
- Transfers effected of Samurdhi Managers 21
- Transfers of Samurdhi Development Officers effected 53
- Total no of Samurdhi Managers confirmed in their posts at the end of their probationary periods 125
- Total no of Samurdhi Development Officers confirmed at the end of their probationary periods 398
- No of Samurdhi Managers who resignations have been accepted 22
- No of Samurdhi Development Officers whose resignations had been accepted 21
- No of interdictions:

Samurdhi Managers	05
Samurdhi Development Officers	14

- No of Samurdhi Managers promoted to grade V 119

- No of officers in the Head Office granted annual increments :

Samurdhi Managers	126
Samurdhi Development Officers	98

- Conversion of salaries of Samurdhi Managers and Samurdhi Development Officers of the Head Office in accordance with Management Services Circular no. 43(1)

- Getting down to the Head Office various documents found deficient in the officers' personal files and regularizing same.

- Arranging for interviews at district level for the promotion of Samurdhi Development Officers to Grade Two and getting down the evaluation sheets of those interviews to the Head Office.

- Up dating and maintaining records at district level and divisional level, of statistics of Samurdhi Managers and Samurdhi Development Officers Officers posted to grama seva divisions, Samurdhi bank societies, Samurdhi maha sangams, Divisional Secretariats and District Secretariates.

- Samurdhi Development Officers who covered up the posts of Samurdhi Managers had been appointed as Samurdhi Managers. Their number is 66.

- Samurdhi Development Officers have been appointed to cover up the vacant posts of Samurdhi Managers in the Northern and Eastern provinces, and in the districts of Anuradhapura, Puttalam, Polonnaruwa and Matale. Their number is 10.

- Taking necessary action to reckon the period of service prior to 01/10/1998 of Samurdhi Development Officers who had worked as Samurdhi Animators.

- Taking necessary action to absorb under qualified officers in service as Grade 111 Samurdhi Development Officers.

- All officers in the Establishment Division are expected to examine files under their custody every three months, and to submit a report of short comings found for future action and follow up.

4.0 RURAL DEVELOPMENT DIVISION

Under the immense efforts made by the government for rural development within the Samurdhi development scheme, whereby the most disadvantaged segments of the poor community were mobilized, made more important stake holders of society and their incomes increased, the services rendered and the contribution made by the Rural Development Division shows a very high value. The main objective of the Rural Development Division is, in addition to the development of infra structure facilities, to take into consideration every aspect of development of society and being committed in that behalf in the sphere of rural development.

In approaching the above objective, the main function of the Rural Development Division of the Samurdhi Authority of Sri Lanka has been the development of infra structure facilities which directly assist the economic, social and spiritual development of rural areas involving the poor, as well as to provide financial allocations, guidance and advice necessary to obtain these requirements.

Accordingly, the Rural Development Division was able, for the first time, in the year 1995 to provide a sum of Rs.10,000/= to implement a project in every village with an added value of over Rs.50,000/=. In this manner, this program to develop the infra structure facilities was implemented continuously in respect of every village up to the year 2007. In the year 2007 this was implemented giving priority to 4000 villages, and from the year 2008 to year 2010, it was implemented in all the villages, giving priority to 3060 villages. However, as priority was given for the implementation of programmes relating to the livelihood development and Divi Neguma programmes, the provisions give to the Rural Development Division were limited. Accordingly, no villages or wasams were selected, but provisions were made for a project each generally for every secretarial division.

Accordingly it must be specially mentioned that during the year 2011, projects were implemented giving high priority for irrigation and water supply projects which would be of great assistance to livelihood development.

As such, during the year 2011, a sum of Rs. Mn. 335.98 was allocated for the Rural Development Divisions under Treasury provisions, and this allocation was utilized for development purposes through the following two programmes:

1. Special Infra Structure Development Programme enabling livelihood development.
2. Second Community Development and Livelihood Enhancement Project.

PROGRAMMES IMPLEMENTED IN THE YEAR 2011

Development Programme	Approved allocation (Rs Mn)	Allocations for districts (Rs. Mn)	Amount spent (Rs. Mn)	No of projects completed	Community contribution	No of beneficiary families
Special Special Infra Structure Development Programme enabling livelihood development.	331.64	31.64	311.47	5969	271.18	145,552
Second Community Development and Livelihood Enhancement Project. (For administrative expendirure)	4.34	4.34	*3.31	92 (Training and travelling expenses)	-	2910 (For officials)
TOTAL	335.98	335.98	314.45	5969	271.18	145,552

***** This amount has been spent on behalf of officials for providing the training necessary to facilitate the improvement of living standards of 27,647 beneficiary families in 110 villages.

01. SPECIAL INFRA STRUCTURE DEVELOPMENT PROGRAMME ENABLING LIVELIHOOD DEVELOPMENT.

The Special Infra Structure Development Programme enabling livelihood development was implemented in the year 2011 through several activities as shown below:

- Implementation of essential irrigation and water supply projects supporting and concurrent to the Divi Neguma Livelihood Development Programme.
- Completion of development projects which had been planned to be completed in several stages.
- Implementation of productive development projects which are essential and which have to be given special priority.
- Implementation of essential sanitary facilities projects in the Jaffna district.

Implementation of essential irrigation and water supply projects supporting and concurrent to the Divi Neguma Livelihood Development Programme.

Under this, more attention had been paid to implementing projects related to essential infra structure facilities relevant to the Divi Neguma and livelihood development programme. In this connection, it must be specially mentioned that reconstruction of small tanks, development of dams and water ways, construction of irrigation buttress walls and projects relating to drinking, agricultural and general water supplies had been implemented.

Under this programme, except for the Gampaha district, a sum of Rs. Mn. 73.42 had been allocated to the 305 divisisonal secretariats in the other 21 districts, at the rate of Rs. 250,000/= per divisional secretariat. No proposals for infra structure facility projects to be implemented in the Gampaha district were received, and necessary action was taken to utilize the allocations for infra structure facilities to the construction of Diriya Piyasa houses, as it was the priority requirement.

Accordingly, 391 various projects lead by irrigation and water supply projects had been successfully completed, and the relevant number of beneficiary families was around 31,411. A sum of Rs. Mn. 60 had been spent in this behalf.

Completion of development projects which had been planned to be completed in several stages.

During this year, a sum of Rs. Mn. 9.42 had been allocated to complete the work of 09 essential infra structure development projects which had commenced during the previous years and had been planned to be completed in several stages. Action had been taken to successfully complete the work of these projects during this year, spending a sum of Rs. Mn. 7.76. In this connection, it must be mentioned that mainly water supply projects had been implemented.

Implementation of development projects which are essential and which have to be given special priority.

In implementing these projects, no specially selected wasam or region was targeted, and the only factors taken into consideration in making allocations were their urgency and priority. In this connection, it became possible to spend allocations for the implementation of productive projects which were of economic, social as well as sanitary importance, but which could not have been implemented with a small allocation.

A sum of Rs.Mn. 28.80 was allocated for this purpose, and it was possible to successfully complete 69 very productive projects utilizing Rs.23.27 out of it.

Implementation of essential sanitary facilities projects in the Jaffna district.

In this connection, necessary allocations were made for providing sanitary facilities related to the resettlement of displaced families and also for housing units without proper sanitation facilities in the Jaffna district.

This project was implemented with the objectives of safeguarding the mental as well as the physical well being of the low income earning families within the district by improving their sanitary facilities, and invariably action was taken to construct water sealed latrines.

Accordingly, an allocation of Rs.40,000/= was made to obtain the necessary building materials and for skilled labour, and action was taken to provide the necessary financial assistance to beneficiaries through the Samurdhi banking unions, based on the progress of the constructions. Along with the above Rs. 40,000/= and the financial and labour contribution of the relevant beneficiaries based on the regional topography, action was taken to construct a latrine with a finished value of around Rs.77,000/= by spending around Rs. 37,000/=.

Accordingly, action had been taken to spend an allocation of Rs.Mn. 218.50 to construct 5500 water sealed latrines. In addition, under this, an allocation of Rs. Mn. 1.61 had been spent through the head office for the purchase of sanitary equipment.

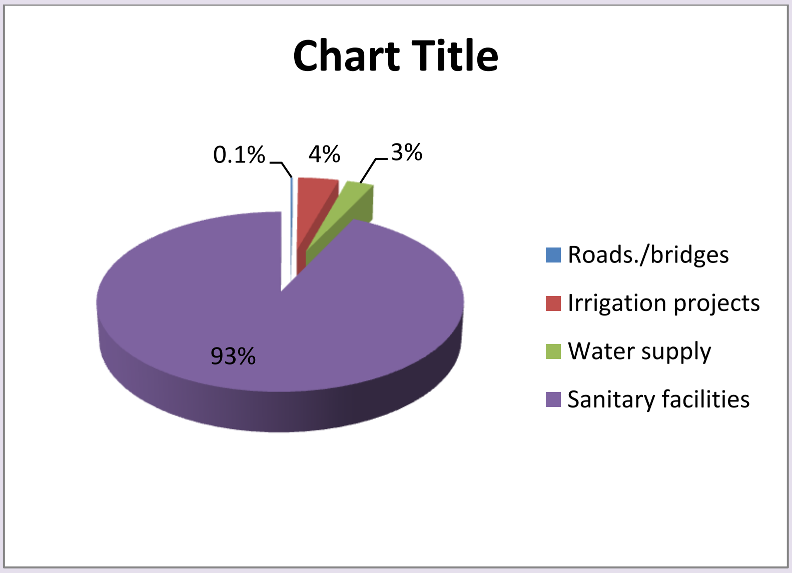
Accordingly, allocations made for all development activities under the infra structure facilities development programme implemented by this Division through various sectors were around Rs.Mn.331.64. Spending Rs. Mn. 311.14 out of this, 5969 projects were successfully completed, and the relevant number of beneficiary families is 145,552. Their finished value is Rs.Mn.575.13

Projects completed under the Special Infra Structure Development Programme are classified as shown below:

ANALYSIS OF COMPLETED PROJECTS

Type of project	No of projects completed	Contribution of the Samurdhi Authority (Rs. Mn)	Value of community contribution (Rs. Mn)	Finished value (Rs. Mn)	No of beneficiary families
Roads./bridges	12	7.81	1.58	9.49	8168
Irrigation projects	248	56.33	11.44	68.65	20383
Water supply	166	26.01	4.00	24.01	11459
Sanitary facilities	5543	218.92	254.16	472.98	105,542
Admin expenses (District Secretary/Div Secy	0	0.46	0	0	0
Head Office	0	1.61	0	0	0
TOTAL	**5969**	**311.14**	**271.18**	**575.13**	**145,552**

PROJECTS COMPLETED



SECOND COMMUNITY DEVELOPMENT AND LIVELIHOOD ENHANCEMENT PROJECT. (GEMIDIRIYA)

Samurdhi Authority of Sri Lanka in collaboration with the Gemidiriya Institute started implementing the Gemidiriya community controlled methodology in 110 villages from the year 2010. This is a project in operation for three years, i.e. 2010 – 2012.

The amounts allocated for the various villages under this project which is implemented in 110 villages in the below mentioned seven districts have been based on the total population of the relevant villages. Thus, a sum of Rs.5000/= is allocated for each person, and a sum of Rs.Mn. 552.97 has been allocated to the rural development fund according to the total population of the various villages.

As this is a project implemented using World Bank loan funds, rural development funds are made available through the Gemidiriya Institute to the various village organizations for the implementation of the proposed projects.

NO OF VILLAGES WHERE THE PROJECTS ARE IMPLEMENTED AND HOW FUNDS WERE ALLOCATED

District	No of divisional secretariats	No of villages under implementation	Allocation of rural development funds (Rs. Mn)
Ratnapura	09	13	59.49
Moneragala	05	08	36.98
Polonnaruwa	04	08	44.02
Badulla	05	08	39.39
Hambantota	06	18	102.73
Kegalle	11	31	160.78
Nuwara Eliya	04	24	109.58
TOTAL	44	110	552.97

Allocations made have been apportioned to enable rural development funds thus set apart to be utilized for livelihood improvement, infra structure facilities development, community skills development and institutional development.

ALLOCATION OF FUNDS FOR THE IMPLEMENTATION OF RURAL DEVELOPMENT PLANS

District	No of villages under implementation	Allocation of rural development funds (Rs. Mn)	How allocations are made for the projects		
			For skills and institutional development	For livelihood opportunities	For infra structure facilities
Ratnapura	13	59.49	8.92	8.92	41.64
Moneragala	08	36.98	5.55	5.55	25.89
Polonnaruwa	08	44.02	6.60	6.60	30.81
Badulla	08	39.39	4.80	12.22	22.38
Hambantota	18	102.73	12.75	30.46	59.51
Kegalle	32	160.78	24.12	24.12	112.54
Nuwara Eliya	24	109.58	16.44	16.44	76.70
TOTAL	111	552.97	79.18	104.31	369.47

The Samurdhi Development Officer has been entrusted with the responsibility of facilitating the handing over of the above mentioned rural development funds to the village, and the Samurdhi Zonal Manager has been officially vested with its supervision.

It must be specially pointed out that officials, who in addition to their regular duties under the Samurdhi Authority have been entrusted these duties engage in the facilitation function under this project.

Similarly, when these funds are given to the villages, action has been taken provide the necessary training to the relevant Samurdhi Officers/Samurdhi Managers regarding the Gemidiriya community controlled methodology, and all expenditure relevant to this training has been borne through the Gemidiriya project during this year.

However, the necessary administrative costs in this regard such as the participatory allowance, combined allowance and the supply of required stationery to the officials, has been met by the Samurdhi Authority of Sri Lanka, in accordance with the joint agreemententered into between the two institutions.

For this purpose, a sum of Rs. Mn. 4.34 has been allocated during the year 2011 for administrative costs of this project, and shown below is the expenditure as at 31st December, 2011:

ADMINISTRATIVE COSTS OF THE SECOND COMMUNITY DEVELOPMENT AND LIVELIHOOD ENHANCEMENT PROJECT AS AT 31ST DECEMBER, 2011

District	No of villages under implementation	No of training sessions/discussions held	No of officials who participated	Total approved amount (Rs)	Total amount spent (Rs)
Ratnapura	13	10	282	468,144.00	308,834.00
Moneragala	08	06	64	245,100.00	179,525.00
Polonnaruwa	08	16	586	344,430.00	269,909.00
Badulla	08	07	143	234,050.00	208,290.00
Hambantota	18	18	799	800,400.00	674,178.00
Kegalle	31	20	484	1,271,035.00	872,549.00
Nuwara Eliya	24	14	524	948,350.00	783,418.95
Samurdhi Authority		01	28	31,000.00	23,650.00
TOTAL	110	92	2910	4,342,509	3,,320,353.95

Samurdhi officials, making use of the training received in community controlled methodology, commenced implementing the under mentioned projects relevant to the rural development plans of various villages, whilst providing the necessary facilitation to village organaizations.

ANALYSIS OF PROJECTS IMPLEMENTED UNDER THE SECOND COMMUNITY DEVELOPMENT AND LIVELIHOOD ENHANCEMENT PROJECT AS AT 31ST DECEMBER, 2011

District	No of villages under implementatn	No of projects implemented in the year 2011			Total
		Skills enhancement and institutional development projects	Livelihood	Infra Structure facilities	
Ratnapura	13	67	146	27	173
Moneragala	08	38	261	7	268
Polonnaruwa	08	42	249	8	257
Badulla	08	31	29	11	40
Hambantota	18	71	78	22	100
Kegalle	31	58	0	55	55
Nuwara Eliya	24	24	0	24	24
TOTAL	110	331	763	154	917

- Under the heading institutional skills development above, shown are the costs of equipment necessary to maintain a project office in each village and administrative costs necessary to implement the project. Similiarly, under skills development training had been provided to the community to develop livelihood opportunities and infra structure facilities.

- Loans necessary for livelihood opportunities had been given from allocations made under the livelihood fund, which is a cyclic fund.

- In the implementation of the proposed projects under the infra structure facilities fund, a special feature was its implementation through the direct involvement of the community, and under this priority had been given to road and water supply projects.

By the end of year 2012, through the facilitation of Samurdhi Development Officers, it is being planned to utilize the funds allocated to the various villages for the implementation of further infra structure facilities and livelihood opportunity projects.

OVERALL PROGRESS – 2011

Type of project	No of projects completed	Value of contribution of the Samurdhi Authority (Rs Mn)	Value of the community contribution (Rs Mn)	Finished value (Rs Mn)	No of beneficiary families
Roads/bridges	12	7.81	1.58	9.49	8168
Irrigation projects	248	56.33	11.44	68.65	20383
Water supply	166	26.01	4.00	24.01	11459
*Training programmes	*92	3.31			*2910
Administrative expenses (District Secretary/Divisional Secretary)	0	0.46	0	0	0
**Head Office	0	1.61	0	0	0
TOTAL	5969	314.45	271.18	575.13	145,552

* As these were training programmes for the training of officers, the number of training programmes and the number of officers trained have not been included in the grand total.

** This is for the purchase of sanitary equipment for the Jaffna District under the Sanitation Programme.

INVESTMENT OF THE RURAL DEVELOPMENT DIVISION IN DEVELOPMENT PROJECTS (RS.MN)

Serial No	Programme	Year		
		2009	2010	2011
1	Special projects	72.74	55.64	311.14
2	Special village development projects	53.89	0	0
3	Infra structure facilities development projects	1475.22	758.48	0
4	Accelerated infra structure facilities development projects	0	774.95	0
5	Continuation projects	0	5.32	0
6	Gama Neguma second community development and livelihood opportunities enhancement project	0	1.56	3.31
TOTAL		1601.85	1595.95	314.45

Source – Expenditure returns

5.0 AGRICULTURAL DEVELOPMENT DIVISION

The main source of livelihood of the majority of Sri Lankans is agriculture, and the basic objective of this programme is to provide an appropriate methodology to enhance its productivity at the domestic level and the rural level, thereby raising their economic and nutritional levels and to ensure the self sufficiency of their food.

From time immemorial, agriculture had been the economic base of our country's economy. Through this, the Agricultural Division continuously played an important role in using a methodology aimed at planned socio economic development of the entire country. For achieving self dependence at the national level, ensuring self sufficiency in food and for a fair distribution of incomes and wealth for alleviating poverty, it is an essential requisite that there should be a rapid development in the overall agricultural sector, especially including local food production, exotic floriculture and export crops. Due to this reason, the government has given priority to the development of this sector to overcome this gigantic challenge to usher in an economic prosperity to the people of this country. Accordingly, with the aim of contributing to the mission of making Sri Lanka a miracle state in Asia, developing the economy of the community through the promotion of the agricultural sector by giving priority to it, enhancing the nutritional quality of the family and concurrently creating self sufficiency in the country's food requirements, 39,954 productive and sustainable agro based projects were implemented island wide, through several programmes concurrent to the Divi Neguma national programme.

MAIN PROGRAMMES BEING IMPLEMENTED

1. Promotion of plants and planting material production projects.
2. Promotion of local food crop cultivation.
3. Project to encourage small scale plantation crop owners.
4. Development of home gardens for nutritional promotion.
5. Enhancing modern agricultural technology entrepreneurship knowledge and skills.

1. **PROMOTION OF PLANTS AND PLANTING MATERIAL PRODUCTION PROJECTS**

With the objective of increasing food production in keeping with the increasing population, encouraging beneficiaries to earn foreign exchange through the production of vegetables and flowers targeting the export market and for producing planting materialsrequired for the Divi Neguma national programme and for the cultivation of various crops, action was taken to introduce new technologies to the rural low income earning community. Under this, 2236 green houses were constructed island wide. There are 1746 plant nurseries producing vegetable, fruit, exotic flower, export crop and other plants inside these green houses, and 490 beneficiaries encouraged to take up vegetable cultivation and floriculture are engaged in cultivation activities. Further, 1,081 new plant nurseries have been started under this.

Big onion seed production – Dambulla Secretarial Division

2.PROMOTION OF THE CULTIVATION OF LOCAL FOOD CROPS

Through this, contributions were made for increasing and consolidating the income levels of beneficiaries and fulfilling the local consumer requirements, through the promotion of the cultivation of crops which could be grown locally, taking into consideration regional resources, potential and market demand. Some of the projects implemented under this are:

Crop cultivation projects – Fruits, vegetables, leaves, yams, field crops, cereals

Grape cultivation – Udapalatha Secretarial Division

Cabbage cultivation – Welimada Secretarial Division

During the last year, an increase in the income levels of beneficiaries was noticeable especially due to projects of this nature being made available to the rural community, crop diversification, experimenting new technologies, adoption of new agricultural methodologies through the encouragement to think beyond the traditional concepts and through good management.

It became possible to bring prosperity to a large number of beneficiaries through the implementation of 20,079 local food products island wide, and thereby contributing to the national production through the enhancement of their sources of income.

Sweet *ambarella* cultivation – Hingurakgoda Secretarial Division

3. **PROJECT FOR THE ENCOURAGEMENT OF SMALL SCALE PLANTATION CROP OWNERS.**

The main objective of this was the encouragement of small scale cultivators owning small plots of land. Under this, attention was paid to promoting the cultivation of cinnamon, in addition to the cultivation of tea, coconut and rubber, and priority was especially given to opening of plant nurseries of the relevant crops.

Tea cultivation – A special agricultural project under the Livelihood Development Programme, Attanagalla Divisional Secretariat

4. **HOME GARDEN DEVELOPMENT FOR NUTRITION ENHANCEMENT**

13,598 home gardens under the Samurdhi Programme were developed with the objective of making available the daily nutritional requirements from the home gardens themselves and creating a project bringing in extra income through the housing unit itself, and 469, 537 housing units were developed during the first stage of the Divineguma Programme under the supervision of Samurdhi officials. The following items were included in the gardens so developed:

Home garden cultivation – Attanagalla Divisional Secretariat

I. Fruit crops - Fruits such as mangoes, plantains, papaw, pine apple, mangoesteen, rambuttan, oranges, lime, passion fruit etc

II. Vegetables – Vegetables such as brinjals, tomatoes, chillies, long beans, bitter gourd, snake gourd, pumpkin, ladies fingers, carrot, beet, winged beans etc.

III. Leafy vegetables – Leafy vegetables such as kathuru murunga, gotu kola, mukunu wenna, kan kung, thampala, spinach etc.
IV. Yams – Sweet potato, manioc, kiri ala, vel ala, inanal, raja ala etc.
V. Indigenous medicinal herbs – Bin kohomba, katuwal batu, aloe, ginger, turmeric, pol pala, lemon grass etc.
VI. Other crops – Coconut, king coconut, arecanut, karapincha, lemon grass, betel etc.
VII. Compost fertilizer production units
VIII. Bee keeping units

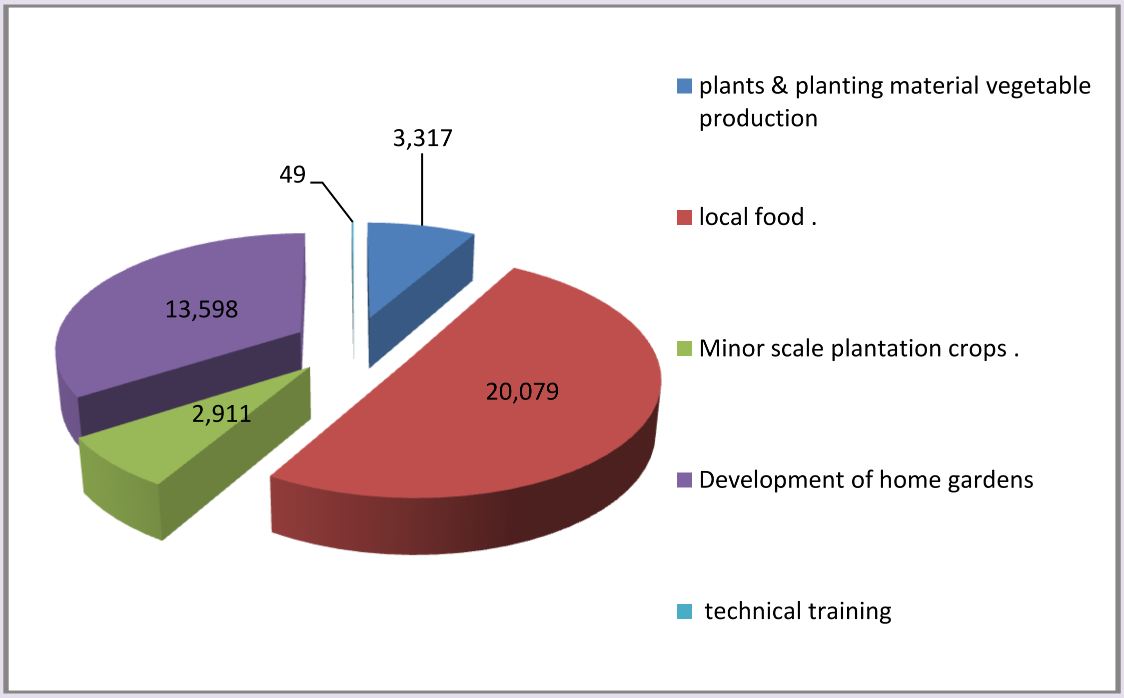
Bee keeping in the home garden.

5. DEVELOPMENT OF MODERN AGRO TECHNICAL AND ENTREPRENEURSHIP KNOWLEDGE AND SKILLS

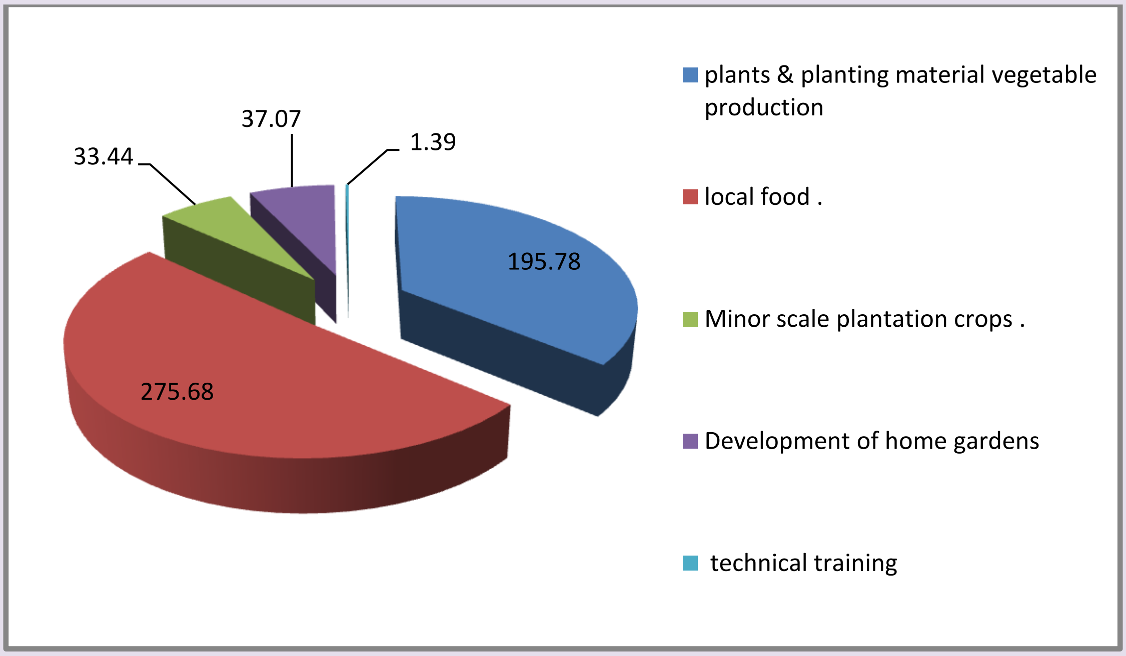
This project was implemented with the objective of increasing the necessary agro technical and entrepreneurship knowledge in theory and in practice and to increase the quality and productivity of agro based projects and self employment to a sustainable level. It became possible to make these training programmes successful with the technical assistance obtained from line institutions, including the Department of Agriculture.

Training in anthurium growing – Botanical Garden, Gampaha

PHYSICAL PROGRESS OF THE AGRICULTURAL DEVELOPMENT PROGRAMME 2011 (No of projects)



FINANCIAL PROGRESS OF THE AGRICULTURAL DEVELOPMENT PROGRAMME 2011 (Rs. Mn.)



6.0 ANIMAL HUSBANDRY AND FISHERIES DEVELOPMENT PROGRAMME

The responsibility of this programme is shouldering the onerous burden of encouraging encouraging Samurdhi beneficiaries and low income earners to undertake animal husbandry and fisheries projects aimed at enhancing their livelihood and taking action in that behalf.

From time immemorial, Sri Lanka has been a country inhabited by people centered round an agricultural livelihood. Animal husbandry takes a prominent place in the agricultural sector. Live stock farming projects can be implemented utilizing land which has become uncultivable due to shortage of water and other reasons related to the land. Similarly, Sri Lanka is an ocean bound island, and water reservoirs of varying sizes are situated in the interior too. By utilizing these resources, there is a higher potential for the fisheries industry to be expanded.

The Samurdhi Authority of Sri Lanka is engaged in the onerous burden of encouraging Samurdhi beneficiaries and low income earners to undertake various projects to develop their livelihood. Taking cognizance of this potential, especially animal husbandry and fisheries projects have been implemented targeting Samurdhi beneficiaries and low income earners. In this connection, encouraging them to engage themselves in animal husbandry and fisheries projects will result in the reduction of their unemployment, strengthening of their economy and increase of the nutritional levels of their families.

In the year 2011, the Ministry of Economic Development implemented the "Divineguma" national campaign for the establishment of a million domestic economic units island wide. Under this, priority had been given for the husbandry and fisheries sectors too.

Concurrent to the Divineguma programme, the Animal Husbandry and Fisheries Division of the Samurdhi Authority of Sri Lanka implemented various animal husbandry and fisheries projects during the year 2011 with the following objectives in mind:-

1. Increasing the living standards of Samurdhi beneficiaries and low income earners by providing them facilities to engage in animal husbandry and fisheries projects in a sustainable and productive manner.

2. Introduction of value added projects relating to primary animal husbandry and fisheries produce through processing, and providing marketing facilities.

3. Uplifting the nutritive standards of Samurdhi beneficiaries through integrated nutrition programmes

4. Attending to all coordinating functions related to the introduction of services and new technology necessary for the enhancement of productivity of projects in the animal husbandry and fisheries sectors.

ANIMAL HUSBANDRY AND FISHERIES DEVELOPMENT PROGRAMME.

In the year 2011, this programme was implemented so as to cover all grama seva wasams with a potential for animal husbandry and fisheries projects. For the year 2011, the Animal Husbandry and Fisheries Programme was allocated a sum of 400.7 million rupees. This allocation was utilized to commence the following main programmes.

1. Creating opportunities for animal husbandry and fisheries projects and encouraging beneficiaries towards same.
2. Implementation of projects for adding value to primary products.
3. Identifying appropriate projects for the enhancement of family nutritional conditions.
4. Imparting project oriented knowledge to beneficiaries directly involved in projects.

1. CREATING OPPORTUNITIES FOR ANIMAL HUSBANDRY AND FISHERIES PROJECTSAND ENCOURAGING BENEFICIARIES TOWARDS SAME.

The Milch Cow Development Project could be described as one of the major projects under this. Supply of milch cows, construction of cattle sheds, establishment of bio gas units and cattle insemination units can be shown under this.

The main objective of this project could be described as increasing the milk production of the small scale milk farmers among the Samurdhi beneficiaries and low income earners, increasing the consumption of local fresh milk by reducing even to some extent the large amounts of foreign exchange spent annually to import milk foods. Further, these projects are implemented to obtain a higher milk yield by avoiding to some extent at least traditional methods, as a solution to the energy crisis and finding solutions for the shortage of milch cows necessary for the milch cow project. In addition, with the available local potential and the consent of the beneficiaries, in the year 2011, 6,345 projects such as goat breeding, piggeries, production of eggs as an enterprise, rearing of broilers, establishment of biogas units, implementation of inland and coastal fisheries projects, and breeding of exotic fish were implemented.

.2IMPLEMENTATION OF PROJECTS FOR ADDING VALUE TO PRIMARY PRODUCTS.

The objective of this project is to obtain a higher income through adding value to primary products obtained through the project during periods of over production and avoiding waste. Under this, priority is given to dairy products and fisheries products. In the year 2011, 134 such projects were started.

3. INTRODUCTION OF APPROPRIATE PROJECTS FOR THE ENHANCEMENT OF FAMILY NUTRITIONAL CONDITIONS

Mainly, the promotion of breeding hens at cottage level to increase family nutritional levels was started. Each family was supplied with around 10 one month old pullets. During the last year, 1,914 projects had been implemented.

Further, action was taken to supply one month old pullets required for this project through Samurdhi beneficiaries. Under this, beneficiaries were involved in developing one day old pullets into one month old pullets in the districts of Galle, Kalutara, Puttalam, Polonnaruwa, Matara, Vavuniya, Anuradhapura, Matale, Kegalle, Kurunegala and Badulla. Under this, 76,165 one month old pullets had been directly distributed.

Accordingly, a sum of Rs. Mn 234.378 had been spent at district level for 8,393 animal husbandry and fisheries projects.

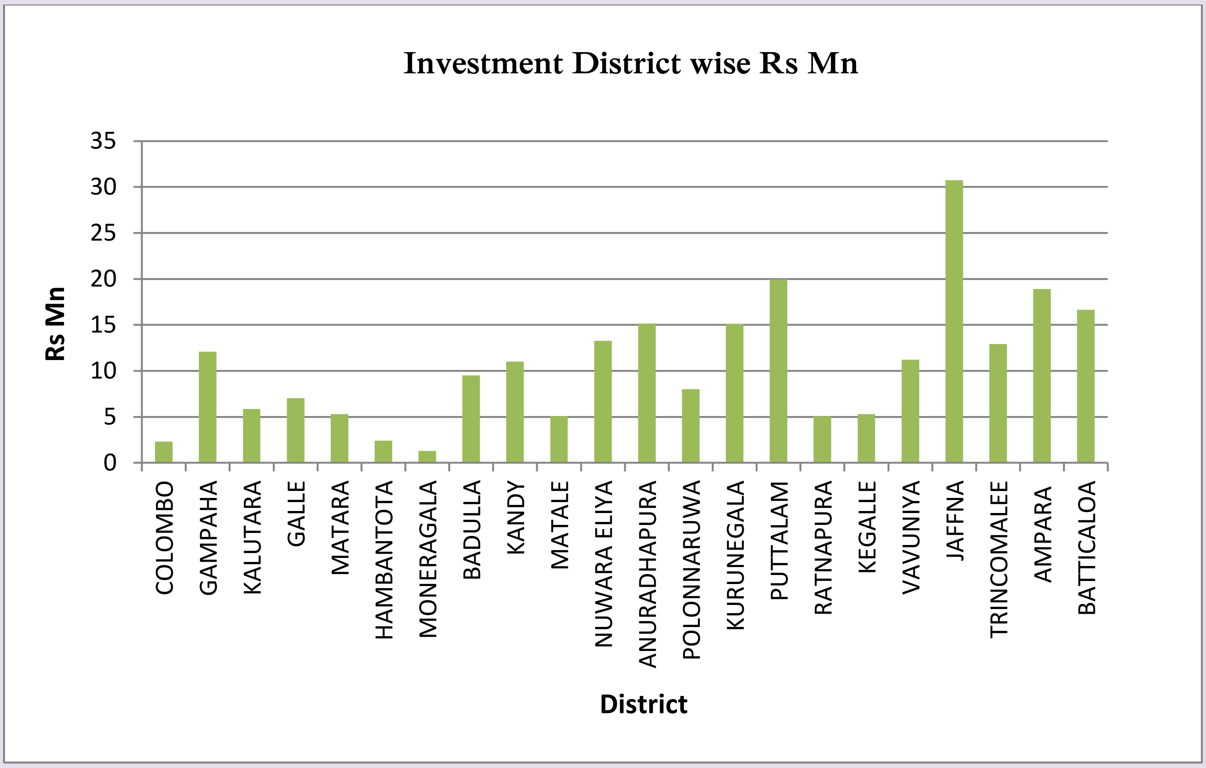
4.IMPARTING PROJECT ORIENTED KNOWLEDGE TO BENEFICIARIES DIRECTLY INVOLVED IN PROJECTS

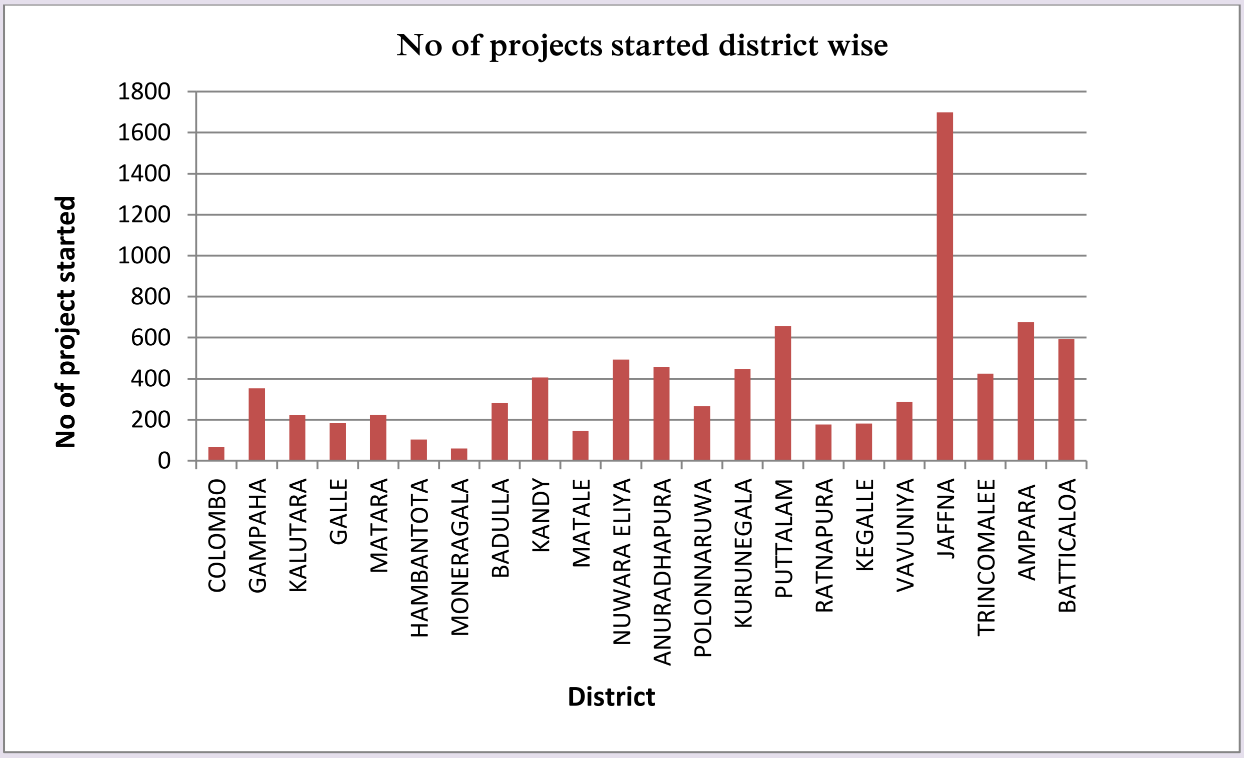
The main objective is the coordination of the subject oriented technical and auxiliary services. In this case, it was targeted to obtain a larger contribution to the national income by increasing the productivity of the ongoing Animal Husbandry and Fisheries Projects, as well as those planned to be implemented soon. For any project to be successful, it is essential for project beneficiaries to be constantly educated about the latest information and technological guidance. As such, project beneficiaries were grouped Secretarial Division wise, and successful training programmes were carried out by using resource personnel proficient in the relevant fields. In this connection, beneficiaries were often directed to training programmes conducted by other line institutions. These training programmes were held for those beneficiaries engaged in animal husbandry and fisheries projects by utilizing direct provisions and various loans given by Samurdhi banks. Under this, training programmes were conducted in various fields such as dairy farming, egg production, fattening of pigs, goat breeding, breeding of fish etc. In addition to this, supervision of programmes and progress reviews also took place. A sum of Rs.113,972/= has been spent in this behalf.

In addition, the head office has spent a sum of Rs. 613,350/= for other programmes. Accordingly, during the year 2011, the Animal Husbandry and Fisheries Division has spent a sum of Rs Mn 234.992 for the development of projects related to this sector.

PROJECTS STARTED AT DISTRICT LEVEL AND AMOUNTS SPENT IN THE YEAR 2011

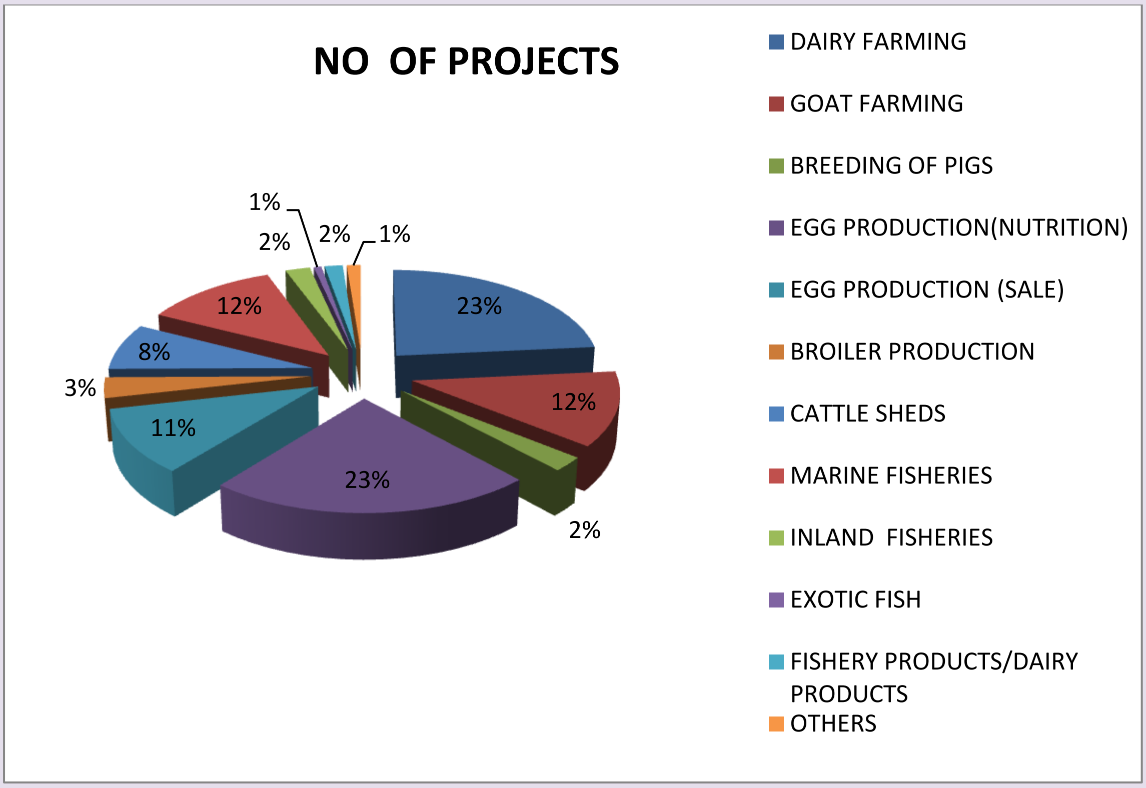
DISTRICT	NO OF PROJECTS STARTED	AMOUNT RS MN.
COLOMBO	66	2.310
GAMPAHA	352	12.093
KALUTARA	221	5.869
GALLE	183	7.046
MATARA	223	5.308
HAMBANTOTA	103	2.414
MONERAGALA	59	1.304
BADULLA	281	9.530
KANDY	405	11.018
MATALE	146	5099
NUWARA ELIYA	493	13.289
ANURADHAPURA	457	15.147
POLONNARUWA	266	8.022
KURUNEGALA	446	15.123
PUTTALAM	657	19.971
RATNAPURA	176	5062
KEGALLE	181	5.315
VAVUNIYA	287	11.234
JAFFNA	1699	30.749
TRINCOMALEE	424	12.909
AMPARA	675	18.908
BATTICALOA	593	16.651
TOTAL	8393	234378


Investment District wise Rs Mn
Rs Mn
35
30
25
20
15
10
5
0
COLOMBO
GAMPAHA
KALUTARA
GALLE
MATARA
HAMBANTOTA
MONERAGALA
BADULLA
KANDY
MATALE
NUWARA ELIYA
ANURADHAPURA
POLONNARUWA
KURUNEGALA
PUTTALAM
RATNAPURA
KEGALLE
VAVUNIYA
JAFFNA
TRINCOMALEE
AMPARA
BATTICALOA
District


No of projects started district wise
No of project started
1800
1600
1400
1200
1000
800
600
400
200
0
COLOMBO
GAMPAHA
KALUTARA
GALLE
MATARA
HAMBANTOTA
MONERAGALA
BADULLA
KANDY
MATALE
NUWARA ELIYA
ANURADHAPURA
POLONNARUWA
KURUNEGALA
PUTTALAM
RATNAPURA
KEGALLE
VAVUNIYA
JAFFNA
TRINCOMALEE
AMPARA
BATTICALOA
District

CLASSIFICATION OF PROJECTS STARTED

PROJECT	NO OF PROJECTS
DAIRY FARMING	1973
GOAT FARMING	1023
BREEDING OF PIGS	198
EGG PRODUCTION(NUTRITION)	1914
EGG PRODUCTION (SALE)	893
BROILER PRODUCTION	281
CATTLE SHEDS	640
MARINE FISHERIES	996
INLAND FISHERIES	183
EXOTIC FISH	56
FISHERY PRODUCTS/DAIRY PRODUCTS	134
OTHERS	102
TOTAL	8393



7.0 INDUSTRIAL DIVISION

Industrial projects have earned an important place in the implementation of the livelihood development programme for the mobilization of Samurdhi beneficiary families. In the process of industrial production in keeping with the current competitive market, attention was paid to small and medium scale industries as well as to to cottage industries. The 2011 industrial programme was planned and implemented with the main objective of making available the technical equipment necessary to supply goods of quality and excellent finish to the market, after identifying the short comings and problems of industrial projects already being implemented by Samurdhi beneficiaries.

During the year 2011, the Divineguma Programme was implemented island wide as a national programme. The establishment of cottage industry units as a significant feature of this national programme occupied an important place. Accordingly, the Industrial Development Division, operating under the Livelihood Development Programme of the Samurdhi Authority has earned a key position in regard to the enhancement of the nutrition of Samurdhi beneficiaries and low income earners, their food security and economic levels.

Attention was paid to turning out technical products in keeping with the current competitive market for the enhancement of their economic levels from their homes itself. The industrial programme of this year was planned and implemented with the main objective of providing the technological know how and the technical equipment necessary to add products of quality and high finish to the market, while identifying the short comings and problems associated with the industrial projects currently being implemented by Samurdhi beneficiaries.

This programme was implemented with the mission of developing cottage industrial units, and the Industrial Division had made a financial contribution of Rs.Mn. 373.4 to develop more than 14204 traditional and ancestral small industries to fall in line with the local market needs.

1.SMALL SCALE INDUSTRIAL PROJECT DEVELOPMENT PROGRAMME

A special enthusiasm and interest on the part of Samurdhi beneficiaries and low income earners towards this programme was manifest this year too, and they and their family members have been able to raise their income levels by developing their industries through the purchase of new technical equipment, making these labour intensive through being implemented cottage based.
This programme was implemented island concurrent to the Divineguma national programme. Under this, development of minor and small scale single projects has mainly taken place. During the year 2011, the number of projects so developed was

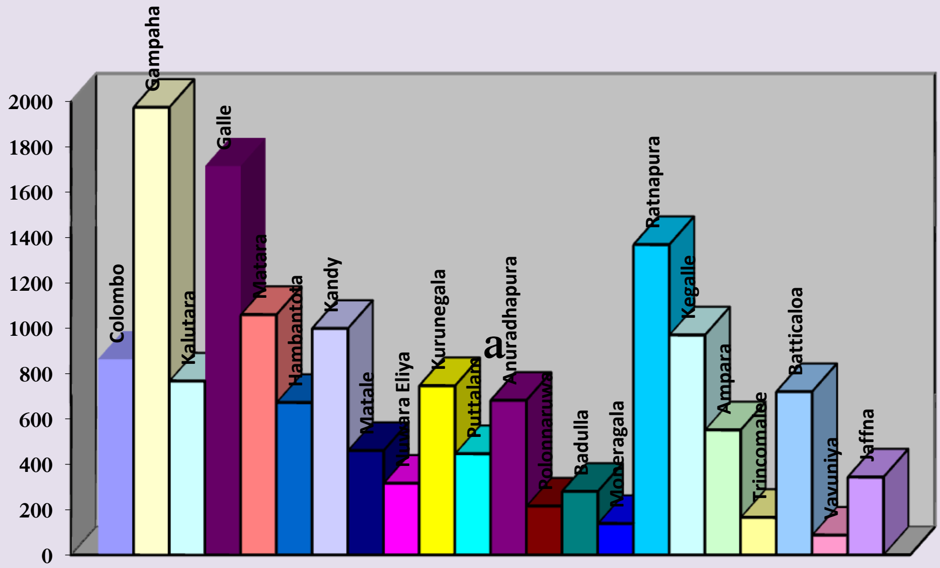
14,204. A sum of Rs. Mn 373.4 had been spent in that behalf. The composition and pictures of projects developed during this year are shown below:

- Welding industry
- Carpentry
- Tailoring
- Black Smith trade
- Masonry
- Lacquer work
- Brick making
- Jewellery and gem industry
- Pottery products
- Coconut fiber related products
- Exercise books and paper related products
- Rattan and reed related products
- Cement related products
- Leather related products
- Electronic products
- Aluminium items production
- Coconut oil production
- Rice processing industry
- Joss sticks/lamp wick products
- Grinding of spices and cereals
- Bakery industry
- Jaggery/Sweet meat production
- Mechanical work

SMALL SCALE INDUSTRIAL PROJECTS DISTRIBUTION DISTRICT WISE

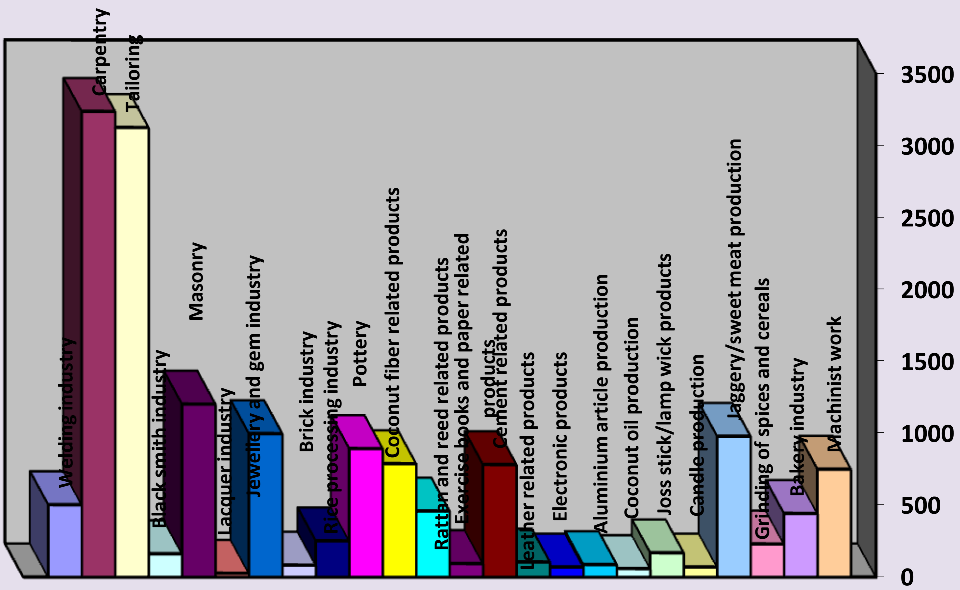
1	Colombo	843	25,992,631.65
2	Gampaha	2060	58,002,435.17
3	Kalutara	665	16,932,980.00
4	Galle	1166	30,459,396.92
5	Matara	1064	24,627,780.16
6	Hambanthota	834	12,580,071.34
7	Kandy	999	26,667,952.06
8	Matale	548	14,895,956.36
9	Nuwara Eliya	316	7,735,961.50
10	Kurunegala	706	18,796,135.97
11	Puttalama	282	8,767,696.00

12	Anuradhapura	647	16,719,594.00
13	Polonnaruwa	163	4,285,587.62
14	Badulla	193	4,129,061.24
15	Monaragala	147	4,133,951.55
16	Rathnapura	972	26,307,984.43
17	Kegalla	855	22,231,725.11
18	Ampara	282	7,589,453.33
19	Trincomalee	165	4,238,128.52
20	Batticaloa	273	17,885,398.53
21	Vavniya	87	2,797,469.50
22	Jaffna	937	` 17,558,003.63
	Total	14204	373,365,324.59



SMALL SCALE INDUSTRIES DISTRIBUTION PROJECT WISE

Serial no	Industry	Amount
1	Welding industry	502
2	Carpentry	2916
3	Tailoring	2984
4	Black smith industry	161
5	Masonry	1201
6	Lacquer industry	25
7	Brick industry	996
8	Jewellery and gem industry	82
9	Rice processing industry	271
10	Pottery	892
11	Coconut fiber related products	787
12	Exercise books and paper related products	854
13	Rattan and reed related products	71
14	Cement related products	621
15	Leather related products	119
16	Electronic products	41
17	Aluminium article production	36
18	Coconut oil production	47
19	Joss stick/lamp wick products	146
20	Candle production	52
21	Jaggery/sweet meat production	724
22	Grinding of spices and cereals	201
23	Bakery industry	327
24	Machinist work	648
	TOTAL	14204



8.0 MARKETING DEVELOPOMENT DIVISION

The main aim of the marketing development programme is to provide marketing facilities and various forms of assistance to sell the various industrial, fishery, animal husbandry and agricultural goods produced by the low income earning families under the Samurdhi programme, and to find a good market and prices for their products.

The main objectives of the marketing and services development programme in relation to the beneficiaries and low income earners are as follows:-

- Strengthening and making sustainable the small and medium scale entrepreneurs already engaged in running marketing and services projects.

- Raising living conditions of members of above mentioned families hoping to commence small scale enterprises through making available the necessary capital equipment (by providing them with financial assistance).

At the same time, by making available the guidance and other supporting services necessary to reach the above goal, assistance is also given to obtain a fair price for their products, minimizing middlemen and creating products in conformity with the current market trends and introducing new markets for their products.

With the aim of achieving these main goals, in the year 2011, the Marketing Development Division provided allocations and implemented the under mentioned main projects/programmes at grama seva wasam level concurrent to the Divineguma national programme for the establishment of a million domestic economic units. .

i Marketing programmes:

* Equipment necessary for home based shops
* Equipment necessary for selling rice.
* Itinerant trade

ii Services:

* Equipment for saloons
* Equipment for bicycle repairs
* Canteen services/catering services
* Vehicle repairs
* Vehicle service stations
* Beauty salons
* Domestic services
* Furniture and equipment necessary for crèches
* Equipment necessary for communication centres

For the year 2011, a sum of rupees million 310.0 was allocated as Treasury provision for the Marketing Development Programme, and a sum of Rs. Mn. 309.98 was released for the implementation of the planned marketing development projects and and livelihood development programmes. However, by the end of the year, a sum of Rs. Mn. 144.16 out of this allocation had been spent to implement the above mentioned marketing projects and programmes, and 7727 marketing and service projects had been started. In addition, 2186 marketing and service projects had been implemented using cyclic funds rertained in Samurdhi banking unions, and a sum of Rs. Mn. 61.32 spent in that behalf. (Annex no. 1)

Data collected from the field reveal that compared to the last year, the Samurdhi programme has played a productive role in directing beneficiaries to the various marketing projects listed above, and through it making them successful small scale and medium scale entrepreneurs.

Shown below are the marketing and services projects in operation as at 31st December, 2011, and annex no. 2 shows category wise the marketing and services projects implemented district wise.

DETAILS OF MARKETING AND SERVICE PROJECTS STARTED UNDER THE SAMURDHI LIVELIHOOD 1DEVELOPMENT PROGRAMME CONCURRENT TO THE DIVINEGUMA NATIONAL PROGRAMME.

TYPE OF PROJECT	NO OF PROJECTS IMPLEMENTED	TYPE OF PROJECT	NO OF PROJECTS IMPLEMENTED
Retail shops	2239	Sale of rice	195
Mobile trading projects	791	Sale of inland fish	32
Restaurant projects	546	Sale of lottery tickets	25
Sale of agricultural implements	186	Beauty salon/bridal dressing	258
Sale of ready made garments	235	Communication centers	168
Wiring services	66	Bicycle workshops	119
Hiring of equipment	73	Spray painting/painting	131
Tailoring	313	Welding	119
Laundry	05	Driver training	7
Public address eqpmt	23	Tinkering	78
Photography	68	Sale of fish	239
Sale of flower plants	37	Repair of vehicles	161
Sale of fruits & vegs	234	Other services	1323
Sale of fancy goods	56		
		TOTAL	7727

The direct financial contribution made by the Marketing Development Division for the implementation of the projects by the beneficiaries and low income earners in the field in all the grama seva wasams where the Samurdhi programme was implemented under the various main marketing programmes during the year 2011, is reflected in the above figures, thereby indicating the contribution made by the Samurdhi marketing programme for the overall economic development of the island.

Similar to last year, in the year 2011 too most of the provisions made for the marketing programme had been spent for the supply of capital equipment necessary for small scale businesses carried out by Samurdhi beneficiaries and low income earners.
Data indicate that 791 projects to improve, maintain and commence mobile businesses of small scale entrepreneurs such as mobile sales vehicles, pavement stalls and bicycles, under this had been an outstanding marketing programme in the year 2011.
Similarly, statistics show that a high contribution has been made for the services sector. Special attention was paid to projects much in vogue and demand in the market such as beauty salons, communication centers, hiring of furniture for occasions, catering, hiring of equipment, supply of public address systems etc., and they have become successful businessmen due to making available the necessary financial provision and the required guidance.
Also, during the year 2011, 22 marketing exhibitions were held successfully in all the districts with the assistance of Samurdhi banking unions and maha sangams only utilizing the Treasury allocation of Rs. 150,000/= per district. In addition to this, the most successful entrepreneurs at district level were identified, and the national level marketing exhibition was held at the Bogambara Stadium in Kandy for three days on the l8th, l9th and 20th December, 2011.

Livelihood Development Programme operating concurrent to the Divineguma National Programme – 2011 – Marketing and Services Sector

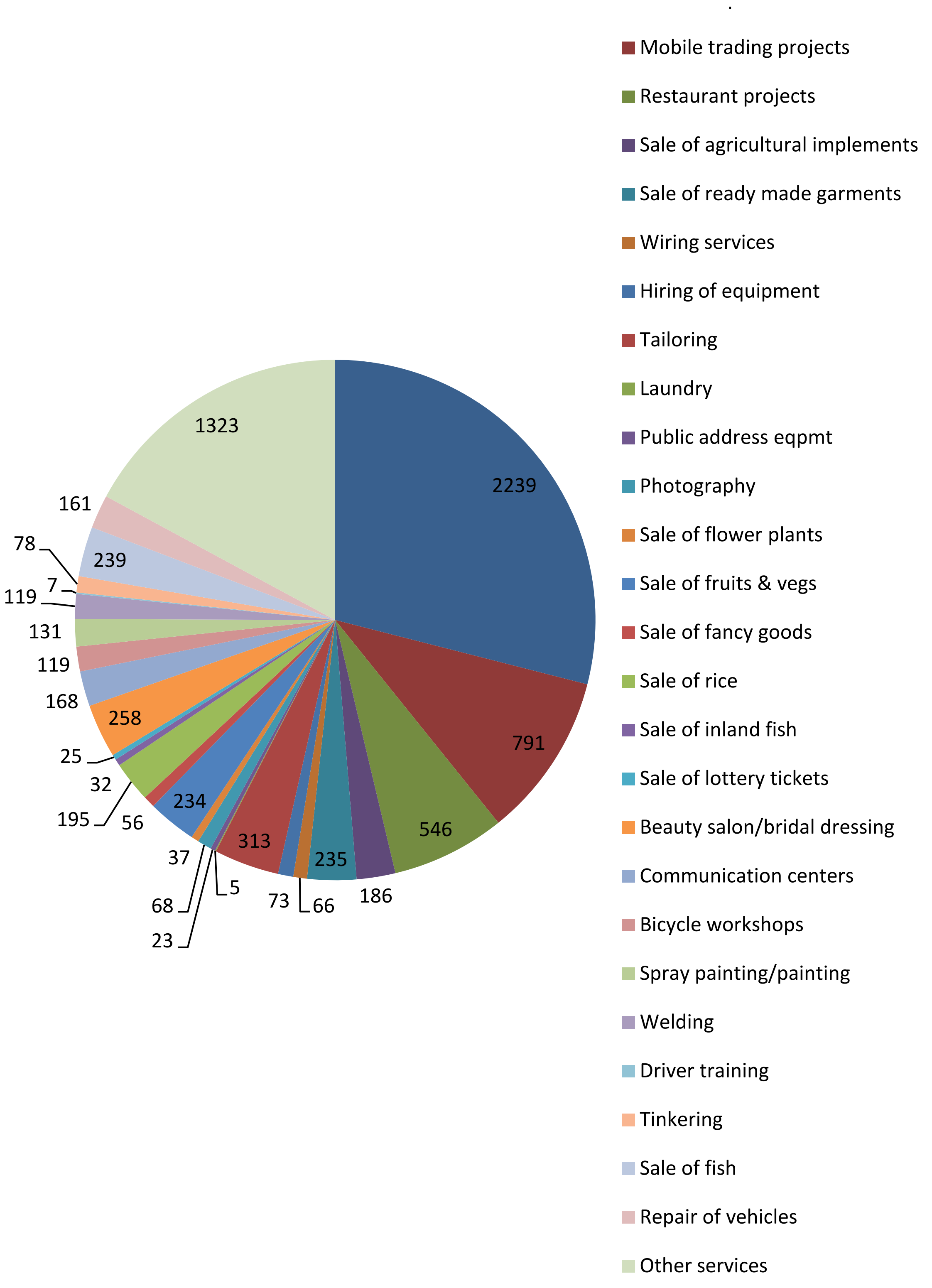
Progress (quantitative) of completed projects according to classification as at 31/12/2011 Annex Two

Type of project	Colombo	Gampaha	Kalutasra	Galle	Matara	Hambantota	Kandy	Matale	Nuwara Eliya	Kurunegala	Puttalam	Anuradhapura	Polonnaruwa	Kegalle	Ratnapura	Badlla	Moneragala	Ampara	Trincomalee	Batticaloa	Vavuniya	Jaffna	
Retail shops	95	187	192	328	196	56	133	41	122	79	42	93	62	236	167	30	22	36	19	42	38	23	2239
Mobile trading projects	4	132	224	115	35	12		13	12	27	15	65	3	29	12	3	3	7	4	54		22	791
Restaurant projects	11	50	25	84	4	32	48	47	8	16	3	87	9		6	41	6	2	1	9	10	47	546
Sale of agricultural implements				106		0					4				1			0				75	186
Sale of garments		11	50	14	55	11		2	16		12	12			12		1	0		28		11	235
Wiring services		29		5	4				1		12	3										12	66
Hiring of equipment		18		16	10	10		4			7	1	5		1		1						73
Tailoring	9	51		13	65	10					81	14	32		29			5	3		1		313
Laundry		5																					5
Pulblic address equipment				6	2	1		2		2	5	1			1			0		3			23
Photography		15		7	6	1	3	1	3	1	7	2	20		2								68
Sale of flower plants		17				1			10		6	1			1							1	37
Sale of fruits and vegetables	95			6	20	8			10			41	5		19			1	3	26			234
Sale of fancy goods		8						1		5	8	3			2		2					27	56
Sale of rice	121			1								1			1		1	43		27			195
Sale of fresh water rish		2		2							25				1							2	32
Sale of lottery tickets		3		5	12	1						2			2								25
Beauty culture/bridal dressing	18	47	22	29	15	2	20	10	6	19	18		10	19	11		2	1	2	3	4		258
Communication centers		19		10		2		2				5		3	120		1	1	5				168
Bicycle repair shops		15	28	13	5	5		2		9			2			2		11	3		24		119
Spraying/painting		36	0	24	47	2				3	9	7	1		2								131
Welding		22	15	14	41	2					14	6	2		2					1			119
Driver training															7								7
Tinkering		2		15	14		6				31		9		1								78
Sale of fish			89	14	31	5		4			28	43	3		1			18		3			239
Repair of vehicles		11		41	6	8	10	2	1	8	42	18	2		2		3	1		2	2	2	161
Other services		23	173	341	33	7	73	1	15	83	105	57	13	207	146		6	24	1	7		8	1323
Total no of projects completed	**353**	**703**	**818**	**1209**	**601**	**176**	**293**	**132**	**204**	**252**	**474**	**462**	**178**	**494**	**549**	**76**	**48**	**150**	**41**	**205**	**79**	**230**	**7727**

MARKETING DEVELOPMENT PROGRAMME AS AT 31/12/2011

Serial No	District	Releases Rs			Approved projects		Completed projects		Training/Work shops and other special programmes	Total amount of money spent (Rs)	Cyclic	
		Projects	Training	Work shops	Num bers	Amount Rs	Numbers	Amount Rs			Num bers	Amount
1	Colombo	19,794,381	65,000	778,572	677	19,794,381.00	353	8,267,470.00	727,289.00	8,994,759.00	77	1,263,766.00
2	Gampaha	42,021,515	65,000	1,470,000	2420	63,949,920.00	703	15,847,570.72	1,827,014.23	17674584.95	1,078	23,626,311.00
3	Kalutara	22,505,976	70,000	990,450	1019	20,730,000.00	818	8,762,584.80	819,296.70	9581881.5	380	11,710,000.00
4	Galle	31,115,150	150,680	1,135,000	1248	30,430,000.00	1,209	15,207,921.43	1,087,945.39	16295866.82		8,880,000.00
5	Matara	21,554,739	880,000	730,000	693	16,130,000.00	601	12,119,223.23	788,344.48	12907567.71	124	1,674,090.00
6	Hamabantota	7,966,950		848,125	368	7,380,500.00	176	3,690,525.49	729,683.00	4420208.49	123	2,247,413.31
7	Moneragala	1,336,800	3,300	489,000	50	1,278,517.00	48	1,102,019.02	514,448.00	1616467.02		
8	Badulla	3,565,825	75,000	150,000	56	1,365,000.00	76	908,976.20	681,427.31	1590403.51		
9	Kandy	17,466,150	115,100	1,438,000	357	10,881,950.00	293	2,441,323.84	1,593,625.60	4034949.44	25	500,000.00
10	Matale	8,074,000	205,000		252	8,074,000.00	132	1,642,661.54	655,843.10	2298504.64	97	2,493,633.00
11	Nuwara Eliya	6,485,200	50,000	669,900	334	7,865,500.00	204	5,580,563.31	630,124.00	6210687.31		
12	Anuradhapura	11,265,900		932,000	511	10,390,881.00	462	8,693,835.95	705,964.30	9399800.25	16	451,916.00
13	Polonnaruwa	10,693,252	50,000	330,000	325	10,160,700.00	178	4,992,274.17	480,290.40	5472564.57	35	1,045,545.00
14	Kurunegala	7,437,268	172,946	1,910,000	279	7,192,650.00	252	5,089,962.48	1,668,803.86	6758766.34	27	623,417.20
15	Puttalam	14,559,742	-	634,180	518	14,198,928.00	474	6,586,167.06	720,856.55	7307023.61	9	1,668,803.86
16	Ratnapura	14,920,000	93,950	810,000	585	14,789,415.55	545	12,372,201.29	837,681.50	13209882.79		
17	Kegalle	10,535,500	51,815	889,360	446	10,535,500.00	494	8,849,037.52	821,655.70	9670693.22		
18	Vavuniya	3,440,400	52,575	205,525	107	3,440,400.00	79	2,320,400.00	252,625.00	2573025		
19	Jaffna	13,606,380	225,000		731	13,606,380.00	230	6,084,025.95	5,521,797.80	11605823.75		
20	Trincomalee	3,690,000	100,000		91	3,690,000.00	41	1,730,485.88	201,883.00	1932368.88		
21	Ampara	11,192,400	708,000		364	10,206,520.00	150	2,883,284.70	840,783.95	3724068.65	117	3,218,525.00
22	Batticaloa	8,566,451	222,450	418,000	292	8,566,451.00	205	6,354,032.39	630,745.00	6984777.39	78	1,918,091.00
	Head Office							2,630,777.14	-	2630777.14		
	Total	291,793,979	3,355,816	14,828,112	11723	294,657,593.55	7,723	144,157,324.11	22,738,127.87	166,895,452	2,186	61,321,511.37

NO OF MARKETING AND SERVICE PROJECTS IMPLEMENTED (CLASSIFICATION WISE)



9.0 HUMAN RESOURCES AND INSTITUTIONAL DEVELOPMENT DIVISION

The access road to the global level which links the present with the future will be illuminated only through you, having absorbed knowledge, skills and attitudes correctly.

INTRODUCTION

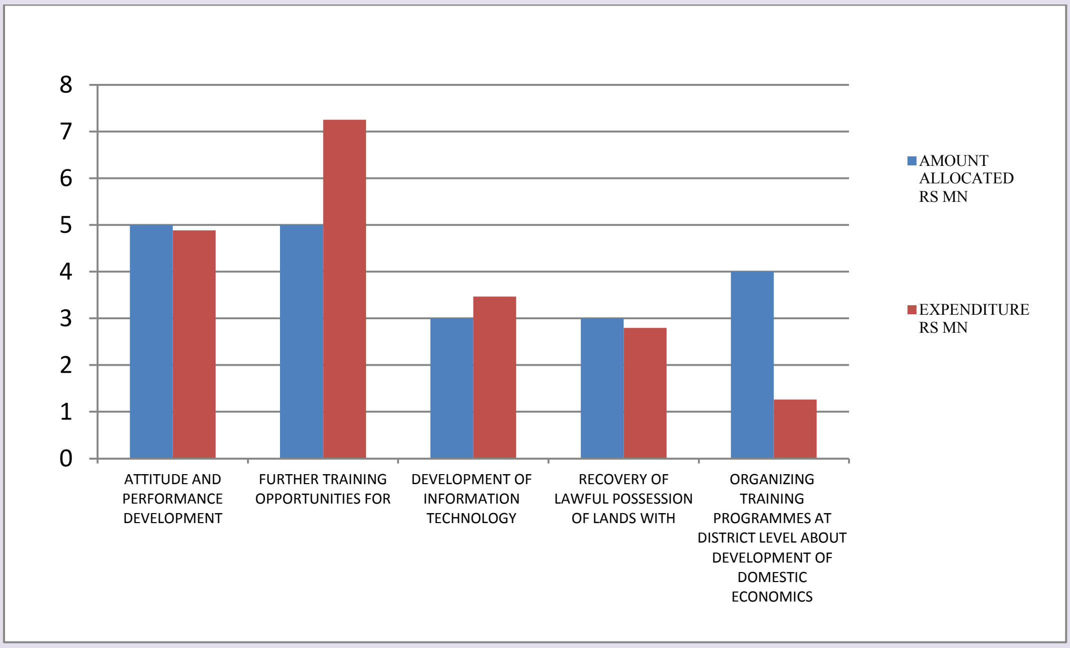
To make a reality of the theme "Let us build the family by building man. Let us build the country by building the family. Let us conquer the world by building the country", the Human Resources Development Division made tremendous efforts to quench the thirst of knowledge of the pioneers of the Samurdhi movement, which like an unbroken chain bolsters efforts to bring into the world a human being perfect in the economic, social and spiritual spheres, through public welfare without differentiating between villages and cities. To enable our officers to go forward relentlessly in a global set up with instantaneous changes, they should be continuously nourished with technical wisdom and topical knowledge. In this behalf, the Human Resources Division has cleared the pathway to obtain local and foreign knowledge, practice and experience through identified sectors. Through this, it has become possible to create a set of enterprising and creative officers. This provided the potency to create various approaches to eradicate national poverty. It was the Human Resources Development Division, which through the development of knowledge, attitudes and skills perfected the collective effort made by our officers to be empathetic to wards a section of our own community, who had been crushed by bitter experiences and psychological bondage and to help them to build happy family backgrounds and to up lift them for the rapid development of the overall country. For this purpose, we guided the officers through several prominent aspects.

FUNCTIONS

01. Identifying the training requirements at national and local levels, planning for training and
02. carrying out training programmes.
03. Selection and sending of officers for foreign scholarships.
04. Acquisition of lands belonging to Samurdhi banking unions and Maha Sangams.
05. Preparation of forecast reports monthly, quarterly and annually in respect of the allocations given to the Division by the Treasury, preparing the relevant progress reports and monitoring of progress.
06. Development of further educational opportunities for Samurdhi officers.
07. Enhancement of information technology knowledge and skills.
08. Organizing at district level training programmes in domestic economic development

ALLOCATIONS MADE FOR THE YEAR 2011

AMOUNT ALLOCATED AND EXPENDITURE			
SERIAL NO	PROGRAMME	AMOUNT ALLOCATED RS MN	EXPENDITURE RS MN
1	ATTITUDE AND PERFORMANCE DEVELOPMENT	5.00	4.885
2	FURTHER TRAINING OPPORTUNITIES FOR SAMURDHI OFFICERS	5.00	7.255
3	DEVELOPMENT OF INFORMATION TECHNOLOGY KNOWLEDGE AND SKILLS	3.00	3.469
4	RECOVERY OF LAWFUL POSSESSION OF LANDS WITH ASSETS OF THE SAMURDHI AUTHORITY	3.00	2.794
5	ORGANIZING TRAINING PROGRAMMES AT DISTRICT LEVEL ABOUT DEVELOPMENT OF DOMESTIC ECONOMICS	4.00	1.265
TOTAL		20.00	19.668



The main functions of the Human Resources Division may be defined as the obtaining of sophisticated office systems and attaining professional development necessary to achieve the poverty alleviation process more efficiently, creation of a work force replete with the knowhow and the skills competent enough to achieve the vision and mission of the Authority, the proper management of the functions and powers of the Authority, strengthening and utilization of international relations pertaining to the alleviation of poverty, management of the tasks of the Authority in conformity with modern information communication technology, and obtaining clear legal ownership of lands on which banking unions and maha sangams have been built with provisions allocated by the Samurdhi Authority and organization of programmes such as the construction of the stores building of the Samurdhi Authority and training programmes about development of domestic economics.

TRAINING PROGRAMMES

The Human Resources and Institutional Development Division has taken action to introduce courses, post graduate studies, diplomas etc, to enhance the efficiency of the officers engaged in this massive programme aimed at the alleviation of poverty, to motivate them, to improve their knowledge and skills, to enhance subject oriented knowledge and to impart the necessary technical knowhow. These programmes have been divided into three parts as national level training programmes, district level training programmes and secretarial division level training courses, and this Division has launched various programmes to enhance the skills of these officers. Officers at divisional level were given basic computer training in collaboration with the Vocational Training Authority, in conformity with the Mahinda concept of taking sophisticated technology to the village. They were taught about e-mail and the use of the Internet. In addition, officers who showed special skills at district level were awarded foreign scholarships, thus giving them an opportunity to exchange their knowledge, skills, attitudes and experiences. Officers were given the opportunity to obtain foreign scholarships with the aim of getting them to exchange poverty eradication strategies and experiences of countries such as India, Israel, Pakistan, Austria, Japan, Thailand, Bangla Desh, Australia and Indonesia.

Enriching the knowledge required by the relevant officials for the "Divineguma" programme, organizing training programmes at district level through them about the development of domestic economies.

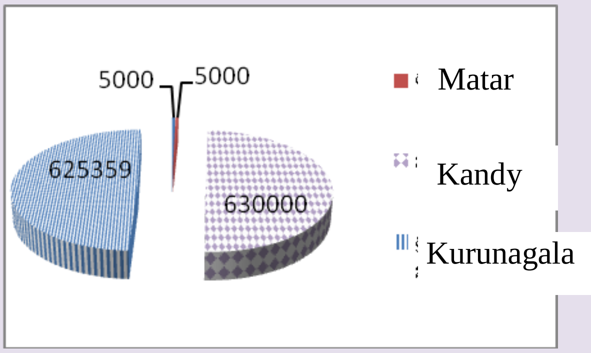
INFORMATION COMMUNICATION TECHNOLOGICAL KNOWLEDGE SKILLS DEVELOPMENT

DISTRICT		EXPENDITURE RS
1.	COLOMBO	36,520.00
2.	GAMPAHA	14,750.00
3.	KALUTARA	17,400.00
4.	GALLE	11,050.00
5.	MATARA	14,700.00
6.	HAMBANTOTA	14,550.00
7.	KANDY	31,000.00
8.	MATALE	15,600.00
9.	NUWARA ELIYA	12,000.00
10.	KURUNEGALA	32,950.00
11.	PUTTALAM	25,050.00
12.	ANURADHAPURA	15,050.00
13.	POLONNARUWA	6,000.00
14.	BADULLA	26,800.00
15.	MONERAGALA	7,350.00
16.	RATNAPURA	19,650.00
17.	**KEGALLE**	14,550.00
18.	AMPARA	12,550.00
19.	BATTICALOA	28,950.00
20.	JAFFNA	20,750.00
21.	HEAD OFFICE	3,091,667.00
	TOTAL	**3,468,887.00**

For training a group with a knowledge of computer hardware from among Samurdhi officers to solve the problems arising consequent to the networking of the Samurdhi banking unions spread island wide, a sum of Rs.2,016,000/= being course fees for six months for getting l68 Samurdhi officers representing all the districts trained by the Vocational Training Authority of Sri Lanka, and a further sum of Rs.807,800/= paid to the Vocational Training Authority of Sri Lanka being course fees for training 577 officers selected from among the Samurdhi staff for computerizing data of all districts island wide under the e Samurdhi Programme, have been included in the Head Office expenditure

TRAINING PROGRAMMES IN DOMESTIC ECONOMIC DEVELOPMENT.

District		Exp (Rs)
1	Matara	5,000.00
2	Kandy	5,000.00
3	Kurunegala	630,000.00
4	Head Office	625,359.00
TOTAL		**1,265,359.00**



FURTHER TRAINING OPPORTUNITIES FOR SAMURDHI OFFICERS

DISTRICT		EXPENDITURE RS
	COLOMBO	81,200.00
1.	GAMPAHA	268,850.00
2.	KALUTARA	166,500.00
3.	GALLE	442,250.00
4.	MATARA	233,500.00
5.	HAMBANTOTA	259,000.00
6.	KANDY	317,250.00
7.	NUWARA ELIYA	40,000.00
8.	KURUNEGALA	303,900.00
9.	PUTTALAM	237,250.00
10.	ANURADHAPURA	193,550.00
11.	POLONNARUWA	25,000.00
12.	BADULLA	467,500.00
13.	MONERAGALA	50,000.00
14.	RATNAPURA	137,250.00
15.	KEGALLE	60,500.00
16.	AMPARA	206,500.00
17.	TRINCOMALEE	50,000.00
18.	JAFFNA	368,800.00
19.	HEAD OFFICE	3,346,000.00
TOTAL		**7,254,800.00**

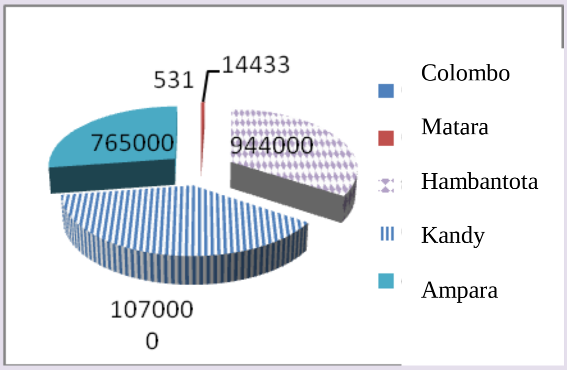
Management level vocational training programmes for Samurdhi Bank officials were implemented by the Human Resources Division in the year 2011 under further training requirements. Accordingly, a sum of Rs.Mn. 1.952 has been remitted to the Bankers Institute of Sri Lanka as course fees for 40 Samurdhi officers in respect of the diploma course and the certificate course in Banking Finance Functions conducted by that institute. After the completion of this course, this group would be utilized for Samurdhi bank monitoring activities so as to cover all the districts. As such, this is considered a very important financial investment. As this amount has been remitted to the Bankers Institute of Sri Lanka directly by the Head Office, it must be mentioned that it is accounted for as an expenditure of the Head Office borne by the Human Resources Division relevant to the year 2011.

ATITUDE AND PERFORMANCE DEVELOPMENT

DISTRICT		EXPENDITURE RS
1.	COLOMBO	23,000.00
2.	GAMPAHA	23,000.00
3.	KALUTARA	23,000.00
4.	GALLE	23,000.00
5.	MATARA	23,000.00
6.	HAMBANTOTA	23,000.00
7.	MATALE	23,000.00
8.	KANDY	23,000.00
9.	NUWARA ELIYA	99,900.00
10.	KURUNEGALA	42,200.00
11.	PUTTALAM	71,500.00
12.	ANURADHAPURA	160,590.00
13.	POLONNARUWA	23,000.00
14.	BADULLA	23,000.00
15.	MONERAGALA	23,000.00
16.	RATNAPURA	23,000.00
17.	KEGALLE	23,000.00
18.	AMPARA	70,500.00
19.	TRINCOMALEE	178,545.00
20.	VAVUNIYA	23,000.00
21.	JAFFNA	23,000.00
22.	BATTICALOA	60,530.00
23.	HEAD OFFICE	3,856,543.00
	TOTAL	**4,885,308.00**

RECOVERY OF LAWFUL POSSESSION OF LANDS WITH ASSETS OF THE SAMURDHI AUTHORITY

	DISTRICT	EXP (RS)
1.	Colombo	531.00
2.	Matara	14,433.00
3.	Hambantota	944,000.00
4.	Kandy	1,070,000.00
5.	Ampara	765,000.00
TOTAL		**2,793,964.00**



10.0 MAHA SANGAM DIVISION

The function of the Maha Sangam Division is to give proper guidance to the Maha Sangams, which had been established to give leadership to community organizations situated regionally, as well as to implement the Samurdhi programme to empower low

To perform the above functions, the Maha Sangam Division while providing creative leadership to local community structures organized in the field including small groups and rural societies, and encouraging the community organizational structure actively monitors the activities of the low income earners who strongly and meaningfully maintain such structures.

Functions:-

1. Creating an appropriate institutional structure for the low income earners to firmly maintain their micro financial requirements and project processes.
2. Strengthening local community organization structures including the Samurdhi small groups, Local rural societies etc.
3. Guiding the low income earners to broaden their marketing technology through their group activities and economic activities.
4. Building an efficient information exchange system related to livelihood development of low income earners at Maha Sangam level.

Main programmes

1. Strengthening the rural organizational structure
2. Entrepreneurship development programmes
3. Institutional development of Maha Sangams.
4. i. Development of the Samurdhi Training Center, Nillamba
   ii. Development of the Samurdhi Training Center, Samanalawewa, Balangoda

Shown below are the courses of action taken to achieve the major programmes of the Maha Sangam Division:

1. STRENGTHENING THE COMMUNITY ORGANIZATIONAL NETWORK

242669 small groups had been developed from year 2006 to year 2011 as viable units at grass roots level of the Samurdhi programme. The activities of these small groups and Samurdhi societies had played a major role in firmly maintaining the banking union functions and basis of granting loans by banking unions. They have been delegated the responsibility of decision making and empowering the community by holding people centered anniversary meetings and annual elections of office bearers. In the year 2011 a sum of Rs. Mn 2 had been spent for training these community representatives

2. ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

This is a major effort through the Samurdhi programme for taking up to the national level entrepreneurship skills which are fading away from the village. It is a relentless attempt made through several approaches to elicit latent entrepreneurship skills. Accordingly, "Viskam Udanaya" is held annually to commemorate the Poverty Alleviation Day as a trail blazer to push up to the divisional, district and national level the courageous men who have been adapted into the loan process through banking unions.

Furthermore, outstanding entrepreneurs emerging at divisional level go up to the district level, and those selected for the entire twenty five districts go up to the national level, and finally, around 250 are identified as outstanding entrepreneurs through the Viskam Udanaya. In the year 2011, the Maha Sangam Division brought forth such a group into the national entrepreneur pool.

Also, the Samurdhi Authority of Sri Lanka in collaboration with Messers Unilevers, at government and non governmental organization level has found emoployment for unemployed Samurdhi beneficiaries, and through the Soubagya self employment project alone, over three thousand women have been found employment opportunities. Also, bright students of these women are awarded 300 annual scholarships every year. The annual value of each such scholarship is Rs.30,000/=. In addition, forty one Soubagya supervisory officers have been provided with employment as work supervisors and sales representatives.

3. INSTITUTIONAL DEVELOPMENT OF MAHA SANGAMS

By By now, 317 maha sangams have been established island wide, and for the purpose of strengthening Th the institutional functions of these, internet facilities have been provided to them for their communication rerequirements.

PROGRESS OF ISSUING EQUIPMENT TO MAHA SANGAMS FROM
2011/01/31 TO 2011/12/30

ITEM	QUANTITY	AMOUNT RS
COMPUTERS	24	1,755,447
OFFICE EQUIPMENT	16	2,117,909
SUPPLY OF ELECTRICITY	1	14,250
FAX	5	83,269
MAHA SANGAM NAME BOARDS	3	39,830
PHOTOCOPYING MACHINES	38	2,653,307
SUPPLY OF WATER	1	23,220

FuFurther, authority has been granted and opportunity provided to Maha sangams which were established at during the early stage to purchase 41 photo copying machines, l7 projectors, 12 lap top computers and l6 desk top cocomputers from the funds of the Maha sangams.

4.. DEVELOPMENT OF TRAINING CENTERS

Through the development of the training centers at Nillamba and Samanalawewa, Balangoda, 120 persons could bebe provided with residential facilities at the Nillamba Training Center and 135 persons could be provided with reresidential facilities in the Samanalawewa Training Center. The Samurdhi Authority would utilize these facfacilities for most of its residential training programmes. As part of the development of training centers, one

acacre of land has been planted with pepper and two acres planted with tea. A dairy project at Nillamba and a bee kleeeping project at the Samanalawewa training center have been started and are functioning now.

In In addition, landscaping has been done, a water management system installed, and comfortable male and

fefemale hostels and a toilet system have been constructed.

SuSums of Rs.8,426,685/= and Rs.l,435,276/= have been spent to locate and renovate the Nillamba Samurdhi TrTraining Center and the Samanalawewa Samurdhi Training Center respectively.

11.0 SOCIAL DEVELOPMENT DIVISION

Social deveopment means the development of all sectors of society. The main theme is the creation of a family environment in the entire society, rich in spiritual development.

BACKGROUND

- Taking action to highlight the social values of all marginalized segments of society.
- Identifying and applying solutions to the underlying social factors which give rise to poverty.
- Implementing programmes enhancing the social and cultural values of low income earners.

CURRENT FUNCTION

In the year 2011, a Treasury allocation of 366.3 milllion rupees was given to the Social Development Division to achieve the above objectives.

Utilizing this money, the Social Development Division planned the implementation island wide of spiritual and social development programmes out of the programmes anticipated to be implemented by the Samurdhi Authority of Sri Lanka concurrent to the Divi Neguma programme for the year 2011.

The Social Development Programme has three main components:-

01. Spiritual development and social development
02. Diriya Piyasa Housing programme.(Low income earners/disabled)
03. Model Villages Programme

01.SPIRITUAL DEVELOPMENT AND SOCIAL DEVELOPMENT

1.1 **Spiritual development**

- Mustering the community around places of religious worship.
- Implementation of programmes for the strengthening of daham pasels.
- Religious and cultural activities, shramadana, creation of medicinal herb gardens, encouraging adaptation to indigenousness.
- Proper use of public property and "Safeguarding things which belong to us" programmes.

*Accordingly, during the year 62040 programmes for the promotion of spiritual development and enhancement of values were implemented, and a sum of Rs. Mn. 0.2 spent in that behalf.

1.1.1 ANTI LIQUOR AND ANTI SMOKING

- The basic objective was the creation of a village resplendent with moral values, by educating about the socio economic dangers of the use of drugs and tobacco, which has become a major obstacle to the economic development of low income earners.

  The Anti Liquor programme which was implemented island wide during the past years was implemented this year too with improvements, and regionally identified programmes were also implemented at regional level.

1.2.1 Collection and analysis of information regarding the current situation about the use, supply, demand and attitudes about drugs.

1.2.2. Taking measures encouraging children and youth groups towards effective drug prevention and activities to decrease their attraction towards it.

1.2.3 Activities to prevent unjust behavior of drinkers in the community

Briefing children and women
Grouping of children, women, elders and youth in that behalf and getting activated.

1.2.4 Creation of groups of parents to counter publicity and other related pressures which operate targeting children

1.2. 5 Programme to disengage users of alcohol, cigarattes and other drugs

- Programmes for community based treatment counseling
- Referrals to treatment centers or locations.

1.2.6 Impacting through the community the successful compliance of the National Authority on Tobacco and Alcohol Act.

1.2.7 Activities to create shops which discourage use and publicity about tobacco
Having discussions with shop keepers regarding the provisions of the act.Briefing trader associations relevant to the wasama to have an impact on the company.

- A sum of Rs Mn 5.4 has been spent to implement the above programme

Progress is as follows:

	YEAR		
	2009	2010	2011
No of people saved from the drug habit	14895	24154	20835
No of shops where selling cigarettes has been stopped	6750	7664	7560
No of people who have stopped smoking	16750	22352	22100

1.1.2 Increasing social and cultural values (youth groups/childrens societies/voluntary groups)

1.3.1 Encouraging the adaptation of a virtuous and simple life style.
- Customs, traditions, manners, food habits, wearing apparel, weddings, funerals etc

1.3.2 Special programmes for pregnant women
- Guidance, spiritual programmes, lullabies, tree planting etc.

1.3.3 Encouragement and guidance towards obtaining physical and mental well being.
- Dhamma discussions, group discussions
- Dhamma sermons
- Dana, sila and bhavana programmes

1.3.4 Advicing the community about minimizing suicides.

1.3.5 Correct nutrition, being well and developing physical fitness

1.3.6 For youth between 19 – 30
- Enjoyment, leadership, sports, encouragement to lead a simple life, creation of pleasant thoughts, vocational guidance, preparing for a happy marriage.

1.3.7 Promotion of simple ways of enjoyment

1.4 Promotion of joy and love within the family unit

1.4.1 Minimizing domestic violence
1.4.2 Promotion of proper communications within the family and obtaining a concensus in decision making

1.4.3 Creating a fruitful domestic economy management.
1.4.4 Promotion of simple pleasurable activities within the family.
1.4.5 Correct understanding about gender within the family
1.4.6 Encouraging elders to take part in the development of harmony among children, youth and elders, leading to the ensuring of security, nutrition and freedom within the family unit itself (in collaboration with the Elders Secretariat).

- No of programmes implemented – 15344

These programmes were implemented regionally, and the necessary resources were obtained in coordination with the line agencies.

1.5 Implementing within the village a regular programme regarding the safety of children

1.5.1 Establishing an active childrens society in every village and implementation of programmes to improve such childrens societies.

1.5.2 Organizing of aesthetic programmes, cultural competitions, quiz contests relating to subject areas, recreational programmes, vocational guidance and getting children mustered round cultural centers.

1.5.3 Training children to save and to be thrifty (Sisuraka/Kekelu Ginum)

1.5.4 Assurance of childrens’ rights of all children.

The objective of this programme is to brighten the world of children who are due to take over the future, and to strengthen the current generation of children for the future by developing them physically, mentally and spiritually through the enhancement of their skills. At present, around 13400 active childrens societies are functioning and 293000 have obtained membership.

In order to enhance the cultural and literal skills of the children of these societies, and as well as to high light such skills at the national level, a competition was held at divisional, district and national level. The national level competitions for 2011 were conducted at the Embilipitiya Village Leaders Training Center on the 27th and 28th of December, 2011. In this regard, Sinhala and Tamil medium childrens club members from all districts took part in nine events, under three age groups. On this occasion, all children who took part were given gift parcels.

In addition, the main ceremonies for the award of prizes and certificates to the winning Kekulu childrens club members of the national competition for the year 2010 were held at the Weligama Town Hall in the Southern Province and in the Vavuniya Tamil Maha Vidyalaya in the Northern Province, in a grand manner. Under this, 5195 security and welfare programmes had been implemented.

1.6 PROGRAMMES BEING IMPLEMENTED TO CORRESPOND WITH INTERNATIONAL DAYS

1.6.1 INTERNATIONAL WOMENS DAY – 08 MARCH

The contribution of the woman becomes especially important, as a person giving birth to a future generation, bestowed with the honorific called motherhood, and in the development process of the Samurdhi programme, as a person working shoulder to shoulder with others. I consider it fortunate in being able, at least to a certain extent, through such attempts, to alleviate the psychological pressure of low income earning women who had been marginalized.

Instead of only relying on subsidies, I consider it a more productive attempt to assist them to mobilize and organize them through the development of their strength and skills, educating them, and granting the anticipated credit facilities, and providing a life line to them.

It is the woman who forms the strong iron link which connects the family with the external world. In our march towards a prosperous land where poverty is at a minimum, our foremost confidence is in female power. Several felicitation ceremonies at district and divisional level were held for such women, and several programmes to educate and encourage such women have been implemented.

The following are the programmes conducted for such women at regional level:-

- Attitude Development Programmes.
- Maternity programmes.
- Paying homage to parents programmes
- House keeping and family development programmes.
- Appreciation and felicitation programme for courageous women who have come up through the
- Samurdhi programme.
- Blood donation programmes
- Programmes highlighting female potential

1.6.2 INTERNATIONAL ANTI SMOKING DAY

Use of alcohol/drugs and smoking play a major role among the factors affecting poverty. Therefore, based on the International Anti Smoking Day, on the 31st May of every year, various programmes are being implemented at national, district and divisional levels. In addition, an island wide flag day programme is also launched. The income from the sale of such flags is credited to the social development fund at divisional level. Such monies are utilized to implement housing and sanitation programmes, divisional development and various welfare programmes. Income received from the sale of flags to date is shown below:-

YEAR	FLAG INCOME (RS. MN)
2007	51.9
2008	68.1
2009	83.2
2010	79.3
2011	86.3

1.6.3 INTERNATIONAL LITERACY DAY

Under this programme, action has been taken to admit children between 5 – 10 years of age who should be in school, but are not schooling and illiterate, to formal schools and literacy classes, and to refer them to other vocations.

Number admitted to schools - 1265
Number of scholarships - 3458

1.6.4 INTERNATIONAL ELDERS AND CHILDRENS DAY

Commemorating the elders day, under the theme "Elders are our eternal wealth", programmes for paying tribute to elders were organized spreading all secretarial divisions. At these functions, spiritual development programmes (dhamma sermons, meditation, bodhi pooja, pirith ceremonies etc.) were conducted. Also an adult awareness program through special discourses, aesthetic programmes to improve their taste, exchange programmes between elders and children and paying homage to parents programmes were implemented.

1.6.5 INTERNATIONAL POVERTY ALLEVIATION DAY

In commemoration of this day, the Social Development Division contributed to the holding of a trade exhibition at district level for Samurdhi entrepreneurs as a special programme. They were taken up to the national level.

02.DIRIYA PIYASA HOUSING PROGRAMME

2.1 DIRIYA PIYASA HOUSING PROGRAMME

The Diriya Piyasa Housing Programme is being implemented as a very appealing programme under the Samurdhi campaign, and during this year too, 3403 such houses had been completed at a cost of Rs Mn 337.3 This time, while a sum of Rs. 100,000/= was paid for each house, the finished value of each has exceeded rupees five lakhs. In this connection, priority was given to families who were looking after their parents, families with school Going girls, and families with disabled parents and brothers.

Allottees of Diriya Piyasa houses constructed at secretarial division level had been briefed about laying home garden plots, home management and family development, and had been introduced to appropriate livelihood development programmes, thereby making it possible for them to be reinforced.

In addition to the direct Treasury provisions mentioned above, the Lottery Fund has constructed 500 houses, and a sum of Rs Mn 50 spent in that behalf. Around 1500 houses have been constructed by the Social Development Fund in addition to this.

Details	Allocation Rs Mn	No of houses constructed
Treasury provisions	337.3	3403
Housing Lottery Fund	50	500
Social Development Foundation	75	1500

Previous condition of house

Later condition of the house

Mrs.W.M.Somawathie, Embilipitiya Secretarial Division.

03. OTHER WELFARE PROGRAMMES AND SPECIAL PROGRAMMES

3.1 WELFARE OF THE DISABLED.

Various programmes were implemented at divisional and district level under the Disabled Soldiers Welfare Programme in respect of war heroes disabled in operations while fighting for the country, as well as under welfare programmes for the generally disabled. Funds of the Social Development Foundation have been utilized for this purpose.

3.2 WELFARE OF PRISONER FAMILIES

Various programmes have been implemented to enable such members to be treated as recognized members of society to minimize their social problems. They have been inducted into the credit programmes and production activities through Samurdhi banks.

3.3CHILD ABUSE PREVENTION PROGRAMMES

Identification of cases of child abuse.

- Employment as domestic servants.
- Being subject to sexual abuse.
- Maintenance of families of school going children.
- Domestic violence.

Identifying above cases, and holding of awareness programmes for adults of such families, implementing programmes to get such children admitted to schools and award of scholarships etc.

3.4 PROGRAMME FOR THE PREVENTION OF SUICIDES

This programme is being implemented at divisional level concurrent with other programmes through the island wide Social Development Assistants. The following action has been taken at divisional level to minimize suicides.

- Discovering the underlying background factors leading to suicides.
- Holding awareness and guidance programmes for members of such families.
- Formulation of an appropriate programme in collaboration with government and non government agencies.
- Mustering of children round childrens clubs.
- Preventing this situation through religious, cultural and economic sectors.

3.5 SPECIAL PROGRAMMES

- **PROGRESS REVIEW AT DISTRICT LEVEL**

This is held bimonthly under the chairmanship of the District Secretary/Asst. Samurdhi Commissioner with the participation of District Social Development subject manager, Headquarters manager, managing director, zonal manager and the social development assistant. Provision for this is made by the Social Development Division. In the year 2011, a sum of Rs. Mn. 1.2 had been spent.

OVERALL PROGRESS OF PROGRAMMES OF THE YEAR 2011

PROGRAMME	ALLOCATION RS MN..	EXP RS MN	PROGRESS
1 SPIRITUAL DEVELOPMENT	1.0	0.2	62040
	-	-	13931
3 PREVENTION OF DRINKING AND SMOKING	5.5	5.44	12958
4 CHILDRENS SECURITY AND WELFARE	5.0	-	9195
5 DEVELOPMENT OF SOCIAL AND CULTURAL VALUES	0.5	0.06	9824
6 PROGRAMMES COMMEMORATING INTERNATIONAL DAYS	5.0	10.6	5271
7 PROGRESS REVIEW	3.0	1.2	13802
8 DIRIYA PIYASA HOUSING DEVELOPMENT	346.3	337.3	3947
TOTAL	366.3	354.8	

12.0 MEDIA DIVISION

The Media Division creates a communication network thereby supporting the efforts of low income earners to alleviate poverty, and through it giving publicity among the people regarding the developmental values of the Samurdhi programme, building a new developmental literature centered round the Samurdhi programme, making use of the mutual experiences of low income earners, employees of government and non governmental organizations, professionals and the political leadership to progressively take forward the social development procedure, contributing to the creation of an appropriate environment for same.

Developing knowledge, skills and attitudes about alleviation of poverty through communication, subjecting the Samurdhi campaign to a broad dialogue, making its growth more productive and meaningful and propagating it among the Sri Lankan and international community.

Strategy - Obtaining the assistance of the national electronic and printed media to implement programmes relevant to propagating the Samurdhi programme and subjecting it to a dialogue.

Obtaining the assistance of the various Divisions of the Samurdhi campaign through media coordination among those

Taking forward the new communication by obtaining the cooperation of various political and non governmental organizations.

Programmes implemented -

Weekly Rupavahini programnne (Dawn of a new era) examining the progress of the Samurdhi campaign – 01

Special advertising programmes advertising about the specialized Programmes implemented by the Samurdhi Authority. - 02

Weekly radio discussion programme implemented by the Samurdhi Authority – 50

Printed media - Publication of the Samurdhi newspaper – Two volumes 80,000 copies.

Newspaper advertisements regarding development programmes - 05

Other publications – 05

Media coverage - Field media coverage – 03

Electronic media - Live radio discussion called “Samurdhi Pilisandara”

The “Samurdhi Pilisandara” radio programme, implemented in accordance with an agreement between the Samurdhi Authority and the Broadcasting Corporation, is transmitted every Saturday from 9.30 am to 10.30 am on the commercial service.

This a programme whereby Samurdhi beneficiaries and the general public are contacted over the telephone and information and problems regarding programmes implemented at national level and regional programmes are subjected to a discussion and solutions found. A question is posed to the audience, replies are obtained and winners are awarded prizes.

In the year 2011, this weekly programme had been broadcast 50 times.

Rupavahini Programme called “Navayugayaka Udanaya”

The “Navayugayaka Udanaya” television programme has been telecast every Sunday from 6.45 pm to 7.00 pm, in accordance with an agreement between the Samurdhi Authority and the National Rupavahini Corporation.

This is a programme where infra structure facility development implemented at village level and how the beneficiary community had build up their lives through income generating programmes are discussed and taped.

This programme was telecast only on 02/01/2011.

Telecasting of Samurdhi advertisements

Short thirty second advertisements are telecast about programmes such as the infra structure facility development, livelihood development and Divineguma national programme during the daily newspaper headline programme at 6.30 am and during the news broadcast at 9.30 pm by the Independent Television Network

From March to July 2011, 54 thirty second advertisements and 505 five second advertisements had been telecast.

13.0 MONITORING AND EVALUATION DIVISION

The functions of the Monitoring and Evaluation Divions are basically two fold. The basic task entrusted to this division is physically and financially evaluating the annual function in terms of the agreed action plan under the Samurdhi programme, and the evaluation of its end result through investigation. The other main expected objective is to review progress quarterly and half yearly, to express opinions about matters arising out of such investigations, to identify problems and find the relevant solutions. Accordingly, proposing amendments necessary to the annual plan also takes place under this.

13.1 Formulation of the Annual Plan and the Five Year Integrated Plan

The government has accepted in principle that the annual plan should be formulated under the current set up and state policy, and that an integrated five year plan for the ensuing five years should be prepared accordingly. In accordance with the series of circular instructions on good governance, the formulation of the annual action plan as well as the integrated plan attendant to it should be updated. This task is also entrusted to the Monitoring and Evaluation Division.

13.2 Progress Review Programme

The Samurdhi Programme is a programme having economic, social and cultural ties with the Samurdhi beneficiaries and low income earners. Therefore, under this various projects and activities spreading over a broad range are introduced to beneficiaries and action taken to implement them at field level in a more productive manner. During the implementation of such programmes, these have to be constantly adapted to the annual Samurdhi programme, (action plan) and, progress has to be reviewed constantly. Since the inception of the Samurdhi programme, necessary action was constantly taken to implement properly and vigorously the progress review methodology. The process of progress review is implemented in three

main phases:-

(i) Progress review at Divisional level.
(ii) Progress review at Disrict level
(iii) Progress review at National level

From this progress review methodology what is expected is to make it easy for problems cropping up at various levels of progress review to be identified and resolved, and to make it easier to obtain the relevant data required for future planning through the review of the progress of programmes implemented. A special feature of this is that constant discussions and follow up evaluation with group responsibility take place.

13.2.1 PROGRESS REVIEW AT DIVISIONAL LEVEL

Though not directly receiving allocations under the Monitoring and Evaluation Division, there are several progress review meetings organized at the divisional secretariat area level.

- **WEEKLY MEETINGS – UNDER THE CHAIRMANSHIP OF THE DIV SECY**

  This is held every Wednesday, under the chairmanship of the Divisional Secretary. All managers in the Divisional Secretariat area should attend this, and development activities in the field, Samurdhi beneficiaries and related matters are discussed here.

- **ZONAL MEETINGS – UNDER THE CHAIRMANSHIP OF ZONAL MANAGERS.**

  Among progress review meetings at the divisional level, the zonal meetings occupy an important place. Presently active 1043 bank unions hold progress review meetings every Thursday under the chairmanship of the Zonal Managers. All Samurdhi Development Officers attached to the grama seva divisions of the zone attend this meeting. Preliminary discussions regarding credit facilities under the micro finance system including savings take place here.

- This is held monthly under the chairmanship of the Divisional Secretary and all Samurdhi Development Officers working in the division attend this meeting. Problems common to the division are discussed at length here. This meeting is also made use of to discuss progress, identifying staff problems and to discuss problems in the field and the attendant solutions

13.2.2 PROGRESS REVIEW AT DISTRICT LEVEL

- **PROGRESS REVIEW MEETING OF HEAD QUARTERS MANAGERS – UNDER THE CHAIRMANSHIP OF THE DISTRICT SECRETARY.**

  The most important progress review meeting held at the district level is the monthly progress review meeting of the head quarters managers. This is held under the chairmanship of the District Secretary. Headquarters managers, Managing Directors and Project Managers attached to the Divisional Secretariats attend this meeting. As at 31/12/2011, 264 monthly progress review meetings of head quarters managers have been held.

- **DISTRICT PROGRESS REVIEW MEETINGS**

  The Directors in charge of the subject in the Samurdhi Authority of Sri Lanka too attend the district progress review meeting, and all Samurdhi managers in the district attend this meeting.

  In the year 2011, five such district progress review meetings had been held.

13.2.3 PROGRESS REVIEW AT NATIONAL LEVEL

- **DISTRICT SAMURDHI DEPUTY DIRECTORS MEETING – UNDER THE CHAIRMANSHIP OF THE DIRECTOR GENERAL.**

At the monthly meeting of District Samurdhi Deputy Directors, progress of Samurdhi programmes at national level are discussed, policy decisions taken, and instructions and guidance necessary for the implementation of programmes are issued. During the current year, eight review meetings had been held.

13.3 MAINTAINING AN INFORMATION TECHNOLOGY UNIT

I. Implementastion of the e Samurdhi programme

This programme has been implemented with the aim of omputerization of all activities of the Samurdhi Authority of SriLanka in collaboration with the Sri Lanka Information and Languages Technical Agency. (ICTA). Through this, information technology would be utilized for the efficient performance of all activies by the Samurdhi Authority of Sri Lanka for the empowering of low income earners.

Stage one

- Human Resource Management (HRM)
- Beneficiary Data Management (CRM)
- Project and Programme Management (PPM)

Stage two

- Fixed Assets Management (FAM)
- Financial Management (FCM)
- Fund Management System (FMS)
- Inventory Management System (IMS)

II. Implementation of the e diriya programme

This programme has been implemented according to a concept of His Excellency the President to enahance the computer literacy of Sri Lankans. Under this, a one day computer training course has been held at district level for 20,000 Samurdhi beneficiaries and low income earners.

III. Maintenance and operation of server computers, printers and the internal network belonging to the institution.

13.4 SPECIAL PROGRAMMES

There are several programmes formulated with the objective of enhancing and operating the Samurdhi programme. These programmes covering common objectives, are launched with the aim of rural development, consequent to a broad study in keeping with the social requirements. Such special programme maybe defined as ones planned by the head office, district offices and divisional secretariats according to requirements. In the year 2011, thirty two such programmes have been implemented.

BRIEFING DISTRICT OFFICIALS REGARDING THE COCONUT FERTILIZER SUBSIDY DISTRIBUTION SCHEME

special meeting was held by the Ministry of Coconut Development and Janatha Estate Development to brief district officials about the “Kapruka Diriya” fertilizer subsidy to usher in a new inspirastion in coconut cultivation. Concurrent to this, a special briefing session was held for all Deputy District Samurdhi Directors, District Samurdhi Coordinating Officers and Headquartrers Managers who attended this briefing programme. How the Kapruka Diriya programme should be incorporated into the the 2011 action plan of the Samurdhi Authority, what new programmes should be introduced by us in that behalf and how to amend the district plans to be in accordance with it were discussed and instructions issued regarding the necessary follow up action.

SPECIAL WORKSHOP FOR THE FORMULATION OF THE ACTION PLAN FOR 2011

This special workshop had been organized to create a dialogue regarding the development of one million domestic economic units implemented for the enhancement of the nutrition and income of the families of Samurdhi beneficiaries , in accordance with the new vision of the Ministry of Economic Development.

DEVELOPMENT OF DOMESTIC ECONOMIC UNITS.

All Headquarters Managers and Livelihood Development Subject Managers connected to the Samurdhi Authority were briefed about this programme to develop a million domestic economic units on the instructions of the Ministry of Economic Development. In this regard, associated heads of institutions and officials of the Ministry of Agriculture and the Ministry of Livestock Development briefed about programmes due to be implemented by the various institutions and what contribution could be made through same to the Samurdhi programme.

13.5. DIVISION WISE FINANCIAL PROGRESS

During the current year, a sum of 20 million rupees had been allocated to the Monitoring and Evaluation Division for its overall programme. By the end of the year 2011, a sum of 6.38 million rupees had been spent under 4 main votes at district and divisional level. Accordingly, the financial progress is 31.9%, and the relevant details are shown below:-

Institution bearing expen-diture	VOTE								TOTAL	
	Progress Review		Special		Training		Others			
	Allocation Rs Mn	Expen-diture Rs Mn	Allocation Rs Mn	Expen-diture Rs Mn	Allocation Rs Mn	Expenditure Rs Mn	Allocation Rs Mn	Expenditure Rs Mn	Allo-cation Rs Mn	Expen-diture Rs Mn
District offices	9.04	1.96	8.5	2.61	0.5	0.18	1.96	0.08	20.00	4.83
Head Office		0.17		1.23		0.07		0.08		1.55
TOTAL	9.04	2.13	8.5	3.84	0.5	0.25	1.96	0.16	20.00	6.38

13.6 SAMURDHI HOUSING DEVELOPMENT LOTTERY FUND

With the objective of making every Samurdhi beneficiary family the owner of a permanent house, under the provisions of section 20 (1 and 2) of the Samurdhi Authority Act no. 30 of 1995, the Samurdhi Housing Lottery Trust Fund was inaugurated and is operative from August 2001. For this, all Samurdhi beneficiaries have to make a monthly contribution of Rs.10/-. The approximate monthly contribution is 16 million rupees.

The fund is administered by a board of trustees comprising seven members appointed ex-officio through a cabinet memorandum.

The Secretary to the Ministry as its chairman, Director General of Samurdhi , a representative from the Ministry of Finance, another officer from the Ministry of Samurdhi, President of the Samurdhi Managers Union and the General Secretary of the Samurdhi Development Officers Union are the rest of the members.

The computer programme relevant to the lottery is drawn up, after entering particulars of all beneficiaries who are eligible for Samurdhi subsidies during the period stipulated for the draw of the lottery. Through this, each Samurdhi beneficiary is given a lottery number, which is used for the draw.

When reviewing the past in retrospect, a minimum of around 100 beneficiaries are chosen monthly and, the total prizes awarded to beneficiaries come to around 15.00 million rupees at the rate Rs.150,000/- per prize.

13.6.1 **During the year 2011, action is being taken release the prize money to the relevant winners for the years 2008, 2009 and 2010. Progress of the release of cash awards as at 31.12.2011 is as shown below:**

PERIOD	No of Prizes	Prize money	PROGRESS	
			No of Prize winners	Value Rs Mn
2008	1200	180.00	179	153.15
2009	1200	180.00	109	163.65
2010	1200	180.00	95	165.75

13.6.2 Shown below is how winners had been selected and cash awards released in the year 2008

No.	District	No of Monthly prizes	No of Beneficiaries selected	No of prizes suspended	No of winners who were awarded cash prizes	No of days further given	Prize money released Rs Mn
1	Colombo	4	48	10	37	1	5.55
2	Gampaha	8	96	16	80		12.00
3	Kalutara	4	48	8	39	1	5.85
4	Galle	5	60	10	50		7.50
5	Matara	5	60	10	50		7.50
6	Hambantota	4	48	10	38		5.70
7	Kandy	7	84	12	72		10.80
8	Matale	3	36		36		5.40
9	Nuwara Eliya	3	36	11	25		3.75
10	Ratnapura	7	84	16	67	1	10.20
11	Kegalle	4	48	5	43		6.45
12	Badulla	4	48	4	44		6.6
13	Monaragala	3	36	5	31		4.65
14	Kurunegala	10	120	16	103	1	15.45
15	Puttalam	4	48	6	41	1	6.15
16	Anuradhapura	5	60	12	48		7.2
17	Polonnaruwa	2	24	5	19		2.85
18	Ampara	5	60	7	52	1	7.8
19	Trincomalee	3	36	10	26		3.9
20	Batticaloa	6	72	3	69		10.35
21	Vavuniya	1	12	1	11		1.65
22	Jaffna	3	36	2	34		5.1
TOTAL		**100**	**1200**	**179**	**1015**	**6**	**152.25**

Shown below are how winners had been selected and cash awards released in the year 2009

Serial No.	District	No of Monthly prizes	No of Beneficiaries selected	No of prizes suspended	No of winners who were awarded cash prizes	No of days further given	Prize money released Rs Mn
1	Colombo	4	48	13	35		5.25
2	Gampaha	8	96	12	69	15	10.35
3	Kalutara	4	48	12	36		5.40
4	Galle	5	60	9	41	10	6.15
5	Matara	5	60	10	25	25	3.75
6	Hambantota	4	48		15	33	2.25
7	Kandy	7	84		11	73	1.65
8	Matale	3	36		10	26	1.5
9	Nuwara Eliya	3	36		6	30	0.90
10	Ratnapura	7	84	10	63	11	9.45
11	Kegalle	4	48	5	43		6.45
12	Badulla	4	48	9	24	15	3.6
13	Monaragala	3	36	6	11	19	1.65
14	Kurunegala	10	120	15		105	

15	Puttalam	4	48			48	
16	Anuradhapura	5	60		48	12	7.2
17	Polonnaruwa	2	24		19	5	2.85
18	Ampara	5	60		53	7	7.95
19	Trincomalee	3	36			36	
20	Batticaloa	6	72	2	56	14	8.4
21	Vavuniya	1	12	1	11		1.65
22	Jaffna	3	36	5	31		4.65
		TOTAL	**1200**	**109**	**607**	**484**	**91.05**

Shown below is how winners had been selected and cash awards released in the year 2010

Serial No.	District	No of Monthly prizes	No of Beneficiaries Selected	No of prizes suspended	No of winners who were awarded cash prizes	No of days further given	Prize money released Rs Mn
1	Colombo	4	48	16	32		4.8
2	Gampaha	8	96	17	73	6	10.95
3	Kalutara	4	48	9	37	2	5.55
4	Galle	5	60	12	40	8	6.00
5	Matara	5	60	10	25	25	3.75
6	Hambantota	4	48		15	33	2.25
7	Kandy	7	84		9	75	1.35
8	Matale	3	36		10	26	1.50
9	Nuwara Eliya	3	36		5	31	0.75
10	Ratnapura	7	84		70	14	10.50
11	Kegalle	4	48	7	41		6.15
12	Badulla	4	48	10	24	14	3.6
13	Monaragala	3	36	5	15	16	2.25
14	Kurunegala	10	120			120	
15	Puttalam	4	48			48	
16	Anuradhapura	5	60		48	12	7.20
17	Polonnaruwa	2	24		20	4	3.00
18	Ampara	5	60			60	
19	Trincomalee	3	36			36	
20	Batticaloa	6	72	5	59	8	8.85
21	Vavuniya	1	12	1	11		1.65
22	Jaffna	3	36	3	33		4.95
TOTAL		**100**	**1200**	**95**	**567**	**538**	**85.05**

Source : Data entry of the Lotteries Fund

14.0 BANKING FINANCE DIVISION

The “Credit Division” of the Samurdhi Authority, started in the year 1996 was renamed the “Banking Finance” Division in the year 1998, as a result of policy changes in keeping with the times. The Banking Finance Division deals not only with micro finance matters, but also encourages the savings habit among the Samurdhi beneficiaries.

INTRODUCTION:-

With the inauguration of the Samurdhi Authority of Sri Lanka in the year 1996, the “Credit Division” was opened as another branch of it.

It was renamed the “Banking Finance” Division in the year 1998, as a result of policy changes in keeping with the times.

In accordance with the Samurdhi Authority of Sri Lanka act no 30 of 1996, Samurdhi banking unions were established in 1996 to implement the national Samurdhi campaign, with the objective of promoting savings among the low income earners, thereby enhancing the investment potential, to provide the capital (credit facilities) required for the development of goods and services, to minimize informal loans and through it to rescue them from the clutches of indebtedness, and to establish a profitable institutional frame work.

01. Making the network of 1043 Samurdhi banking unions the foremost bank in the micro financial sector.
02. Making low income earning Samurdhi bank customers thrifty men with financial discipline.
03. Introduction of the new technological banking system to the Samurdhi banking unions.
04. Minimizing poverty among low income earners by conforming to the above aims.

The Banking Finance Division became the main steering office of the Samurdhi maha sangam and Samurdhi banking unions established accordingly, and the steering of those institutions to achieve the following objectives became the responsibility and function of this division.

1. Issue of operating instructions, circular instructions in regard to all operational matters including credit facilities, deposits and security of Samurdhi banking unions and Samurdhi maha sangams, and updating same.

2. Providing refinancing credit facilities necessary to maintain business operations of Samurdhi banking unions methodically.

3. Granting of loans to the Samurdhi staff.

4. Profitable investment of the funds of Samurdhi bank unions and maha sangams.

5. Introduction of new technology and computerization.

6. Identifying problems, short comings and trends of banking unions.

7. Conducting of awarenes programmes and training programmes for the staff.

8. Making random visits to check the internal control of banking unions.

9. Maintaining protection (insurance) systems required for the proper operation of the Samurdhi banking system.

10. Referring policy matters required for the operation of the Samurdhi banking unions to the board of directors and implementation of decisions.

11. Transmission of information and data required about Samurdhi banking unions to relevant agencies, and follow up of progress.
    Accordingly, the functions of the Banking Finance Division are two fold:

    01 Samurdhi Banking union programme
    02 Activities in the Banking Finance Division.

1. SAMURDHI BANKING UNIONS PROGRAMME

Setting up of the banking unions had been implemented in seven stages, and by 31/12/2010, there were 1043 banking unions operating in all districts, other than in Mullaitivu, Kilinochchi and Manaar.

From this perspective, the network of branches which started as Samurdhi banking unions, which during a short span of time has become the largest micro financial institutional structure spread island wide in the field of the local micro finance, and the Samurdhi banking union system has been identified by the Asian Development Bank as the world's fourth largest micro financial structure.

The Samurdhi banking union system which has achieved a remarkable rating among the giants in the field of micro finance, while conforming to the objectives of poverty eradication has reached a special place in the collection of deposits, and has initiated the new technological banking methodologies.

By the end of the year 2010, there were 790 banking unions which had reached financial viability. By the end of the year 2011, the number of such banking unions became 728 due to various financial problems.

1.1 MEMBERSHIP OF BANKING UNIONS AND CAPITAL PROGRESS – 31.12.2011

Samurdhi beneficiaries are eligible to be members of the Samurdhi banking union on the purchase of a share of Rs.500/=, and become share holders of the bank.

Banking union membership progress - 31.12.2011

Year	Female	Male	Total	Growth	Growth rate
1999	737458	507478	1244936		
2000	943142	628094	1571236	326300	26
2001	1042158	663905	1706063	134827	9
2002	1149226	716833	1866059	159996	9
2003	1275273	777222	2052495	186436	10
2004	1351769	806470	2158239	105744	5
2005	1428848	824846	2253694	95455	4
2006	1516985	853604	2370589	116895	5
2007	1575509	872490	2447999	77410	3
2008	1641872	859900	2501772	53773	2
2009	1691112	896947	2588059	86287	3
2010	1830840	970693	2801533	213475	8
2011	1,881,808	987,740	2,869,548	68,015	2

Figure one shows the expansion of the membership during thirteen years. When compared to the year 2010, the year 2011 also showed a relative expansion in banking union membership and the growth rate was two percent. Even when financial institutions had to face economic situations due to various economic and social problems, this implies the trust the customers placed in our Samurdhi banking unions. Especially, the special loan scheme such as *Viduli Athwela* introduced through Samurdhi banks during the latter half of the year 2010 had been contributory to this situation.

Shares paid by members

Year	AmountRs Mn	Growth	Growth rate
1999	587.175		
2000	985.157	397.982	67.8
2001	1383.15	397.997	40.4
2002	1679.79	296.64	21.4
2003	1930.37	250.572	14.9
2004	2206.62	276.249	14.3
2005	2601.01	394.395	17.9
2006	3096.44	495.426	19
2007	3639.53	543.096	17.5
2008	3989.90	350.365	9.63
2009	4212.416	222.516	5.58
2010	4790,470	578,054	13.72
2011	5,370.53	580.06	12.11

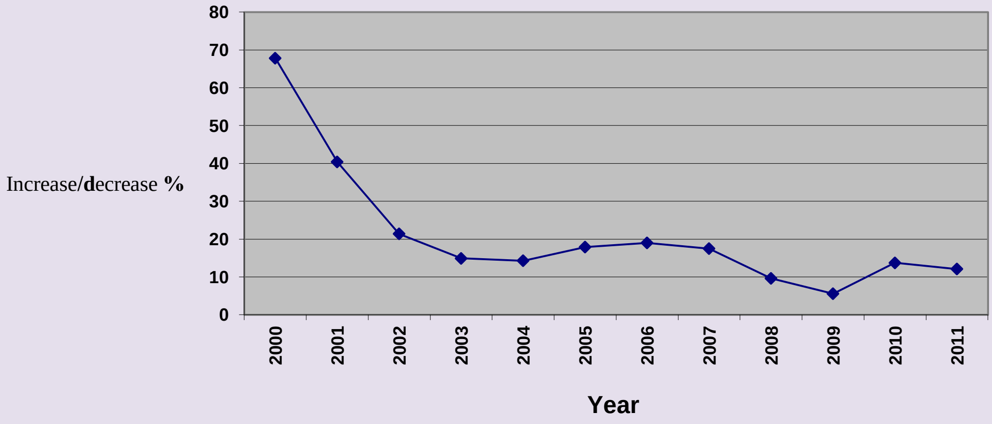


Figure two shows the expansion of the share capital during twelve years. During the initial stage, although the progress of the share capital showed a rapid rise of 68%, the increase ratio has declined sharply during the past few years. Though there was a rise in the share capital during the current year relative to the previous year, the rate of growth has declined relative to the previous year. However, when taking into consideration the growth of the share capital during the current year, an upward trend of the share capital rate is indicated. While analyzing this situation further, attention must be paid to formulating future plans of the Banking Finance Division to contribute to ensuring the viability of the banking unions.

The share capital which was 4790 million in the year 2010 has shown a growth up to 5370 million in the year 2011.

1.2 BANKING UNION DEPOSIT PROGRAMME

Deposits (member, non-member, group, lama and diriya matha)

Year	Numbers	Growth	Amount Rs Mn	Growth
1999	1,424,652		768.96	
2000	2,645,574	1,220,922	2,033.45	1,264.50
2001	3,035,233	389,659	3,111.16	1,077.71
2002	3,296,569	261,336	3,857.10	745.94
2003	3,680,786	384,217	4,710.80	853.70
2004	3,989,539	308,753	5,751.81	1,041.01
2005	4,229,575	240,036	6,824.88	1,073.07
2006	4,394,498	164,923	8,131.66	1,306.78
2007	4,613,504	219,006	9,875.63	1,743.97
2008	5,081,229	467,725	11,356.79	1,481.16
2009	5,167,854	86,625	13,536.65	2,179.86
2010	5,505,853	337,999	15,906.77	2,370.12
2011	5,524,025	18,172	18,907.33	3,000.56

During the year 2011, 3000 million rupees had been deposited indicating further trust in the banking union programme, and the special deposit development programme implemented targeting especially banking unions has had an effect on this expansion. When compared to other competitive micro finance institutions, achieving such a growth should be appreciated.

1.2 SAMURDHI BANK UNION CREDIT PROGRAMME

- Under the banking union credit scheme, entrepreneurship potential of low income earners including Samurdhi beneficiaries is identified, and small credit facilities are provided to build an environment necessary to escape poverty through self sustenance.

- Introduction and implementation of several special credit programmes to cater to capital funds and urgent financial requirements of members.

- Under this, for self employment and for income generating projects under the Mihi Jaya loans programme, loans subject to a maximum of Rs.100,000/- are released. Facilities are available to obtain loans from Rs.25000/= to Rs.75000/= for funds required for fisheries and cultivation. Under the Kirula development credit scheme implemented during the latter half of the year 2010, the credit limit of Rs.100,000/= hitherto followed was increased to a limit of Rs.250,000/=.

- The banking union was prepared to throw a life line to members to fulfil their housing requirements, by giving loans subject to a maximum of Rs.50000/=, to build a house, complete a partly finished house or for requirements like house repairs.

- Members have been provided relief through the consumer, distress and Swashakthi loan schemes to obtain without difficulty loans for their financial requirements in an emergency, without getting into the clutches of usurers. Under the Viduli Ath Wela credit scheme started during the end of the year 2010, credit facilities are made available up to a maximum of Rs. 30,000/= to Samurdhi beneficiary and low income earning members of banking unions.

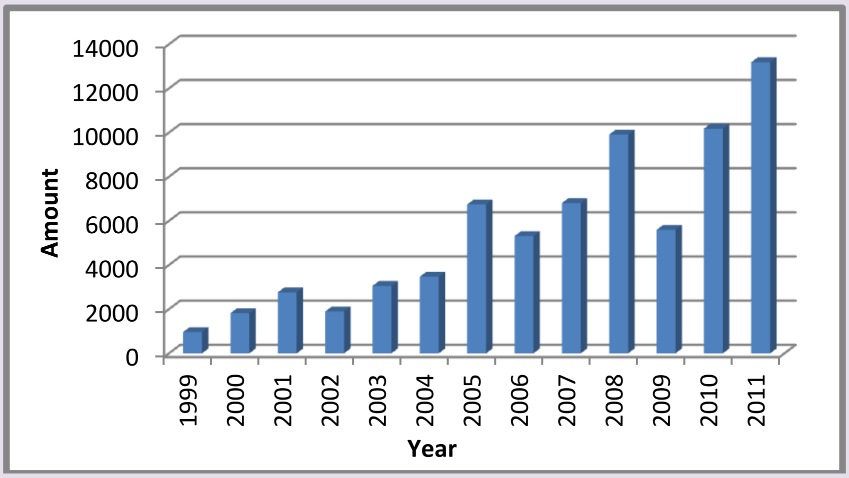
- At present, in respect of loans given for income generating loan projects an interest rate of 8% for Samurdhi beneficiary members and 10% for low income earners is charged, while the interest rate for other loans is 12%. (except for Swashakthi and Viduli Athwela loans).

- During the year 2011, 522,226 members had been given loans totaling a sum of Rs Mn 13,189.

- The rate of recovery of loans in the year 2011 was 111.90 (installments due ahead are also included). The bad debt rate is 5.51 per cent.

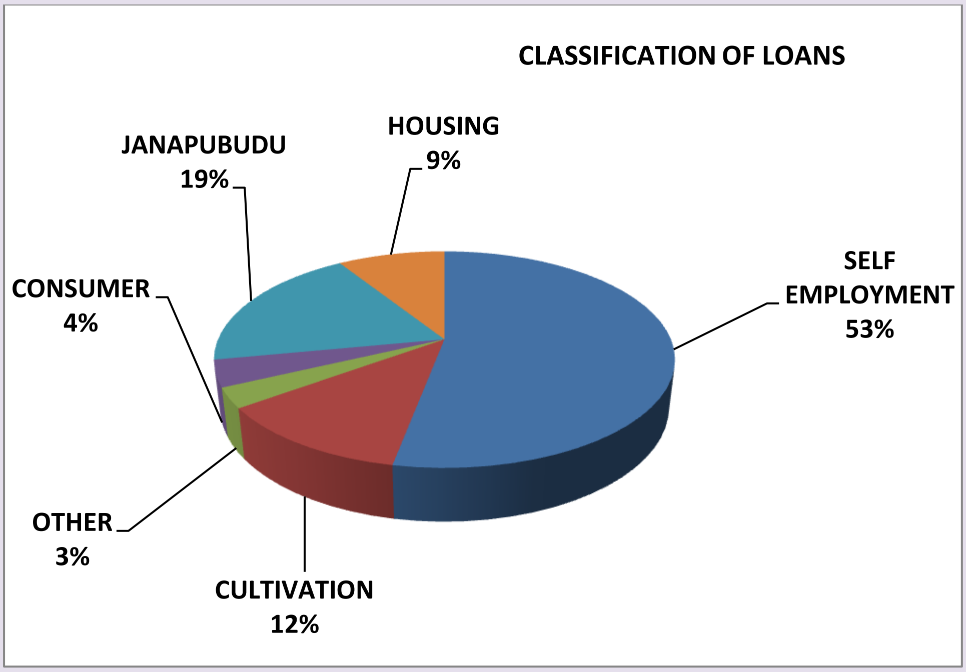
GRANT OF LOANS AS AT 31/12/2011

Year	Number (Cumulative)	Amount Rs. Mn.	Grant of loans during the year Rs Mn
1999	209,818	966.31	966.31
2000	481,475	2,788.50	1,822.19
2001	813,334	5,552.75	2,764.24
2002	1,016,392	7,448.08	1,895.33
2003	1,340,126	10,503.30	3,055.22
2004	1,697,866	13,977.81	3,474.51
2005	2,149,135	20,725.03	6,747.22
2006	2,527,841	26,035.09	5,310.06
2007	2,952,840	32,843.04	6,807.93
2008	3,450,469	42,757.37	9,914.36
2009	3,721,662	48,352.73	5,595.36
2010	4,160,596	58,531.61	10,178.88
2011	4,682,822	71,721.04	13,189.43
2006	2,527,841	26,035.09	5,310.06
2007	2,952,840	32,843.04	6,807.93
2008	3,450,469	42,757.37	9,914.36
2009	3,721,662	48,352.73	5,595.36
2010	4,160,596	58,531.61	10,178.88
2011	4,682,822	71,721.04	13,189.43



CLASSIFICATION AS AT 31.12.2011 CUMULATIVE

TYPE OF LOAN	RS MN	CONTRIBUTION
SELF EMPLOYMENT	37,838	53
CULTIVATION	8,987	12
OTHER (MIHIJAYA, FISHERIES, SWASAKTHI, DISTRESS, KIRULA LOANS, YOWUN DIRIYA)	2,257	3
CONSUMER	2,855	4
JANAPUBUDU	13,456	19
HOUSING	6,328	9
TOTAL	**71,721**	**100**



1.4 INVESTMENT OF SURPLUS FUNDS OF BANKING UNIONS (FIXED DEPOSITS AND TREASURY BILLS)

With the objective of getting the maximum returns for the assets of banking unions, funds found surplus after releasing loans for loan applicants have been authorized to be invested in state banks only in accordance with Treasury circular instructions, through maha sangams. Through this, it is envisaged to strengthen the maha sangams also financially.

Investment of surplus Samurdhi banking union funds

Year	Amount Rs Mn	Growth	Rate
1999	583		
2000	1620	1038	178
2001	3175	1555	96
2002	5097	1922	61
2003	5914	817	16
2004	7828	1914	32
2005	7417	-410	-5
2006	9936	2519	34
2007	13791	3855	39
2008	18833	5042	37
2009	24039	5206	28
2010	27248	3209	13
2011	39048	11800	43

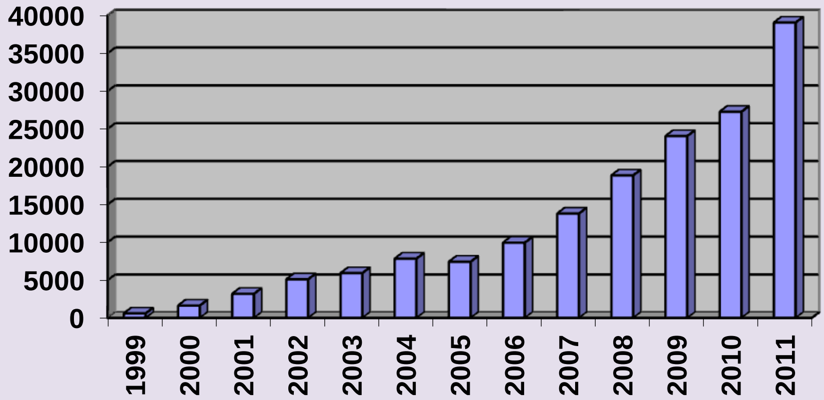


Figure 6 shows the investment of surplus Samurdhi banking union funds. Even though a high rate of investment was shown during the inaugural period of banking unions, subsequently, it has declined. Due to the expansion of the credit programme, amounts investable had dwindled gradually. It is a positive indication.

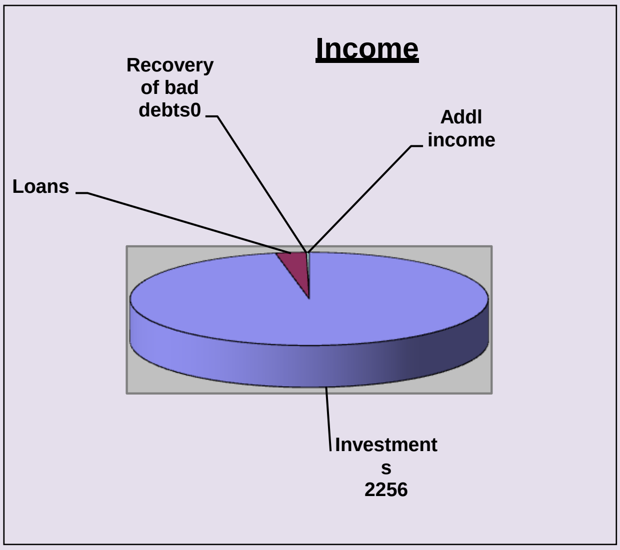
2 ACTIVITIES WITHIN THE BANKING FINANCE DIVISION

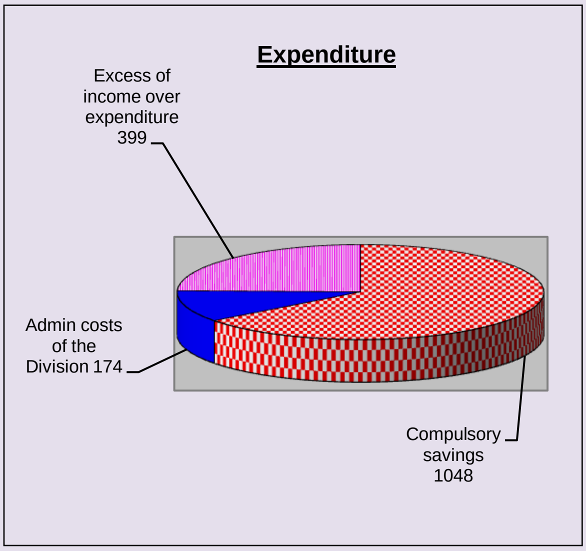
While the Banking Finance Division operates as the financial monitoring unit of all Samurdhi banking unions and maha sangams established throughout Sri Lanka, and associated to these, a significant function is being carried out within the Division.

Acting accordingly, the Banking Finance Division bears all its expenditure, and in addition, travelling expenses of audit officers, costs of preparation of annual reports of banking unions and training expenditure come under this. Also, granting of refinancing loans to banking unions, reimbursement of Mihijaya loans and supply of funds for staff loans are done through the income of the Banking Finance Division. This Division also spends for promotion and propaganda activities relating to banking unions.

Shown below is the overall income and expenditure of the Banking Finance Division:-

INCOME	RS MN	EXPENDITURE	RS MN
Investments	1315	Interest paid for compulsory savings	835.3
From loans	132	Administrative expenses of the Division	171
Recovery of bad debts	0	Excess of income over Expenditure	441
Additional income	0.3		
	1447.3		1447.3





2.1 COMPULSORY SAVINGS PROCEDURE OF SAMURDHI BANK UNIONS

2.1.1 INTRODUCTION

The Compulsory Savings Programme was inaugurated to get low income earners to get used to saving more and more and for their future prosperity. In this connection, saving a certain portion of the government subsidy monthly is identified as compulsory savings.

Out of the subsidy coupons issued by the Samurdhi Commissioners Department to the value of Rs.1500, Rs. 1015, Rs. 900 and Rs.615, Rs 300, Rs.200, Rs.150 and Rs.100 are respectively saved as compulsory savings. The basic objective of this program is to get down this money to the Samurdhi Authority so that a creditable return satisfactory to the beneficiaries could be bestowed by short term investment of it in various approved financial institutions under a high interest rate. This programme is being implemented mainly in two stages:-

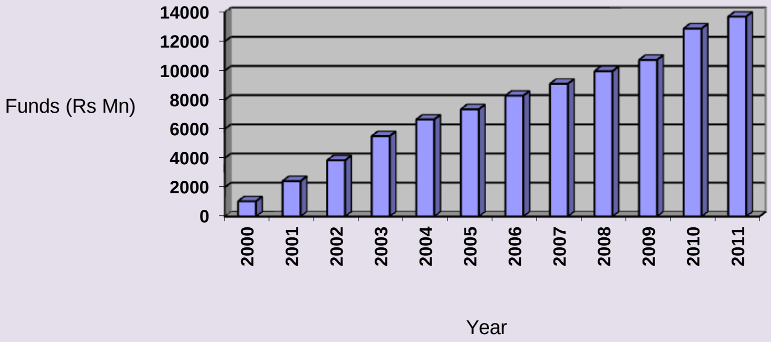
0I Compulsory Savings sent from Nov 1999 to date.
These compulsory savings of Samurdhi beneficiaries are remitted monthly by the Divisional Secretariats to the Samurdhi Authority in favour of the relevant beneficiaries' banking unions for investment.

02 For the period 1995 to October 1999, out of the funds invested in the Peoples Bank and the Bank of Ceylon, 25% of the funds of the reliable customer beneficiaries' is remitted to Samurdhi Authority of Sri Lanka to be invested monthly.

Details of compulsory savings funds invested in the Authority are shown below:

COMPULSORY SAVINGS REMITTED FOR INVESTMENT AS AT 31/12/2010

YEAR	FUNDS RS MN	GROWTH
2000	1045	-
2001	2424	132%
2002	3852	59%
2003	5510	43%
2004	6652	21%
2005	7349	10%
2006	8282	12%
2007	9099	11%
2008	9960	9%
2009	10,738	7%
2010	10,292	-
2011	13,702	6%



It must be mentioned here that the decline in growth of compulsory savings funds in the year 2011 similar to the year 2009 compared to the year 2008 was due to some extent to the variation in the number of Samurdhi beneficiaries.

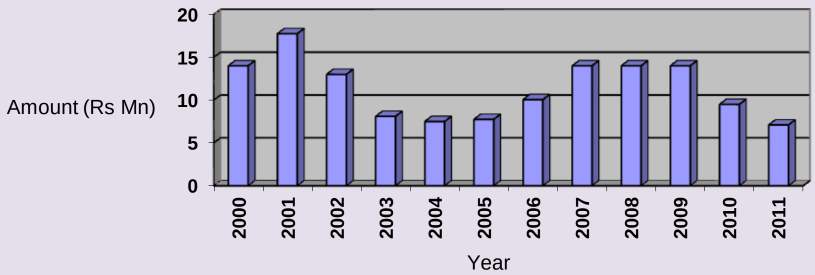
2.1.2 PAYMENT OF COMPULSORY SAVINGS INVESTMENTS INTEREST

Compulsory savings received by the Authority are invested through the investment unit and from the benefits received interest is paid to the various banking unions at the end of the year. Similarly, with the aim of mobilizing and strengthening Samurdhi maha sangams, since the year 2006, the payment of this interest is done through the Samurdhi maha sangams. In the same manner, with the objective of introducing technical and productive systems to Samurdhi Maha sangams and banking unions, since the year 2008, the payment of interest for compulsory savings investments was done through direct remission to the Maha sangam account. Through this, it was possible for the Banking Finance Division to earn around 3 million rupees annually as an additional income. The interest rate paid for compulsory savings to beneficiaries (through the limiting of the cash in transit period to one day) is on a higher level, when compared to other competitive commercial banks, and this is a special privilege bestowed on the account holding beneficiaries.

YEAR	RATE OF INTEREST PAID %
2000	14
2001	17.75
2002	13
2003	8.1
2004	7.5
2005	7.75
2006	10.06
2007	14
2008	14
2009	14
2010	9.5
2011	7.1

Even though there was a sharp decline in the interest rate in the money market during the year 2011, the ability to pay an interest rate of seven per cent to the banking unions for compulsory savings should be appreciated. (During this year, the commercial banks paid only an interest rate of 5.5 per cent for their savings).

INTEREST PAID FOR COMPULSORY SAVINGS



2.2 LOAN SCHEME

The Banking Finance Division has implemented within it two loan schemes, further extending the credit programme implemented by banking unions.

2.2.1 Loan scheme for beneficiaries.

2.2.2 Loan scheme for the staff.

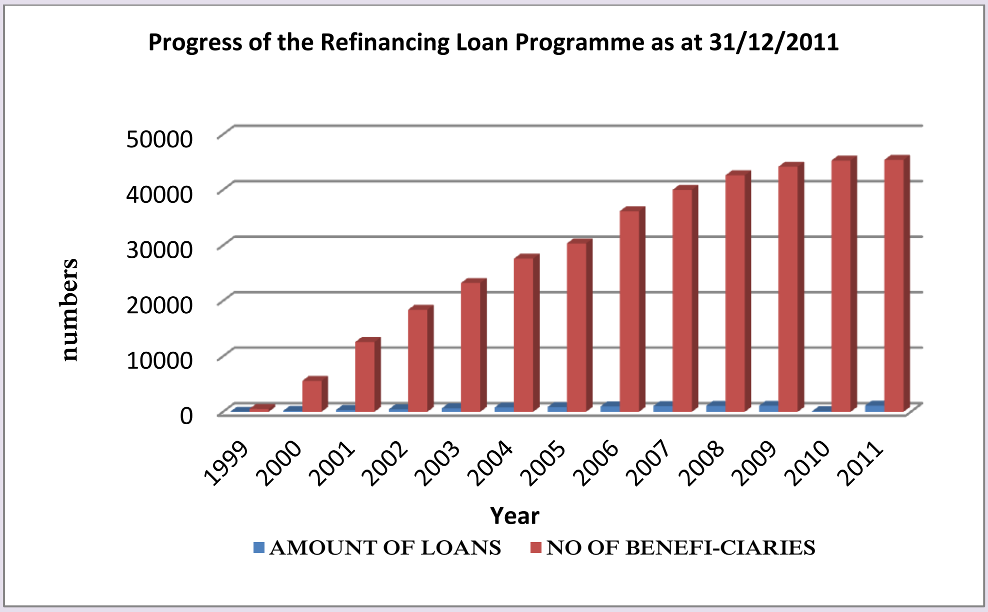
2.2.1 LOAN SCHEME FOR BENEFICIARIES

2.2.1.1. REFINANCING LOAN SCHEME

Banking unions give loans from deposits accumulated by the relevant beneficiaries themselves. For this purpose, banking unions are authorized to give only up to 80 percent of the total deposits. To offset the financial difficulties arising due to loans granted beyond this limit, the Banking Finance Division provides refinancing facilities to banking unions, at interest rates lower than charged by banks. Credit facilities are provided for income generating projects such as self employment, cultivation, fisheries and animal husbandry. Re financing loan scheme materials are effected through Samurdhi maha sangams, and the Banking Finance Division gives loans to maha sangams at four percent. Maha sangams give re financed credit funds to banking unions +at an interest rate of seven per cent.

Progress of the Refinancing Loan Programme as at 31/12/2011

YEAR	AMOUNT OF LOANS	NO OF BENEFI-CIARIES	AMOUNT RELEASED RS MN	RATE OF RECOVERY
1999	11	523	3	100%
2000	175	5578	52	92%
2001	324	12588	117	101%
2002	472	18400	177	100%
2003	637	23223	233	100%
2004	786	27605	283	101%
2005	849	30351	315.8	102%
2006	971	36155	389	100%
2007	1040	40008	450	100%
2008	1072	42631	499.71	100%
2009	1097	44180	523.58	100%
2010	110	45284	571.11	91%
2011	1,112	45,399	581.42	95%



2.2.1.2 Sabanda, Jana Pubudu and Gedera Naya programme

These loan schemes had been suspended during the year 2010, and as an alternative to this loan scheme, self employment, Piyasa and Mihi Jaya programmes are being implemented.

2.2.1.3 The *Viduli Athwela* Programme

With the aim of making electricity available for everyone, the Ministry of Power and Energy inaugurated the *Viduli Athwela* Programme, for Samurdhi beneficiary and low income earning families. This programme is being directed by the Ministry of Economic Development and the Ministry of Power and Energy, while the Samurdhi Authority of Sri Lanka and the Ceylon Electricity Board are contributing actively in this behalf.

The Banking Finance Division provides funds required to implement this subsidized *"Viduli Athwela"* credit programme through the island wide network of Samurdhi banking unions for it to be put in operation concurrently.

The anticipated benefit of this programme is the strengthening of the economy through making productive the small industries and marketing developments programmes carried out or intended to be carried by low income earners.
Through this, by the increase in the number of loan applications for the Samurdhi Programme, it is envisaged that new members would flock to Samurdhi banking unions and deposits would increase.

It is anticipated that the income of the banking unions would be enhanced due to the service charges provided by the Banking Finance Division. Due to the above reasons, the financial stability, efficiency and trust of the Samurdhi banking unions would develop further.

The maximum loan payable to beneficiaries for this *Viduli Athwela* programme is Rs.30,000/-, and recoveries would be made through installments including the principal and an annual interest of 12% during a period of 60 months.

After obtaining loan applications from the relevant consumer service center, and after being duly filled in under operating instruction no. 5, eligible applications would be forwarded to the Electricity Board with the recommendations of the Samurdhi Development Officer, Samurdhi Manaager and the Divisional Secretary respectively, and electricity facilities provided thereafter.

The bilateral agreement between the Samurdhi Authority of Sri Lanka and the Ceylon Electricity Board pertaining to this *Viduli Athwela* credit programme had been signed in the year 2010, and no loans had been given during that year.

In the year 2011, the Banking Finance Division has issued a sum of Rs Mn 350 for this programme, and as at 31st December 2011, a sum of Rs Mn 335 was due to be recovered.

Further, as at 31st December 2011, the Electricity Board had provided electricity connections to 20,694 consumers to the value of Rs Mn 353.

2.2.2 LOAN SCHEME FOR THE STAFF OF THE SAMURDHI AUTHORITY OF SRI LANKA

2.2.2.1 CONSUMER CREDIT PROGRAMME

Under this programme which was launched in June 2004, loans up to a maximum of Rs.50000/- were given at an interest rate of 9% to Samurdhi Development Officers only up to 2008. Now this loan scheme is open to all members of the staff. Pay back period is 60 months. From 18/10/2008 the sum of Rs.50,000/= has been increased to Rs.100,000/=. As at 31st December, 2011, 3,731 rupees one hundred thousand loans had been given.

Staff consumer loans as at 31/12/2011 (cumulative)

NO OF LOANS GIVEN	AMOUNT RS MN	RATE OF RECOV ERY %
19,155	994.52	94.5
22,886	1,367.52	99.5

2.2.2.2 HOUSING LOAN SCHEME FOR STAFF

In June 2004, this loan scheme was inaugurated for the permanent staff of the Samurdhi Authority of Sri Lanka, and allocations are made from the earned income of investmentsmade by the Banking Finance Division. Under this loan scheme, credit facilities are given to purchase land, build a new house and for new additions or extension to a house. The loan amount has been increased from Rs.200000/- to Rs. 500000/- and the interest rate is 12%. Payback period of the loan has been extended to fifteen years. Under the housing loan scheme, the following loans had been issued as at 31/12/2011. The rate of interest has been reduced to 10% with effect from 01/01/2010.

Figure twelve – Housing loans as at 31/12/2011 (cumulative)

No of loans given	Amount Rs Mn
1,838	762

2.2.2.3 MOTOR CYCLE LOAN SCHEME

In November 2004, this programme was inaugurated and allocations for this are made from the earned income of investments made by the Banking Finance Division. This programme has been limited only to the permanent staff of the Samurdhi Authority of Sri Lanka. Motor cycle loans are given subject to a maximum of Rs.100,000/- at the interest rate of 10 per cent per annum, with a pay back period of 60 months.

Motor cycle loans as at 31/12/2011 (cumulative)

No of loans given	Amount Rs Mn
3,557	299.7

2.3 STAFF PHYSICAL INJURY INSURANCE

Under this programme, members are paid compensation for physical injuries sustained during cash robberies whilst transporting daily collections of banking unions to commercial banks, or during sudden robberies or thefts of cash in hand. The Staff Physical Injury Compensation Insurance Fund was put into operation from October 2005, and every bank union should pay Rs.1000/- annually to this Fund and obtain insurance cover.

The maximum amounts which could be claimed under this scheme:

Samurdhi Managers -Rs.200,000/-.

Samurdhi Development Officers - Rs.150,000/-.

During the year 2011, under this programme a sum of Rs.1,434,700/= has been received through the banking unions by way of insurance premia. No compensation has been paid during the year 2011.

2.4 INSURANCE OF CASH IN HAND OF SAMURDHI BANK UNIONS

2.4.1 Through this, losses would be reimbursed caused due to thefts or robberies whilst transporting cash in hand belonging to Samurdhi banks from such Samurdhi banks to commercial banks and vice versa.

2.4.2 Taking into consideration the daily liquidity requirements of bank unions and maha sangams, inquiries may be made from the Banking Finance Division regarding this insurance cover. For this, the annual installments should be sent to the Banking Finance Division, and the necessary steps have been organized to provide the insurance cover. Its progress as at 31st December, 2011 is that 1043 banking unions and 203 maha sangams have obtained this insurance cover.

2.4.3 Installments sent by the banking unions and maha sangams (including physical injury insurance premia) are credited to a fund created by the Banking Finance Division and invested profitably and the fund expanded. Accordingly, the investment as at 2011 is Rs.Mn. ll3.52.

2.4.4 For the year 2011, a sum of Rs.14,l66,584.76 had been remitted by banking unions by way of insurance premia. No compensation had been during the year 2011.

2.5 SUSTAINABLE AGRICULTURAL WATER MANAGEMENT PROJECT

This is a project, which is being implemented by the Ministry of Agriculture under a loan grant made by the government of Australia, through Samurdhi banking unions and agrarian banks. Through this project, solar water sprinkler irrigation kits are issued per half an acre to farmers engaged full time in high land cultivation.

The main objective of this project is increasing the income levels of farmers through higher productivity in small plots, minimizing production costs and applying appropriate water management, while utilizing new technology.

Under the Solar Water Sprinkler Supply technology, cultivation of vegetables, fruits, fleshy crops, and oil crops are recommended. This irrigation system set is valued at a sum of Rs.345,452/25, and the aim of the Banking Finance Division is to increase the income levels of Samurdhi beneficiary farmers and to enhance their living conditions by paying more attention to them, getting them to engage in farming under new technology and introducing them to commercial agriculture, and to increase the financial strength of Samurdhi banking unions. By now, action has been taken to issue around 2715 solar water sprinkler irrigation kits through Samurdhi banking unions.

2.6 FINANCIAL OPERATIONS OF BANK UNIONS AND MAHA SANGAMS.

In respect of bank unions and maha sangams, an annual audit report is prepared at the end of each financial year, that is from Jan 01 and Decr 31, covering all activities during this period. The authority for the preparation of these audit reports has been given to the accountant of the divisional secretariat.

This is done by the Internal Audit Division of the Samurdhi Authority of Sri Lanka. Accounts of the banking unions and maha sangams which had not been audited prior to year 2011 have been handed over to accountants of government / semi government institutions for auditing as external auditors.

2.7 BANK MONITORING UNIT

For the purpose of monitoring whether the operational process of the Samurdhi banking unions and maha sangams are functioning properly in accordance with the operational instructions and circulars issued by the Banking Finance Division, for the necessary guidance and keeping in view the objective of increasing productivity and efficiency of the overall sangam system, a “Bank Monitoring Unit” has been established in the Banking Finance Division, and the following functions will be carried by this unit:-

- Follow up action regarding audit queries, audit investigation reports and complaints received from other sources, rectification of short comings discovered in this processs, and referring relevant matters to the Internal Audit, Legal Investigations and other divisions, and the co-ordination of necessary matters.

- Taking action to rectify short comings in accounting matters, establishment matters and daily activities of banking unionss and maha sangams and providing the necessary guidance.

- Providing necessary guidance regarding the balancing of single entry trial balances, mobile banking services, amalgamation of samurdhi banking unions and rehabilitation of banking operational activities affected by losses to banking unions, taken action to rectify matters.

- The “Bank Monitoring Unit” contributes to improving the productivity of banking unions and maha sangams through operational instructions and guidance necessary to banking sangams and maha sangams to cope up with the various timely requirements of these.

- By now, action is under way for Bank Monitoring Units to be set up at district level to facilitate providing the necessary assistance in cases of requirements cropping up suddently, for continuous monitoring and for ease of coordination.

2.8 TRAINING MATTERS

The training unit of the Banking Finance Division engages in training a staff of 1043 in the Samurdhi banking union network and a staff of 317 working in maha sangams in banking functions and other subjects.

In order to provide the customer community with an efficient and productive service, the function of this Division is to perfect the knowledge, skills and positive attitudes of the banking staff.

Accordingly, every officer is given a basic trainining course in banking matters and the accounting process, which gives an understanding about banking procedures. In addition, action will be taken to train unskilled staff of the maha sangams about functions of the maha sangsms and their accounting procedures. Also, several special training programmes had been held for development officers working in the field wiwth the aim of giving them an understanding about banking procedures.

Accordingly, during the year 2011 , several training programmes were held and around 500 trainees took part in these programmes. A sum of around 2 million rupees had been spent for these.

2.9 MANAGEMENT INFORMATION UNIT

Management of the data of the 1043 banking unions is done by the management information unit of the Banking Finance Division. Accordingly, every banking union has to send a monthly progress report on the prescribed format to the data and management unit, and it has been planned to process such data and analyse the condition of the banks and submit data and to create a ratio analysis necessary for the evaluation of progress of banking unions and to evaluate banking unions based on it. Further, action has been taken to transmit to the Banking Finance Division data about banking unions and maha sangams utilizing computer technology.
With the successful computerization of Samurdhi banking unions, this unit continues to analyze and evaluate the prevailing conditions of banking unions to make them more productive and efficient.

2.10 MARKETING PROMOTION UNIT

The Banking Finance Division has taken action recently to introduce to the Samurdhi banking union field the principles of marketing, which is an important sector in banking. Accordingly, the marketing unit of the Banking Finance Division has launched special programmes for the purpose of promotion of deposits in Samurdhi banking unions.

- In the year 2011, with the objective of preserving for future generations Sinhala cultural traditions and national games, and for giving publicity to Samurdhi bank unions among the people, 1000 New Year festivals were held covering every bank union. For this purpose, the Banking Finance Division has given a sum of 11 million rupees to bank unions.

- In the year 2011, eight programmes were formulated and implemented to promote savings in Samurdhi bank unions.

    I. To correspond with the Sinhala and Hindu New Year, an Avurudu Ganu Denu week was named and through it, deposits worth 606 million rupees were collected.

    II. To commemorate the International Womens Day, on 08th March, 2011, the Diriya Matha savings promotion strategy was successfully launched in the 1043 bank unions.

    III. Based on the World Childrens Day, Childrens Deposits Promotion Programmes were implemented.

    IV. Efforts were made to stimulate a religious awakening by organizing spiritual and material religious activities commemorating the thrice blessed Wesak day in the year 2011, centered round 1000 bank unions.

    V. Promotion programme based on the Thai Pongal festival.

    VI. Promotion programme based on the Christmas festival.

Efforts were made to stimulate a religious awakening in Buddhist majority areas, by organizing spiritual and material religious activities in the year 2011 centered round 1000 bank unions.

As a dharma dana, 300,000 copies of the Budu Sarana Wesak number were distributed under the patronage of Samurdhi banking unions, and the Banking Finance Division gave its patronage for the main Wesak national festival which was held concurrently. 1000 banking unions arranged for 1000 dhamma sermons and took action to hold a childrens' Wesak lantern competition, with the aim of promoting childrens accounts.

To commemorate Christmas of 2011, a Christmas festival was held centered round the Negombo area in a very grand manner. In addition,the Banking Finance Division contributed to conducting a number of Christmas programmes in response to requests from areas with a Catholic population.

11. GENERAL MATTERS

11.1 OTHER PROGRAMMES AND ACTIVITIES CARRIED OUT BY THE DIVISION DURING THE NEW YEAR

- For the year 2011, an action plan was prepared with five targets spread gradually over the year for banking unions, and banking unions were directed towards it.

  Most banking unions are now in the process of being computerized. By now, through Internet facilities, the Management Data Unit of the Head Office has commenced obtaining the relevant data.

- The progress of enhancing infra structure facilities of bank unions and maha sangams in the year 2011 under government allocations is shown below:-

PROGRAMME	NUMBER OF PROJECTS	MONETARY PROGRESS RS MN
NEWLY CONSTRUCTED BANK UNION AND MAHA SANGAM BUILDINGS	19	45
REPAIRED BANK UNION AND MAHA SANGAM BUILDINGS	164	86

- During the year 2011, a sum of Rs.1,364,364/93 had been paid as traveling expenses to accountants and investigation officers for visiting bank unions and maha sangams.

- The Banking Finance Division has paid the traveling expenses of audit officers for investigations. This amount has been shown as Rs. 4,450,952/= in the books.

- Sri Lanka Telecom has been selected to create the software required to computerize the banking unions in other districts in addition to the districts of Ratnapura, Hambantota and Moneragala, where banking unions have been computerized. Also, action has been initiated to build a data bank of beneficiaries in all banking unions.

15.0 INTERNAL AUDIT DIVISION

"Internal Audit" can be described as one aspect of internal control within the institutional administrative structure. Internal audit means the continuous efforts made for the purpose of achieving the objectives of the institution, and keeping a watch to see whether such efforts are adhered to, and to keep administration of the institution informed about these.

01. While internal audit is helpful to the internal administration, its service to the internal administrative setup also is tremendous. Viewing broadly, it could be considered under two divisions:-

- Management audit
- Financial audit.

1. In management audit, opinions are expressed about institutional administrative patterns and decisions and about how such decisions affected the future standing of the institution.

The following are inquired into:

i. Has action being taken in conformity with the Authority Act, its objectives and policies?

ii. Has government policy being implemented?

iii. Has action being taken in accordance with an action plan?

Also inquiries are made as to how management decisions had affected the efficiency of the institution, and to submit the audit opinion to the management. 2.In financial audit, inquiries are made as to how the financial administration of the institution had been utilized for the running of the institution according to the annual plan.

i. Conformity to the provisions of the Finance Act No. 38 of 1971.
ii. Conformity to the Accounting and Audit Standards Act No 15 of 1995.
iii. Adherence to Treasury circular instructions.
iv. Adherence to administrative regulations.
v. Also, to examine and report whether action is being taken in accordance with financial regulations and other provisions

Under this, investigations are held to find out whether there have been irregularities, frauds or corruption in the performance of these functions, and proposals are submitted to the management authority to take action under the criminal law and civil law in connection with such offences.

Audit functions have been carried out in the current year, utilizing the staff and resources available to the Internal Audit Division, and another function is to submit the observations of the investigations done monthly to the Board of Directors, and annual and half yearly returns to the Auditor-General.

02. ANNUAL PLAN AND OPERATIONS

NORMAL FUNCTIONS

Among the programmes proposed to be implemented during the current year were:-

i. Subjecting all divisions in the head office to internal audit inspections.

ii. Subjecting all activities in the offices of the Assistant Commissioners of Samurdhi stationed at district level were subject to internal audit inspections.

iii. Subjecting all activities in the Samurdhi sections in Divisional Secretariats to inspections.

iv. Subjecting all activities of the officers of the Authority attached to zonal offices, Samurdhi banking unions, maha sangams to inspections.

v. Subjecting operations of the Samurdhi programme to inspections.

vi. Investigations into other special complaints and petitions, and conducting other special investigations were also done.

SPECIAL FUNCTIONS

i. In addition, our Division was entrusted with the preparation of the final accounts of the Samurdhi banking unions for the year 2009. Profit and Loss Accounts of the Banking unions were rectified, and accordingly the necessary future action was planned for appropriation of profits.

ii. A special responsibility cast on the Internal Audit Division is the due summoning of the Audit and Management Committee, tabling of proposals and submission of the committee's recommendations to the Board of Directors. In this manner, we provide our contribution towards decision making in relation to administration.

03. INTERNAL AUDIT PROGRAMME

03. The internal audit programme has been formulated to subject to inquiry Samurdhi Directors offices island wide, and also programmes implemented at divisional and zonal level. In addition, this programme also inquiries into the activities of 1043 banking unions and 317 maha sangams.

Accordingly, the under mentioned sections are subject to inspections through this:

i. All Divisions of the Head Office
ii. District Samurdhi Office/Deputy Samurdhi Commissioner Office/Zonal offices
iii. Samurdhi Lottery Fund
iv. Samurdhi Housing Development Lottery Fund
v. Samurdhi Fund

vi. Samurdhi banking union cyclic fund
vii. Samurdhi Officers Welfare Fund
viii. Funds such as the Staff loan scheme
ix. Banking unions and Maha Sangams are also subject to audit through this on a running and sample basis.

03.1.1 Shortage of staff during the current year gravely affected the progress of the division. Special mention must be made that although it was planned to organize the entire audit staff for the action plan, its achievement was severely affected by the shortage of staff.

Although 29,400 man days were planned during the current year, the number of man days lost because of the shortage of staff was 3200 and because of the deployment of the staff for special duties was 3800. (Due to the Chief Internal Auditor going on retirement, the Deputy Internal Auditor covered up duties for around three months)Due to this, around twenty four percent of the original plan could not be achieved in the approved plan.

03.2 Aspects which were subject to special attention through the Internal Audit Programme

During inspections of offices attention was paid to the mainly to the following major areas:-

- Suitability of internal control systems – quantitative and qualitative examination.
- Analysis of expenditure and waivers
- Frauds, corruption and irregularities
- Study of procedures and systems.
- Financial information and data analysis.

03.3 Audit inspections carried out during the year

Audit inspections had been carried out in the year as shown below making use of the staff and resources of the Internal Audit Division

UNIT	NO
District Samurdhi Directors office	16
Deputy Samurdhi Directors office	295
Head Office	16
Special investigations	153
Samurdhi banking unions	345
Samurdhi maha sangans	95
Audit of Samurdhi bank financial statements	1130

03.4 AUDIT QUERIES

i. Among audit queries issued during the current year, there were 64 relating to accounting errors and 36 replies had been received.

ii. In respect of the 16 inspections done relating to the Head Office, 16 audit queries were issued and replies have been received regarding 7 of those.

03.5 HOLDING OF SPECIAL INVESTIGATIONS

During the current year, it was reported that there had been 153 instances where investigations had been held. According to the nature of these special investigations, these could be classified as follows:

- Delays in accounting (non preparation of trial balances)
- Non accounting
- Frauds, corruption and irregularities
- Non adherence to circular instructions
- Irregularities during granting of loans and accepting deposits

Out of these, reports relating to 67 investigations had been issued during the year, and it must be noted that most of the complaints had been received anonymously, and that at the inquiry stage, no evidence came forth. However, based on the observations, the attention of the management has been drawn to taking disciplinary action against the officers responsible.

03.6 AUDIT AND MANAGEMENT COMMITTEE MEETINGS

There should be a concurrent coordination between the management and the financial division for the progress of the institution, and this is considered during the meetings of the audit and management committee and the staff committee. The Audit and Management Committee was able to hold eight meetings during the year, and matters discussed and recommendations made had been referred to the Board of Directors and the relevant Divisions for future action.

03.7 AUDIT OF THE SAMURDHI BANKING UNION ACCOUNTS

i. .Progarmmes island wide were implemented during this year too to close the final annual accounts of Samurdhi Bank Societies and Maha Sangams, and to obtain the audit opinion and recommendations in respect of same. Through this, it was possible to audit around 875 Samurdhi Bank unions and 255 maha sangams in respect of the years 2009 and 2010.

ii. Issuing financial statements with audit opinions in respect of 1395 Samurdhi banking unions relevant to the years 2006, 2007 and 2008 was a special function carried out during the current year.

Following are the observations arising out of these investigations:-

I. Several instances were observed where officers of the Samurdhi Bank unions and Maha Sangam had acted contrary to instructions given by the management of the Authority, and the adverse situation caused to the Authority thereby has been evaluated financially and administratively.

II. Weaknesses in the accounting procedures introduced to Samurdhi banking unions and maha sangsms were pointed out, as well as that a trained staff was necessary for them to adhere to such procedures.

III. It was observed that Samurdhi Officers and Samurdhi Managers had a low attitude in regard to their responsibilities and their obligations towards the community.

IV. Several instances were observed of misappropriation of finances and obtaining loans on fraudulent representations.

V. It has been observed that the field officers and other officers have not duly complied with rules and regulations and that they have disregarded such instructions.

VI. Among matters observed were instances where functions carried out using government contributions had not been differentiated from those using contributions from others.

In the course of acting in accordance with the approved overall audit programme and the action plan, in the midst of difficulties, among the achievements won during the current year was the confidence of the Board of Directors towards the revision of procedures and systems, and the efforts made division wise to reply audit queries must be appreciated.

04. STAFF OF THE INTERNAL AUDIT DIVISION

The staff attached to the Internal Audit Division work in affiliation with the divisional level staff. Its composition is as follows:

POST	TOTAL	HEAD OFFICE	DISTRICT OFFICES
CHIEF EXECUTIVE	02	02	-
EXECUTIVE OFFICERS	03	03	
AUDIT OFFICERS	63	13	50
AUDIT MANAGERS	65	02	63
SUPPORTING STAFF	03	03	
OTHER STAFF	05	05	
TOTAL NO	**141**	**28**	**113**

16.0 INVESTIGATIONS DIVISION.

It is easy to maintain institutional good governance within the context of maintaining respect for discipline. Especially due to the activation of the Legal and Investigations Division, not only the good standing of the Samurdhi Authority of Sri Lanka is upheld, but also the transparency of the functions of the entire institution is maintained.

16.1 The function of this division, whose theme is “a disciplined work force”, is instrumental for the good conduct of not only its staff, but also of external parties. The main objective of this Division is to maintain discipline in the institution in a broad and efficient manner, to uphold good order of the institution and to provide relief to both employer and employee through investigations.

16.2

16.2.1 BASIC FUNCTION AND OBJECTIVES OF THE INVESTIGATION DIVISION

01. Providing assistance to maintain law and order within the institution.
02. Minimizing the tendency towards misconduct by identifying offences, imparting awareness about it and by recommending the inflicting of punishment.
03. Making an attitudinal change among Samurdhi officers regarding good conduct.
04. Assisting to recover compensation from those responsible for the misuse of financial and material resources.

16.2.2 TASKS:-

- Conducting the preliminary investigations on complaints.
- Preparation of charge sheets and serving same on the relevant officers.
- Appointing Boards of Inquiry.(Appointment of Prosecution Officers and granting of consent for the appearance of Defending officers)
- Leading the prosecution.
- Providing advisory services to other divisions in proceedings relating to breaches of discipline.
- Obtaining the final report from Boards of Inquiry.
- Submitting recommendations to the Disciplinary Authority about inquiries.
- Action on appeals received against disciplinary orders.

- Assisting the exercise of disciplinary powers which have been decentralized down to Divisional Secretariat level.

- Conducting District Progress Review activities on disciplinary matters.

16.3 DISCIPLINARY INQUIRIES

16.3.1 PROGRESS MADE DURING THE CURRENT YEAR :-

	Completed	Pending
Disciplinary inquiries	10	43

16.3.2 PROGRESS OF DISCIPLINARY INQUIRIES AGAINST SAMURDHI MANAGERS AND SAMURDHI DEVELOPMENT OFFICERS

Numbers interdicted	-	03
Number dismissed from service	-	04

PROGRESS OF DISCIPLINARY INQUIRIES AGAINST SAMURDHI DEVELOPMENT OFFICERS

Number of officers interdicted	-	15
Number of officers dismissed	-	36

17.0 LEGAL DIVISION

Our major aim is to be a forerunner in developing a law abiding, disciplined state institution containing good governance and shouldering the burden of creating a prosperous state by rendering a superior service to the nation and alleviating poverty through maintaining the overall functions of the institution in a transparent manner to ensure the well being of the Samurdhi Authority of Sri Lanka

The aim of the Legal Division is the creation of an institution beneficial to both the state employer and employees by performing its functions at a broad and efficient level.

ROLE

(1) Assisting the maintenance of law and order in the institution

(2) Minimizing the tendency towards misconduct by briefing about the law

(3) Making an optimistic attitudinal change among Samurdhi officers regarding good conduct through the law.

TASKS

1. Attending to legal matters based on complaints.

2. Providing advisory services relating to violations of the law, and preparation of legal documents.

3. Assisting the maintenance of law and order in the institution.

4. Identifying the offence – providing legal advice, attending to legal matters and thereby assisting to minimize the tendency towards misconduct.

5. Taking action to create an attitudinal change among Samurdhi officers regarding good conduct by getting them to know and understand about the law.

6. Appearing and representing in courts in cases filed by the Authority, and taking action to obtain the assistance of lawyers from the Attorney Generals Department and the incidental coordination in regard cases filed against the Authority.

7 Providing advisory services relating to violations of the law, and preparation of legal documents.

8 Coordination and follow up action relating to lawyers of the lawyers panel appointed by the Authority.

9 Taking action on complaints made to the Human Rights Commission.

10 Attending to legal matters regarding housing loans and motor cycle loans.

11. Maintaining relevant files and documents in relation to the above functions.

PROGRESS

1. Most of the judgements in cases filed on behalf of the institution have been favourable to the institution.

2. In certain cases, the courts have ordered reinstatement only without back wages.

3. Due to the neglect and lack of supervision by Samurdhi Officers, certain judgements unfavourable to the Authority have been delivered.

4. Judgements unfavourable to the Authority have been also being delivered in instances where Samurdhi beneficiaries had been reluctant to face courts due to ignorance.

PROGRESS OF LEGAL ACTION AS AT 31.12.2011

TYPE OF ACTION	PENDING FURTHER
1. Supreme Court cases	05
2. Court of Appeal cases	03
3. Civil Court of Appeal cases	02
4. High Court cases	01
5. District Court cases	05
6. Labour Tribunal cases	51
7. Complaints to the Human Rights Commission	24
8. Complaints to the Ombudsman	03

18.0 FINANCIAL MANAGEMENT DIVISION

Financial control of the institution does not mean curtailing expenditure, but making optimum use of the limited resources in a productive manner, for the progress of the institution. The basic objective of this division is to accumulate all income received by the authority by way of banking finance savings as provisions, and invest and manage same more systematically.

18.1 This Division is entrusted with the task of assisting the dual functions of making available necessary funds required for the implementation of the Samurdhi programme island wide, and to maintain financial discipline.

During the current year, action was taken to revise procedures and systems, as well as to establish financial controls in the relevant Divisions.

Especially, action was taken to incorporate investments of banking unions to the monthly accounting systems of the relevant Divisions, which had worked in cooperation with the Financial Division. Accordingly, in the process of providing financial assistance to small groups under the banking financial system, the contribution made by this Division was of a high level.

18.2 FUNCTIONS OF THE FINANCE DIVISION CAN BE SUMMARISED AS FOLLOWS:-

- Preparation of annual budget, based mainly on the financial resources provided by the General Treasury, making amendments to the budget and budgetary control.

- Preparation of annual budget for the Samurdhi Programme based mainly on the divisional financial resources, making amendments to the budget and budgetary control.

- Release of divisional financial resources for the Samurdhi Programme, collection of financial data and financial management

- Collection of information relating to accounts at divisional level to maintain accountability of the overall Samurdhi Programme, and preparation of final financial statements in conjunction with the accounts maintained in the head office.

- Submission of the final financial statements for audit, follow up action in regard to matters arising from the audit queries and rectification of errors.

- Provision of necessary financial data and information required for monitoring and management decision making, and providing guidance.

- Preparation of necessary background for the safe guarding of the assets of the Samurdhi Authority of Sri Lanka, and the implementation of Samurdhi programme effectively.

- Collection and accounting of income relating to the Samurdhi Programme.

- Delegation of financial authority in connection with all expenditure inclusive of developmental expenditure of the Samurdhi programme, salaries of the staff, and the incurring and accounting of expenditure.

- Introduction and implementation of accounting systems and accounts procedures in keeping with the timely requirements of the Samurdhi Programme.

- Taking necessary steps to account for the cheques received for provision of printed stationery to Banking unions, depositing such cheques into the bank accounts of the relevant districts and maintain the banking union stationery cyclic funds, investing the surplus cash balances and maintaining accounts.

- Collection and accounting of money for the Samurdhi Fund, investment of funds whenever the requirement arises, and accounting same.

- Obtaining the relevant contributions for the Samurdhi housing Development Lottery from the District Secretariats monthly, releasing money for the prize winners, bearing expenditure related to the lottery programme, investing of the balance amount productively, preparation of the final accounts related to the lottery fund monthly and annually, and forwarding them to the Samurdhi Housing Development lottery trustee board.

- Organizing of all supply activities of the Samurdhi Authority.

- Accounting functions pertaining to the Asian Development Bank Aid Programme.

- Receipt and issue of stores items

- Collection and accounting of money to the Samurdhi Officers Welfare Fund, and releasing of money as advances to District Secretariats.

PART TWO

SAMURDHI AUTHORITY OF SRI LANKA

FINANCIAL STATEMENTS FOR THE YEAR 2011

ACCOUNTING POLICIES

1.GENERAL

The Samurdhi Authority of Sri Lanka has been incorporated under the Samurdhi Authority Act No: 30 of 1995.The function of the Authority is to improve the economic and social condition of the youth, women and disadvantaged groups in society.

The financial statements of the Authority have been prepared on the historical cost basis, and in accordance with the generally accepted accounting principles and accounting concepts. No adjustments have been made for the inflationary factor in the financial statements.

2. ACCOUNTING PERIOD

Accounting period is from 01.01.2011 to 31.12.2011.

3. ACCOUNTING OF GRANTS

1. Recurrent grants received from the government and capital grants have been adjusted to Income and Expenditure Account and to government contribution respectively.

2. Receivables from funds and receivables from Banking Finance Division for the Capital requirements, and receivables from funds and receivables from the Banking Finance Division for the recurrent requirements, have been shown under the Participating Account and Expenditure Account respectively.

4. ASSETS AND BASIS OF THEIR EVALUATION

I. Tangible Assets and Depreciation

Depreciation has been calculated on the straight line basis on cost, at the following rates per annum. Lands and properties have not been depreciated.

Construction Expenses	10%
Machinery and advertising equipment	20%
Vehicles	20%
Telephone and fittings	20%
Office Equipment	20%
Computers and Accessories	25%
Educational Equipment	20%
Training Centre Equipment	20%

Training Centre Machinery	20%
Training Centre Buildings	5%
Improvement of Training Centres	5%
Furniture and Household Equipment	20%
Printing Machines and Other Accessories	20%
Air Conditioning Equipment	20%
Agricultural Equipment	20%
Computer Software	25%
Other Equipment	20%
Media Equipment	20%
Sport Equipment	20%
Type Writers	20%
Postal Franking Machines	20%
Fire Proof Cabinets	20%
Machinery and Equipment	20%
Training Centre – Other Equipment	20%
Training – Furniture	20%
Furniture for Head Quarters Manager	20%
Library Books	25%
Minor Office Equipment	20%
Computer Network	25%
Construction of Bank Buildings	05%
Renovation of Bank Buildings	05%
Office furniture - Maha Sangam	20%
Telephone facilities – Maha Sangam	20%
Telephone connections	20%

Depreciation of assets is adjusted in full in the year of acquisition and provision has not been made for depreciation in the year of disposal. No rates of depreciation are shown in the case of assets which have been completely depreciated.

5. STOCKS

Trading stocks, stationery and consumable stocks have been valued on cost, and cost has been arrived on the First in First out (FIFO) basis.

6. DEBTORS AND OTHER RECEIVABLE VALUES

Debtors and other receivables are stated at the values estimated to be realized.

7. LIABILITIES AND PROVISIONS

I. CURRENT LIABILITIES

Current liabilities are the payments to be made on stipulated dates, or payments to be made within a period of one year from the balance sheet date

II. RETIREMENT BENEFITS

The accounting policy of the Samurdhi Authority of Sri Lanka is to allocate retirement benefits of the employees for the number of years service completed since joining the service.

8. INCOME AND EXPENDITURE

I Income and expenditure is accounted for on the accrued basis.

II 100% allocations had been made for capital expenditure incurred for the development programmes implemented by the Authority, and written off to the Income and Expenditure Account.

9 Adjustments have been made in respect of amounts recovered and amounts receivable in respect of projects which had been written off prior to the year 2008 as development expenditure, and accounted for under the Samurdhi Fund. As amounts recovered from development projects are credited to Samurdhi banks from the year 2008, these are not included in the financial statements.

10. In performing the functions of the Samurdhi Authority of Sri Lanka, District Secretariats are treated as branch offices, and accounts are maintained utilizing the decentralized branch accounts system prevalent in the branch accounts system Accordingly, after the head office reconciles the branch account on behalf of the district office, it is shown as current assets in the year ending balance sheet of that account. This had been the accounting policy followed up to the year 2005. This policy has been changed, and since 2006 when accounts are being prepared, action has been taken to disclose separately in the balance sheet the various account balances shown in the current account called District Secretary.

Notes : -

1 . Investments which are shown under share investments are investments in unquoted companies.

2 . Although the expenditure borne by funds is shown as development expenditure in the Income and Expenditure Account, a similar amount is shown separately in the Income and Expenditure Account as receipts from various funds. Therefore it will not affect the surplus/ (deficit).

3 . Although expenses incurred for the Media, Monitoring and Evaluation programme had been shown as recurrent expenditure up to the year 2004, as the General Treasury gives allocations for this programme under capital provisions from the year 2005, expenditure incurred for Media, Monitoring and Evaluation programmes is shown as development expenditure under 100% allocations.

4. Since the year 2005, the Balangoda Training Center was treated as an independent unit operating under the Authority, and accounts were prepared under the decentralized branch system. Accordingly, a separate Income and Expenditure Account has been prepared for the training center, and the income of the training center calculated based on it, and the transactions of the training center amalgamated with the accounts of the head office. Overhead expenses of the training center have been shown under other administrative expenditure of the Authority.

5. Since the Banking Finance Division is engaged in earning profits working as an independent unit, whilst contributing to achieve the objectives of the Authority, the profits earned by that Division have been calculated, using a separate income statement and a Balance Sheet for that division, based on the transactions of that division. As the Banking Finance Division is functioning under the Authority, items in the Balance Sheet have been amalgamated with the accounts of the head office.

6. Since the year 2009, the Nillamba Training Center was treated as an independent unit operating under the Authority, and accounts were prepared under the decentralized branch system. Accordingly, a separate Income and Expenditure account has been prepared for the training center, and the income of the training center calculated based on it, and the transactions of the training center amalgamated with the accounts of the head office. Overhead expenses of the training center have been shown under other administrative expenditure of the Authority.

7. The expenditure of Rs.1,000,000.00 shown as special programme costs is in respect of the expenditure borne during the SAARC summit held in the year 2006 for the alleviation of poverty.

8. The depreciation rate of 20% which prevailed in respect of improvements to training centers, construction of bank buildings and improvements to bank buildings up to the year 2010, has been adjusted as depreciation at 5% and the relevant adjustments made in the accounts from the year 2011.

9. While the robbery of salary money amounting to Rs.416,319.68 from the Dehiowita Divisional Secretariat in the year 2003 had been shown in the accounts as cash in transit, now this amount is shown in the accounts as an amount receivable from the Kegalle district office until the verdict is given, as the relevant case which is before the District High Court, Kegalle has not yet been concluded.

SAMURDHI AUTHORITY OF SRI LANKA - BALANCE SHEET AS AT 2011-12-31

	NOTES	2011			2010	
		RS CTS			RS CTS	
ASSETS						
NON CURRENT ASSETS						
PROPERTY, PLANT AND EQPMT -	1		**553,156,895.79**		472,821,130.94	
PROPERTY, PLANT AND EQPMT – BANK	25		**1,088,134.00**		1,273,100.00	
INVESTMENTS	2		**2,278,627,117.91**	**2,832,872,147.70**	2,187,855,069.80	**2,661,949,300.74**
INVESTMENTS – BANK	24	15,694,945,197.00	**15,694,945,197.00**	15,694,945,197.00	15,437,355,884.00	15,437,355,884.00
DEVELOPMENT EXPENDITURE						
DEVELOPMENT EXP COST	3		**16,893,716,666.30**		14,648,866,372.09	
PROVISION FOR DEVELOPMENT EXP	4		**(16,893,716,666.30)**	-	(14,648,866,372.09)	-
CURRENT ASSETS						
STATIONERY AND TRADING STOCKS	5		**29,073,902.21**		23,571,928.64	
SUNDRY DEBTORS	6		**1,899,980.88**		4,774,238.88	
• • LOANS RECEIVABLE - BANK	23	1,928,513,820.00			1,043,904,524.00	
LESS PROVISIONS FOR BAD DEBTS		(181,155,092.00)	**1,747,358,728.00**			
OTHER ASSETS - BANK	27		**1,187,980,697.00**		348,075,460.00	
ADVANCES	9		**108,652,260.67**		28,906,256.10	
DEPOSITS	7		**1,677,500.00**		1,677,500.00	
CASH RECEIVABLE □□	10		**1,224,005,795.11**		1,215,116,513.01	
STAFF LOANS RECEIVABLE	8		**111,863,728.08**		105,566,616.57	
INTEREST RECEIVABLE ON INVESTMENTS	11		**50,193,844.78**		42,080,079.54	
INSURANCE COMPENSATION RECEIVABLE	13		**379,799.40**		351,349.40	
CASH IN TRANSIT	12	32,125,153.12				
LESS PROVISION FOR CASH LOSSES		(416,319.68)	**31,708,833.44**		**215,495,981.13**	
BALANGODA TRG CENTER	44		**(0.00)**		(12,631.92)	
NILLAMBA TRG CENTER			**25,000.00**			
CASH BALANCE (DISTRICT)	14		**7,154,424.13**		1,655,050.87	
CASH BALANCE (DIVISIONAL)	14		**56,820,957.17**		142,687,010.57	
CASH AND BANK BAL – BANK	26		**11,038,524.00**		6,666,493.00	
CASH BALANCE – (HEAD OFFICE)	16		**52,613,616.93**	**4,622,447,591.80**	240,880,697.85	**3,421,397,067.64**
TOTAL ASSETS				**23,150,264,936.50**		**21,520,702,252.38**

	NOTES	2011 RS CTS			2010 RS CTS	
EQUITY AND LIABILITIES						
GOVT CONTRIBUTION			**14,942,423,130.47**		14,337,198,797.64	
CONTRIBUTION OF LOTTERIES FUND			**21,706,291.20**		21,706,291.20	
VESTING OF ASSETS – DS BALANGODA	48		**1,900,000.00**		1,900,000.00	
CONTRIBUTIONS FROM BANKING FINANCE, SASANA AND SAVANA FUNDS			**331,251,010.90**		331,251,010.90	
CONTRIBUTION FROM BANKING FINANCE DIVISION			**12,587,376.38**		12,587,376.38	
CONTRIBUTION – SAMURDHI BRIGADE			**-**			
CONTRIBUTION FROM ADB			**149,655.00**	**15,310,017,463.95**	149,655.00	**14,704,793,131.12**
CUMULATIVE OWNERSHIP						
SURPLUS/DEFIECIT			**(19,225,502,253.64)**		(18,195,253,907.03)	
CAPITAL RESERVES – BANK	32		**975,000,000.00**		975,000,000.00	
RETAINED PROFITS - BANK	32		**3,743,532,057.00**	**(14,506,970,196.64)**	3,302,894,384.00	(13,917,359,523.03)
				803,047,267.31		**787,433,608.09**
NON CURRENT LIABILITIES						
FUNDS	17		**3,314,764,456.83**		3,127,214,080.40	
RETIREMENT GRATUITY LIABILITIES	18		**3,321,005,018.55**		2,787,919,202.90	
GRATUITIES – WATER RESOURCES BOARD			**377,941.49**	**6,636,147,416.87**	377,941.49	**5,915,511,224.79**
DEPOSITS – BANK	29		**12,527,974,903.00**		11,710,328,652.00	
CONCESSIONARY LOANS - BANK	30		**1,350,490,903.00**	**13,878,465,806.00**	822,145,936.00	**12,532,474,588.00**
LIBRARY BOOKS			**99,985.00**	**99,985.00**	99,985.00	
CURRENT LIABILITIES						
ACCRUED EXP AND PROVISIONS	19		**5,873,688.16**		681,458,762.81	
SUNDRY CREDITORS	20		**-**			
OTHER LIABILITIES - BANK	31		**45,413,417.00**		26,906,489.00	
GENERAL DEPOSITS	20		**114,604,323.16**		94,959,513.65	
CASH PAYABLE	21		**1,619,305,796.99**		1,322,927,370.28	
TENDER DEPOSITS AND BONDS	22		**53,570.84**		179,570.84	
NAVODAYA SPECIAL DEPOSITS	15		3,724,756.67		4,414,945.13	
DIVISIONAL GENERAL DEPOSITS	15		944,776.25		18,359,342.39	
RETENTION MONEY	15		42,584,132.25	**1,832,504,461.32**	135,976,852.40	**2,285,282,831.50**
TOTAL EQUITY AND LIABILITIES				**23,150,264,936.50**		**21,520,702,252.38**

SAMURDHI AUTHORITY OF SRI LANKA.

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDING 31ST DEC 2011.

	NOTES	2011 RS CTS	2010 RS CTS
INCOME			
GOVT CONTRIBUTION (RECURRENT)		**7,661,858,000.00**	**7,989,361,000.00**
CAPITAL CONTRIBUTION (DEVELOPMENT PROJECTS)		**2,023,115,739.33**	-
OTHER INCOME			
RECEIPTS FROM THE BANKING FINANCE DIVISION		71,533,984.63	39,707,061.66
RECEIPTS FROM THE SAMURDHI FUND	44	6,150.50	3,050.00
RECEIPTS FROM THE STATIONERY CYCLIC FUND	45	5,069,475.55	2,389,924.50
RECEIPTS FROM THE HOUSING LOTTERY FUND	56	229,367,009.14	224,422,925.62
SUNDRY INCOME	32	6,210,237.82	8,718,644.64
SURPLUS OF TRAINING CENTER, BALANGODA	47	1,740,742.13	291,487.56
TOTAL INCOME		**9,998,901,339.10**	**8,264,894,093.98**
OPERATIONAL EXPENDITURE			
STAFF COSTS	33	8,159,621,793.90	7,406,755,057.51
TRAVELLING EXPENSES	34	87,913,091.13	96,701,377.90
SUPPLIES	35	33,816,845.73	49,206,214.20
MAINTENANCE EXPENDITURE	37	18,258,106.51	17,312,002.93
CONTRACTED SERVICES	36	76,325,186.66	75,256,665.75
RESEARCH AND DEVELOPMENT EXPENSES	42	2,479,292,929.40	3,043,810,010.20
DEPRECIATION		68,238,728.53	156,217,839.38
OTHER OPERATIONAL EXPENSES	38	7,981,558.84	9,080,862.50
EXPENDITURE OF BANKING FINANCE DIVISION	40	25,234,480.69	15,173,333.25
EXPENDITURE OF NILLAMBA	41	2,053,465.64	955,852.53
TOTAL OPERATIONAL EXP		**10,958,736,187.03**	**10,870,469,216.15**
OPERATIONAL SURPLUS/(DEFICIT)		**(959,834,847.93)**	**(2,605,575,122.17)**
FINANCIAL COST	39	161,888.00	149,573.90
PROFITS FROM THE SALE OF PROPERTY, PLANT AND EQPMT		-	167,080.00
NET SURPLUS/(DEFICIT) PRIOR TO EXTRA ORDINARY ITEMS		**(959,996,735.93)**	**(2,605,557,616.07)**
SURPLUS/(DEFICIT) FOR THE YEAR		**(959,996,735.93)**	**(2,605,557,616.07)**
SURPLUS/(DEFICIT) FOR THE PREVIOUS YEAR		**(18,195,253,907.03)**	**(15,730,186,264.40)**
PREVIOUS YEAR'A ADJUSTMENTS		**(70,251,610.68)**	**140,489,973.44**
SURPLUS/(DEFICIT) AFTER THE PREVIOUS YEAR'S ADJUSTMENT		**(18,265,505,517.71)**	**(15,589,696,290.96)**
NET SURPLUS/(DEFICIT)		**(19,225,502,253.64)**	**(18,195,253,907.03)**

SAMURDHI AUTHORITY OF SRI LANKA
CASH FLOW STATEMENT FOR THE PERIOD ENDING 31ST DEC 2011

	2011	2010
	RS CTS	RS CTS
OPERATING ACTIVITIES		
EXCESS OF EXPENDITURE OVER INCOME	**(959,996,735.93)**	**(2,605,557,616.07)**
ADJUSTMENTS		
ADJUSTMENT OF DEPRECIATION	**(130,609,294.74)**	156,336,131.88
PREVIOUS YEARS ADJUSTMENTS	**(70,251,610.68)**	140,489,973.44
PROVISION FOR GRATUITY OBLIGATIONS	**533,085,815.65**	307,539,940.88
RECTIFICATION OF ERRORS	**50,000,000.00**	(167,080.00)
DEVELOPMENT EXPENDITURE	**2,244,850,294.21**	2,816,994,110.08
RETAINED PROFITS - BANK	**440,637,673.00**	395,107,823.00
OPERATING SURPLUS/ (DEFICIT) BEFORE CHANGES IN WORKING CAPITAL	**2,107,716,141.51**	**1,210,743,283.21**
(INCREASE)/DECREASE STATIONERY & TRADING STOCK	**(5,501,973.57)**	2,405,146.94
(INCREASE)/DECREASE OF DEBTORS	**2,874,258.00**	3,155,793.07
(INCREASE)/DECREASE LOANS RECEIVABLE - BANKS	**(703,454,204.00)**	(10,353,873.00)
(INCREASE)/DECREASE IN OTHER ASSETS - BANKS	**(839,905,237.00)**	896,593,168.00
(INCREASE)/DECREASE IN ADVANCES	**(79,746,004.57)**	(3,981,881.99)
(INCREASE)/DECREASE IN CASH RECEIVABLE	**(8,889,282.10)**	104,095,893.24
CASH RECEIVABLE – TO OFFICIAL A/C FROM A/C 2118	**-**	538,805.50
CASH RECEIVABLE – TO OFFICIAL A/C FROM STATIONERY A/C	**-**	34,282.59
(INCREASE)/DECREASE IN EMPLOYEE LOAN RECEIVABLE	**(6,297,111.51)**	(3,988,083.35)
(INCREASE)/DECREASE IN INVESTMENT INTEREST RECEIVABLES	**(8,113,765.24)**	(31,231,597.47)
(INCREASE)/DECREASE IN INSURANCE CLAIM RECEIVABLES	**(28,450.00)**	210,780.00
(INCREASE)/DECREASE IN BALANGODA TRAINING CENTRE	**(12,631.92)**	17,611.17
(INCREASE)/DECREASE IN NILLAMBA TRAINING CENTRE		6,000.00
INCREASE/(DECREASE) IN ACCRUED EXPENDITURE	**(675,585,074.65)**	76,361,921.93
CREDITORS	**-**	(14,502,746.00)
OTHER LIABILITIES - BANKS	**18,506,928.00**	(14,441,245.00)
INCREASE/(DECREASE) IN GENERAL DEPOSITS	**19,644,809.51**	94,853,530.65
INCREASE/(DECREASE) IN CASH PAYABLE)	**(126,000.00)**	142,780.00
INCREASE/(DECREASE) IN CASH PAYABLE	**296,378,426.71**	21,027,864.55
INCREASE/(DECREASE) IN CASH PAYABLE	**-**	(538,805.50)
NAVODAYA SPECIAL DEPOSITS	**(690,188.46)**	(423,408.81)
HOUSING LOTTERY CONTRIBUTIONS		(65,660.00)
DIVISIONAL GENERAL DEPOSITS	**(17,414,566.14)**	(853,198,537.70)
INCREASE/(DECREASE) IN CASH PAYABLE	**(93,392,720.15)**	3,711,671.89
NET CASH FLOW FROM OPERATIONAL ACTIVITIES -01	**5,963,354.42**	**1,481,172,693.92**

INVESTMENT ACTIVITIES		
ACQUISITIONS OF FIXED ASSETS	(50,805,071.76)	(258,658,766.11)
ACQUISITIONS OF FIXED ASSETS – BANKING FINANCE	184,966.00	(1,273,100.00)
WAIVER OF FIXED ASSETS	51,078,601.65	167,080.00
INVESTMENTS	(90,772,048.11)	(246,841,047.07)
INVESTMENTS – BANKING FINANCE	(257,589,313.00)	(2,049,022,115.00)
RECEIPT OF GOVERNMENT GRANTS	605,224,332.83	3,236,000,000.00
DEVELOPMENT EXPENSES	(2,244,850,294.21)	(2,816,994,110.08)
NET CASH FLOW GENERATED FROM INVESTMENT ACTIVITIES – 02	(1,987,528,856.60)	(2,136,622,058.26)
FINANCIAL ACTIVITIES		
FUNDS	187,550,376.43	229,197,769.09
FUNDS (BANKING FINANCE)	-	99,985.00
DEPOSITS – BANKS	817,646,251.00	885,779,869.00
CONCESSIONARY LOANS FROM BANKS	528,344,967.00	(96,083,676.00)
NET CASH FLOWS GENERATED FROM FINANCIAL ACTIVITIES - 03	1,533,541,594.43	1,018,993,947.09
NET INCREASE IN CASH & CASH EQUIVALENCE	(448,023,877.75)	363,544,582.75
CASH & CASH EQUIVALENCE AT THE BEGINNING OF THE PERIOD	607,801,553.10	244,256,970.35
CASH & CASH EQUIVALENCE AT THE END OF THE PERIOD	159,777,675.35	607,801,553.10
CASH & CASH EQUIVALENCE AT THE END OF THE YEAR		
CASH IN TRANSIT BALANCE	32,125,153.12	215,912,300.81
CASH & BANK BALANCE (DISTRICT SECRETARIAT)	7,154,424.13	1,655,050.87
CASH & BANK BALANCE (DIVISIONAL)	56,820,957.17	142,687,010.57
CASH & BANK BALANCE (HEAD OFFICE)	52,638,616.93	240,880,697.85
CASH & BANK BALANCE (BANKING FINANCE)	11,038,524.00	6,666,493.00
	159,777,675.35	607,801,553.10

YS/B/SA/FA/2011/03 07 January 2013

The Director General,
Sri Lanka Samurdhi Authority.

Report of the Auditor General on the Financial Statement of the Sri Lanka Samurdhi Authority for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act No. 38 of 1971

The audit of financial statements of the Sri Lanka Samurdhi Authority for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information 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 Section 13(1) of the Finance Act, No.38 of 1971 and Section 17(3) of Part V of the Sri Lanka Samurdhi Authority Act, No.30 of 1995. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Director General of the Authority in on 10 October 2012.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Samurdhi Authority as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following deficiencies were observed.

(a) A sum of Rs.200 million given for the Samurdhi Bank Development Programmes of the Banking and Financial Activities Division out of the capital contributions received from the General Treasury had been included under research and development expenditure in the Income and Expenditure Account for the year under review. Nevertheless, the receipt of funds relating to that had not been included in the income and expenditure account.

(b) A sum of Rs.571,093 received from the Nillamba Training Centre during the year under review had been credited to the prior year adjustment account and as such the accounts receivable account from the Nillamba training centre had been overstated by that amount.

(c) The value of buildings constructed by using the funds amounting to Rs.241 million in the Banking and Financial Activities Division was not shown under non-current assets.

(d) Eventhough a sum of Rs.80,579,226 had been paid for the acquisition of 5,557,188 shares at Rs.14.50 per share in a private bank it was posted to the relevant investment account as Rs.55,571,880 and as such the value of investment had been understated by Rs.25,007,346.

(e) The estimated value of Rs.1,251,404 for the modification of the building constructed to store stationery had been brought to account as fixed assets and as such the fixed assets had been overstated by that amount in the year under review.

(f) A sum of Rs.23,300,000 given to 932 bank societies in respect of primary activities of the computerization of Samurdhi Bank Societies had been brought to account as a purchase of computer software under fixed assets and an annual depreciation of Rs.5,825,000 had made thereon. As a result the fixed asset and the deficit for the year under review had been overstated by Rs.23,300,000 and Rs.5,825,000 respectively.

(g) The stock difference of Rs.3,289,139 observed at the year end closing stock verification of the Stationery Revolving Fund had been brought to account as an income and as such the balance of the fund as at the end of the year had been overstated by that amount.

(h) As a result of accounting the interest on employees' housing loans amounting to Rs.13,008,268 received in the year under review as Housing Loans, the interest income and the balance of Housing Loans Account for the year under review had been understated by that amount.

(i) The interest receivable from the banking and financial Activities Division granted staff loan balance of Rs.1,236,097,118 as at the end of the year under review had not been computed and brought to accounts.

2.2.2 <u>Unreconciled Control accounts</u>

Balances of the following accounts had not been reconciled with the relevant schedule balances even by December 2012.

Item	Balance as per Accounts	Balance as per Schedule	Difference
------	------------------	------------------	--------------
	Rs.	Rs.	Rs.
Staff cycle loans	99,739,615	99,698,832	40,783
Staff housing loans	612,096,738	610,909,336	1,187,402
Jana Pubudu Loans	221,930	82,117	139,813

2.2.3 Accounts receivable and payable

The following matters were observed.

(a) Action had not been taken to settle 4 suspense debtor balances totalling Rs.1,899,981 brought forward from more than 5 years even during the year under review and the Authority had failed to get these balances confirmed to audit.

(b) Although the Credit Animators Programme had been inactive since 2006, out of the securities deposited in 2 state banks on that, a sum of Rs.558,771 had not been recovered even by the end of the year under review.

(c) As the VAT on payments made in respect of printing of looseleaf ledger sheets in the banking and financial activities division had been paid twice, the balance of Rs.517,304 shown in the accounts of the Banking and Financial Activities division as receivable since 2007, which had been given to the Accounts Division as advances had not been recovered from the Ministry of Finance even during the year under review.

(d) The Authority had failed to recover the concessionary interest of Rs.156,433,387 on Janapubudu loan granted to Samurdhi Bank Societies by utilizing the funds of the banking and financial activities division until the Treasury reimbursement was received, from the Treasury even by September 2012.

(e) A balance of Rs.45,364 included in the receivable account was outstanding since 2009 and action had not been taken to recover same even during the year under review.

(f) A sum of Rs.379,064 receivable from the Bhagya newspaper to the Samurdhi Fund had remained unrecovered for more than 05 years and was shown as a receivable balance in the account.

2.2.4 Lack of Evidence for Audit

Evidence stated against the following items of accounts was not made available for audit.

	Item -------	Value -------- Rs.	Evidence not made available ----------------------------------- -
(a	Government capital contribution	554,419,261	Detailed registers to show how it is used for the purchase of assets
(b	Employees consumable loans	524,260,761	- Detailed schedules - Correctly prepared statement of accounts
(c	Provisions given to 2 infrastructure facility projects	400,000	Information to ensure that it had been spent on the relevant projects

(d	Development expenditure	2,044,850,294	Details on how the sum of Rs.21,734,555 was supplied in addition to the contributions received from the General Treasury, detailed reports relating to 4 programmes totalling Rs.22,424,054.

2.2.5 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules Regulations etc --------------------------------------			Non-compliance ---------------------
(a	Sri Lanka Samurdhi Authority Act, No. 30 of 1995		
	Sections 5(f) and 20(1)		Although action should be taken to conduct lotteries to supply money for the implementation of Samurdhi Programme with the assistance of the National Lotteries Board, lotteries had not been held for several years by the Lottery Fund established for that purpose.
(b	Section 2.3.2 of Chapter XXXII of the Establishments Code		An officer who is willing to contest as a candidate at an election, he/she should take no pay leave for the period from one week before the nomination date up to the date of election. Nevertheless, action in respect of 23 officers of the Authority who contested at the local Authorities election – 2011 had not been taken in accordance with those provisions.
(c	Financial Regulations		
	(i) F.R. 715		Although the maintenance of distribution lists with proper acknowledgements for stores assigned under authority to particular officers, branches or units for their official use or temporary custody should be carried out by indicating the identification numbers of stores receipts and issues, these requirement had not been complied with in respect of 20 Digital type cameras and 20 laptop computers.

	(ii) F.R. 1646		Although daily running charts and monthly summaries of all vehicles should be presented before the 15th day of the month following daily running charts for 04 months of 33 vehicles of the Authority in the year 2011 were not presented.
(d	Procurement Guidelines – 2006		
	(i) Paragraph 4.2.1		Although the procurement entity of an institution should prepare a main procurement plan including the expected procurements at least for a period of 3 years the Authority had not prepared such a procurement plan.
	(ii) Paragraph 4.2.2 (b)		A procurement time table in detailing each procurement process steps periodically from the beginning of the procurement process to the end should be prepared, but such a time table had not been prepared in respect of printing of Samurdhi flags day forms and banners.
(e	Treasury Circulars		
	(i) Circular No. 842 of 19 December 1978		An updated Register of fixed assets had not been maintained.
	(ii) Circular No IAI/2002/02 of 28 November 2002		A register for computers of the Authority had not been maintained as per Circular instructions.
(f	Paragraph 7.4.5 of the Public Enterprises Circular No. PED/12 dated 02 June 2003 & F.R. 756		Annual Board of Survey had not been conducted in respect of motor vehicles.
(g	Paragraph 03 and 05 of the Department of Public Finance Circular No. PF/FS/A-Vehicles/2009 and dated 14 July 2010		Motor vehicles which become repairable condition should be repaired or disposed within 03 months by taking required action. Nevertheless, 10 vehicles of the Authority incurred technical defects had remained for the periods of 3 ½ months to 02 years but action in terms of circular instructions had not been taken.

(h	Paragraphs a.1(v), (vi) of the Sri Lanka Samurdhi Authority Circular No. 2009/05 dated 06 December 2008		Eventhough all documents pertaining to each contract performed should be maintained by the Samurdhi Societies / Samurdhi Brigade, 14 Samurdhi Brigades / Samurdhi Societies in the 02 Divisional Secretariats had not taken action in terms of circular instructions.
(i	Decision No. 177 of the Board of Directors dated 03 March 2009		Even though the balances of compulsory savings accounts of unidentified Samurdhi beneficiaries should be remitted to the Treasury to be credited to Government revenue, the unidentified compulsory savings balances totalling Rs.12,467,468 had not been sent to the Treasury from February 2011 to August 2012 and it had been utilized for the expenditure of the Authority without a proper approval.
(j	Constitution of the Social Development Foundation		
	(i) Utilisation of Funds		Although a report on the activities of the Fund should be sent to the Authority once in 06 months, Social Development Foundations in 2 Divisional Secretariats subjected to test examination had not complied with this instructions.
			At least 80 per cent of the income of every year should be spent during the same year in conformity with the objectives and functions of the Fund certain Social Development Foundation in 7 Districts had not taken action as per these regulations.
	(ii) Meetings		Social Development Foundation should meet at least once a month, but test check observed that one Social Development Foundation had not held meetings and another foundation had held only one meeting during the year under review.
	(iii) Collection of Funds and Accounting		The District Secretary should collect Rs.2,500 from each Divisional Secretariat for the printing material supplied to Divisional Secretariats in respect of anti-alcohol and smoking flag week and this money should be remitted to the Authority. However, such money for the year 2011 had not been sent by 24 Divisional Secretariats up to December 2012.

	(iv) Audit		Accounts of foundations should be annually audited and the income, expenditure, monthly statement of accounts should be sent to the Authority. Although the Authority was made aware of this matter continuously, accounts of even a single social development foundation for the year 2011 had not been audited.

3. Financial Review

3.1 Financial Results

According to the financial statements presented the operation of the Sri Lanka Samurdhi Authority had resulted in a deficit of Rs.959,996,736 for the year ended 31 December 2011 as compared with the deficit of Rs.2,605,557,616 for the preceding year, thus showing an improvement of Rs.1,645,560,880 in the financial results. Increase in the income of the year under review by 21 per cent had been the reason for it. Accounting the government capital contribution of Rs.2,023 million received for development projects as income of the year under review had been mainly affected to increase these income. However, the government recurrent contributions in the year under review had been decreased by Rs.328 million or 4 per cent. Although the overall expenditure of the year under review had increased by 1 per cent as compare with the preceding year, decrease in research and development expenditure by 18 per cent and increase by 10 per cent in personnel cost had been noticeable. The cost of personnel in the year under review represented 74 per cent of the operating expenditure and 82 per cent of the total income.

4. Operating Review

4.1 Performance

4.1.1 Deficiencies in Operating Fund Accounts

The following observations are made.

(a) Social Development Fund

The Authority had failed to obtain the particulars of balances in the Social Development Funds operated by 05 Divisional Secretariats located Island wide as at the end of the year under review even by December 2012.

(b) Samurdhi Housing Development Lottery Fund

The following matters were observed.

(i) The value of 380 lottery winnings which had not been awarded to the relevant beneficiaries even by November 2012 who had won the Housing Development Lottery Draws held in the years 2007, 2008, 2009, 2010 and 2011 amounted to Rs.57 million.

(ii) It was observed that due to non-updating the data system and the particulars of beneficiaries properly, 12 to 18 per cent of the winnings to be awarded annually relating to the period from 2007 to 2010 had not been distributed among the beneficiaries.

4.1.2 Funds not Utilized for the Intended Objectives

The following matters were observed.

(i) The balance of the Samurdhi Lottery Fund existed since 2001 amounted to Rs.55,173,447 as at the end of the year under review and any objected functions whatsoever had not been achieved even during the year under review.

(ii) The balance of the Samurdhi Bank Societies Promotion and Publicity Fund established with the objective of giving publicity for promotion programmes of Samurdhi Bank Societies, as at the end of the year under review amounted to Rs.20,487,000 and it had not been utilized for the intended purposes. Except by incurring expenditure amounting to Rs.208,000 and Rs.55,000 in the year under review and the preceding year respectively against the objectives from this fund which was operated since 2009, no other activity whatsoever had been performed.

(iii) Although the funds collected by way of sale of Samurdhi flags, financial assistance from donors and other creative programmes for the Social Development Fund established with the objective of assisting the destitute persons before various unfavourable conditions of the society should be spent within the division itself for intended purposes, a sum of Rs.91,120,903 had remained idle in the 200 Divisional Secretariat Divisions as at the end of the year under review.

4.1.3 Although the provision made for the planed programmes to be implemented under 12 Divisions of the Authority during the year under review amounted to Rs.3,284.1 million, the expenditure incurred was only Rs.2,257 million and as such 31 per cent of the provisions had been saved.

4.1.4 Out of 136,547 project units relating to 37 Programmes planned for the year 2011 by 8 development divisions of the Authority in performing their functions, only 73,364 project units or 54 per cent had been performed.

4.1.5 The Authority had failed to implement the 4,762 programmes for which a provision of Rs.119.46 million had been made expected to be performed by 5 divisions of the Authority during the year under review.

4.2 Management Inefficiencies

The following observations are made.

(a) Construction of a Secretariat Building

A land belonging to the Urban Development Authority had been taken on lease by incurring a sum of Rs.37,560,000 in the year 2003 for the construction of a secretariat building for the Authority and a sum of Rs.346,383 had been spent for the renewal of lease agreement in the year 2010.

(i) Although two opportunities had been given to develop the land as per conditions of the agreement by the Urban Development Authority, the Authority had failed to commence development activities and as such the lease agreement had been cancelled.

(ii) A building had been constructed in this land in the year 2010 by incurring an expenditure of Rs.1,888,210 to store the stationery of the Authority and the Authority had not taken any action upto September 2012 to come to an agreement with the relevant party with regard to that construction works under the invalidity of agreement.

(iii) However, the Authority operates its Head Office at "Sethsiripaya" building and a sum of Rs.61,925,132 had been paid as rent for the year 2011.

(b) Any return on investment of Rs.5,250,000 made in 02 institutions had not been received up to 31 December 2011 since the date of investment. The Authority had not taken any satisfactory measures in that regard.

(c) The Authority had failed to recover any money from the outstanding bad debts totalling Rs.181,155,092 for a number of years in the Banking and Financial Division even during the year under review.

(d) The loss of stationery stock as at the end of the year under review due to improper storage facilities amounted to Rs.3,688,824 and this amount in the previous year was Rs.228,033. Accordingly the loss of stock as compared with that of the previous year had increased by 1518 per cent and any proper procedure had not been formulated to minimize situation.

(e) Action had not been taken to get the value 1153 cash stamps amounting to Rs.242,130 of the Samurdhi beneficiaries belonging to 02 Samurdhi bank societies in the Kiriella Divisional Secretariat's Division, reimbursed on behalf of relevant beneficiaries.

(f) The value of cash stamps totaling Rs.1,669,762 reimbursed on behalf of Samurdhi benificiaries of 3 Samurdhi bank societies in the Dehiovita Divisional Secretariat Division had not been credited to their bank accounts.

(g) At an audit test check carried out in Samurdhi bank societies, it was observed that action had not been taken to credit a sum of Rs.4,759,050 to the Samurdhi beneficiaries compulsory savings accounts relating to 3 bank societies.

(h) Action had not been taken to release Rs.9 million during the year under review out of Rs.149 million planned to be constructed 87 Samurdhi Bank Branches.

(i) Action had not been taken to recover the Insurance indemnities of Rs.310,899 recoverable for 12 motor vehicle accidents occurred during the period 2001 to 2009 even by August 2012.

(j) A sum of Rs.1,548,856 had been paid during the year under review for giving basic computer training to Samurdhi officers and action had not been taken to select a more favourable training institution by applying the procurement process.

4.3 Operating Inefficiencies

The following matters were observed.

(a) Without taking over a digital type camera costing Rs.30,050 which had been issued to an officer who had retired from the Authority's service he had been released from service.

(b) The balance of the cash in transit account of the Stationery Revolving Fund as at the end of the year under review amounted to Rs.2,804,904. The period of 5 to 30 days had been taken to receive the cheques valued at Rs.1,139,757 by the Authority and more than 01 month had been taken to obtain the cheques valued at Rs.246,313 by the Authority.

(c) Although the staff officers and field officers of the Authority should maintain monthly advance programmes and work done forms with the approval of their respective heads action had not been taken to get the monthly advance programmes and work done forms from certain officers in the Head office as specified.

(d) An overpayment of Rs.672,834 had been made in excess of the estimated amount for 53 items in the 13 infrastructure facilities projects carried out in the two Divisional Secretariat Divisions.

(e) Due to non-maintenance of constructions properly it was observed in audit that a sum of Rs.530,240 incurred on 3 projects carried out in 2 Divisional Secretariat Divisions had become a fruitless expenditure.

4.4 Transactions of Contentious Nature

The following matters were observed.

(a) Although a Technical Engineer of a public corporation had certified that only 13 items of equipment returned out of 32 units of media equipment belonging to the Authority given to the use of Presidents Media Unit since 2007 could be used again, irrespective of that, a sum of Rs.2,874,258 receivable in respect of this stock of equipment had not been recovered from that Institute and the total value of equipment had been brought to accounts as depreciation of equipment during the year under review.

(b) Action had not been taken to recover a sum of Rs.2 million which had to be paid to a private bank on behalf of a furniture manufacturing company on a private guarantee of a former Director General of the Authority, from the relevant company and to take disciplinary action against the officers who had acted to incur losses to the Authority even by August 2012.

(c) Even though the entire stock of stationery had been removed from the stores which had been taken on rent to store bank stationery by 31 August 2010, action had not been taken to get back the rent deposit of Rs.1,500,000 even by August 2012. The Authority had failed to make available a confirmation of this balance from the house owner to audit.

(d) An officer who had not fulfilled the required qualifications as per the scheme of recruitment had been recruited to a post of Deputy Director of the Authority on 15 September 2010 and he had been promoted as a Director on 25 March 2011 without an interview and without fulfilling the qualifications required for the post. A sum of Rs.935,620 had been paid as salaries and wages up to November 2011 from the date of recruitment and a vehicle had also been released with a full time driver. Although this had been brought to the notice of the Authority from time to time by the audit, no action whatsoever had been taken by the Authority in this issue. The reply of the Director General on this matter was that "the date of promotion to the Director post had been revised as 01 January 2012 on which the officer had fulfilled his qualifications and action had been taken to recover the overpayment salaries and allowances made for the period from 25 March 2011 to 01 January 2012."

(e) Payment of Salaries and Allowances without ensuring whether they Served in the Authority

(i) Salaries and allowances of Rs.205,078 had been paid to an officer during the year under review who had reported for duties in the Authority only for 03 days and he had been allowed to use a vehicle of the Authority as well. Fuel valued at Rs.238,975 had been used for that vehicle during the year under review.

(ii) Salaries and allowances of Rs.130,041 had been paid to a Samurdhi Development Officer who was the Chairman of a Pradeshiya Sabha for the period from June to November 2011 without being ensured that he had done his duties in the Authority.

4.5 Deficiencies in Contract Administration

The following matters were observed.

(a) Even though a sum of Rs.823,404 had been paid upto November 2011 out of the estimated amount of Rs.1,143,618 for the repair of Dehiovita Samurdhi Sangam building, the building could not be satisfactorily utilized for the relevant activities as new constructions and repair works had not been carried out up to the standard.

(b) The total expenditure incurred on the construction work of the upper floor of the Dehiovita Bomaluwa Samurdhi Bank Society building, the construction works of which was commenced in August 2008 amounted to Rs.1,339,881. However, construction works thereon had not been completed even by the end of the year under review and any improvement thereon had not been done after the year 2008.

4.6 Personnel Administration

Implementation of the Disciplinary Procedure

At a test check carried in respect of steps taken with regard to disciplinary action of the employees of the Authority who draw salaries from the Authority, the following matters were observed.

(i) Although a long time had elapsed after 2 employees being interdicted on disciplinary grounds, the Authority had failed to frame charge sheets against them.

(ii) Action had not been taken to frame charge sheets against 12 employees who had been subjected to disciplinary charges even by September 2012.

(iii) Action had not been taken to appoint a board of enquiry, although a long time had elapsed after being issued a charge sheet against an employee.

(iv) The Authority had failed to take the reports of the formal disciplinary enquiry board relating to 18 employees even by the end of the year under review although a long time had elapsed after being appointed a board of enquiry.

(v) Action had not been taken to issue disciplinary orders to 5 employees, although a long period had lapsed after getting the formal disciplinary board reports.

5. Accountability and Good Governance

5.1 Corporate Plan

The Corporate plan had not been prepared enabling to identify the capacity of resources of the Authority, organization chart and to clear identification of officers responsible for its activities in accordance with paragraph 5.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

5.2 Internal Audit

The following matters were observed.

(a) According to the approved cadre of the Internal Audit Division 138 posts including 3 executive grade posts had been vacant as at 31 December 2011.

(b) Internal audit quaries / reports issued during the year under review, planning implementation and reporting of the internal audit Division in the year 2008 and previous year were not in an appropriate level. The Director General's reply was that "vacancies of Audit Officers and dearth of Computer Operators had been the reasons for it and audit queries and financial statements from 2006 to 2011 had been completed and issued by the year 2012."

6. Systems and Control

Weaknesses in systems and control observed in audit were brought to the attention of the Director General from time to time special attention is needed in respect of the following areas of control.

(a) Accounting
  - (i) Government contribution
  - (ii) Samurdhi training centers accounts
  - (iii) Staff loan accounts

(b) Budgetary control

(c) Stationary stock control

(d) Debts management
  - (i) Staff distress loans and festival advances
  - (ii) Livelihood development loans

(e) Fixed assets

(f) Fund accounts

H.A.S.Samaraweera
Auditor General.

REPLIES TO AUDITOR GENERAL'S REPORT ABOUT THE FINANCIAL STATEMENTS OF THE SAMURDHI AUTHORITY OF SRI LANKA FOR THE YEAR ENDING 31ST DECEMBER 2011, IN TERMS OF SECTION 14(2) (C) OF THE FINANCE ACT NO 38 OF 1971

Replies and action taken in respect of matters mentioned in the report are as shown below:

2.2.1 Accounting Deficiencies

a. The receipt of funds relating to the 200 million rupees included in the research and development expenditure in the Income and Expenditure Account has been rectified by journal entry no. 15 in September, 2012.

b. As this had been credited to the previous year's account by error, this entry has been rectified in September 2012 vide journal entry no. 10.

c. After obtaining from the districts the true expenditure out of the rupees million 241 allocated for the construction of buildings, the relevant expenditure has been shown as building assets by the Banking Finance Division.

d. Relevant action has been taken in this connection in accordance with the instructions of the Audit and Management Committee, and the correct value has been adjusted in the books.

e. By journal entry nos 13 and 14, action had been taken to rectify the errors in accounting this as a fixed asset and for making a provision for depreciation of that asset.

f. This error has been rectified by journal entry nos 11 and 12 in September 2012.

g. The stock difference of Rs. 3,289,139/- as a result of accounting the physical stocks during the stock valuation of the Cyclic Fund at the end of the year, has been rectified by removing from income and making an entry in a reserve account through journal entries in the Cyclic Fund.

h. When District Secretariats remit us the relevant loan instalments, instalments and interest are not sent separately in respect of each person, and interest is separated from the total instalments by the Banking Finance Division at the Head Office. As soon as cheques in relation to loan instalments are sent by the Districts, the relevant Housing Loan Account is credited. The interest is separated and credited to the Housing Loan Interest Account.

   By now action has been taken to credit the interest of the relevant year to the interest received account during that year itself.

i. Action had been taken last year to calculate and account the interest receivable at the end of the year in respect of the balances of staff loans granted by the Banking Finance Division.

2.2.2 Unreconciled control accounts

Action has by now been taken to reduce as shown below the difference in the balances of the under mentioned accounts. Relevant action is ongoing further.

Subject	Balance of the General Ledger Account (Rs)	Total of the schedule (Rs)	Difference then (Rs)	Difference now (Rs)
Staff Motor Cycle Loan	99,739,615.51	99,780,398.72	129,497.00	40,783.22
Staff Housing Loan	601,242,595.89	610,909,336.36	15,586,931.00	1,187,401.64
Jana Pubudu Loan	221,930.00	82,117.00	139,813.00	139,813.00

2.2.3 Receivable and Payable Accounts

a. A board paper has been submitted to take a decision to adjust the final accounts as at 31/12/2012 relating to the sum of Rs. 1,899,981 being the balance of doubtful debtors being carried forward for a long time, and at its 244th session, the Board of Directors has given its approval to appoint a committee of inquiry under FR 104 and to take follow up action. Action is being taken accordingly.

b. **Pilot Accelerated Loan Risk Fund**

Out of the security deposited under this programme, a sum of Rs. 758,022.61 was due to be recovered at the beginning of the year 2012.

In the year 2012, up-to-date, a sum of Rs.199,251.41 had been recovered. Accordingly, a further sum of Rs.558,771.20 has to be recovered. Measures have been taken to take disciplinary action against officers who had defaulted.

c. While making payments for the printing of loose ledger sheets under the Asian Development Bank Project, the Samurdhi Authority and the Ministry of Finance had recovered VAT twice and remitted same to the Department of Inland Revenue, resulting in a sum of Rs. 517,304/- being shown in the accounts of the Banking Finance Division as an amount receivable. This has been brought to the notice of the Ministry of Finance and the Department of Inland Revenue and action would be taken in future to settle this.

d. Several requests have been made to the Treasury to pay this amount. Due to the non settlement so far, in accordance with the instructions of the Board of Directors, action has been taken to offset this amount with allocations given by the Treasury under annual estimates.

e. These notes which appear to be due from the years 2004 and 2005 are being looked into and by now the relevant rectifications are being made.

f. As it is not possible to trace the information relevant to this matter which had been coming down from the year 2003, please note that this would be tabled before the Board of Directors and onward action taken.

2.2.4 Lack of evidence for audit

a. Government contribution Rs. 554,419,261/=

Detailed information is available in the Finance Division.

b. Staff Consumer Loan Rs. 524,260,761/=

Updating ledgers is ongoing in the Banking Finance Division. Accordingly, action would be taken to prepare and submit correct schedules. In future, necessary action would be taken to get this task done at district level.

c. Provisions given for two infra structure facility projects.

i. Construction of the dam and lateral bund near Pahalawela, Kanuggalla.

The construction of the lateral bund of the relevant project has been done by the Samurdhi Authority under the Special Projects Programme. Payments had been made item wise.

Even though the final completion report is Rs.230,849/-, only a sum of Rs. 184,679/- had been paid. This project has been completed with more than 20% community contributions. (Estimates, completion reports and payment vouchers are filed of record)

ii. Construction of the Deheragoda Kendalanda road.

This is a road with hills and slopes, and only the cutting of the road using back hoe machines had been done by the Rural Samurdhi Brigades, utilizing provisions of the Samurdhi Authority.

Amount spent had been Rs. 197,500/- (Estimates, completion reports and payment vouchers are filed of record)

d. A sum of Rs. 21,734,555/= had been spent for development expenditure during the year under review in addition to the amount received from the General Treasury as capital contributions, out of the opening cash balances of the Head Office in the year 2011 and cash in transit of the District Secretariats. By now, detailed data in respect of allocations spent by the relevant Divisions for developmental programmes are filed of record in the various Divisions.

2.2.5 <u>Non compliance with rules, regulations and management decisions</u>

a. The National Lotteries Board had been vested with the implementation of this lottery programme, and they had informed that running this lottery was not appropriate as the purchase of instant lotteries by the people was at a very low level. Accordingly, the Lotteries Board itself has stopped the implementation of this lottery. However, with the approval of the Board of Directors, action has been taken to use up the money available in the Lotteries Fund for the Diriya Piyasa Housing Construction Programme during the year 2012.

b. As a statutory institution, we have obtained the approval of the Board of Directors to make use of the Establishment Code of the Republic of Sri Lanka when dealing with officers of this institution. Accordingly, all officers of the Samurdhi Authority of Sri Lanka who contested the provincial council elections in the year 2011 had been granted no pay leave from a week prior to the handing over of nominations up to the day of the election, in terms of section 2:3:2 of Chapter xxxii of the Establishment Code

Please note further that instructions had been sent out to recover according to the relevant period from the salaries from all officers who had mentioned various dates as the beginning of the week prior to the handing over of nominations.

c. **Financial Regulations**

(i) When inventory items issued to officers of the Head Office are being taken back, it is done so after verifying with the issuing number to identify same. Inventory items issued to District Offices carry separate coded numbers. Please note that this error has been rectified by now.

(ii) Running charts in respect of the 33 vehicles owned by the Authority have been filed of record in the Administration Division, and action is being taken to send copies to the Government Audit Section. Also please note that drivers of all vehicles have been notified to hand over the running chart books of every vehicle to the Administration Division before the 10th of the following month, and that these are being handed over properly.

(d) National Procurement Code 2006

Paragraph 4.2.1

It is being planned since the year 2010 to set up a new department called the Department of Divi Neguma by combining several institutions including the Samurdhi Authority of Sri Lanka. As a result the Procurement Plan for the advanced three years has not been prepared as it is difficult to list out clearly the procurement requirements of the new department.

However, an annual procurement plan has been prepared for the requirements of the Samurdhi Units in Districts and Samurdhi Divisions in the Head Office from the funds allotted for procurement purposes in the annual budget estimates.

Paragraph 4.2.2(b)

The shortcomings in this regard are admitted, and please note that action has been taken to rectify same. During the year 2012 this has been corrected and the printing of Samurdhi flags and banners had been done according to a time table containing stipulated dates.

e. (i) During the years when vehicles had been purchased for the Samurdhi Authority of Sri Lanka, their quantities and values had been recorded in an assets purchase register. Also, an up to date register of fixed assets is being maintained.

(ii) At the time itself of purchasing computers owned by the Authority, the values of computers so purchased have been entered in the register of annual fixed asset purchases. Further, in accordance with Treasury Circular no. IAI/2002/02, the Computer Technology Unit, coming under the Monitoring and Evaluation Division has initiated action to maintain a computer register.

f. An Annual Board of Survey has been appointed regarding vehicles and the survey is in progress.

g. **Para nos 03 and 05 of Department of State Finance circular no. PF/FS/A/2009 of 14th July 2010.**

The faults of vehicles due to be repaired have been examined and after obtaining the recommendations of the Technical Officer, action has been taken to repair same. Even though vehicles over ten years old were in a condition to be disposed of, these had been repaired and used due to service requirements. Inquiries have been made from the Ministry regarding action to be taken in respect of vehicles to be disposed of, and action would be taken in the future based on the instructions of the Ministry.

h. Written instructions have been sent out regarding the proper maintenance of transactions for every contract obtained by the Samurdhi Brigades and Samurdhi societies. However, as Samurdhi beneficiaries carry out these activities, they to a great extent neglect to act in accordance with the instructions given. Please note that action had been taken in this connection for all Development Officers to be briefed about supervising these matters properly during training programmes too.

i. Authority has been given vide letter no. TO/TM/RES/03/2012 dated 12.12.2012 of the Director General of Treasury Operations to account for this as a capital grant received during the year 2012.

j. (i) <u>Use of funds of the Social Development Foundation</u>

By now, copies of these reports have been sent to us by the Dehiowita and Kiriella Divisional Secretariats. As the form introduced since the year 2011 for incurring expenditure out of the Social Development Foundation Funds has been notified, and further that it has to be submitted to the Authority for approval, this has been rectified in all the Districts.

(ii) Meetings

By now, these reports of Social Development Foundations have been sent to us, and it is stated that accordingly meetings had been held.

(iii) **Collection of funds and accounting**

Even though there was some delay in money being remitted, except for Jaffna and Vavuniya recoveries have been made from other Secretarial Divisions by now. Necessary action has been taken to recover the relevant money from the Jaffna and Vavuniya Districts.

(iv) **Audit**

As the accounts of the Social Development Foundation are being maintained as a task within the functions of Maha Sangams, the accounts of the Social Development Foundation too have been audited during the annual audit of Maha Sangams.

4. Operational Review

4.1 Performance

4.1.1 <u>Deficiencies in maintaining accounts of funds</u>

a. By now, the relevant details have been received from 112 Secretarial Divisions and action is being taken to get down same from the balance five Secretarial Divisions also.

b. <u>Samurdhi Housing Development Lottery Fund</u>

(i) By now, all beneficiaries who had fulfilled the relevant criteria had been paid in full, and action has been taken with the approval of the Housing Lottery Board of Trustees to credit to the fund through the 2012 accounts the monies of beneficiaries who had died and those who had not qualified.

(ii) The computer data systems for the draw of the Samurdi Housing Lottery awards, containing information about Samurdhi beneficiaries were prepared in the year 2002. During 14 draws, the data system had to be updated. In this situation, due to defects in the data updating process, prize winning opportunities had been lost to some extent.

A new data system has been prepared under the e-Samurdhi programme and it is anticipated that this new data system would be utilized for the next draw.

4.1.2 Funds unutilized for anticipated objectives

(i) In accordance of the approval received from the Board of Directors by board paper no. 15/2012 at its 232nd session held on 10/01/2010, action has been taken to utilize the idling balance of the Samurdhi Lottery Fund for the Diriya Piyasa Housing Programme, thereby winding up Lottery Fund.

(ii) This amount had been utilized to make payments for a newspaper and a commemorative volume for publishing advertisements giving publicity to Samurdhi banking unions. Accordingly, please note that this expenditure had been borne for the objectives of the fund. In future too, it is envisaged that the fund would be utilized for the anticipated objectives.

(iii) Funds of the Social Development Foundation are the amounts earned by the Social Development Foundation of the relevant Divisional Secretariat. However, the supervision of the utilization of these for the relevant purposes is being done by this Authority. Accordingly, as the form introduced since the year 2011 for incurring expenditure out of the Social Development Foundation Funds has been notified, and further that it has to be submitted to the Authority for approval, action has been taken to ensure that the funds of all Social Development Foundations are spent for the correct purposes.

4.1.3 It is mentioned that a sum of Rs. Mn. 3,284.1 had been approved for programmes implemented by the 12 Divisions of the Authority during the year under review, and that the amount spent had been Rs. Mn. 2,257. Please note that accordingly the percentage of money spent out of the allocation is 68.7%. Even though allocations were released to the Districts in accordance with the Action Plan, due to the non receipt of imprest funds from the Treasury, allocations remained unspent. Also, a sum of Rs Mn 393 remained accrued in respect of projects completed.

4.1.4 Plans in respect of 136,546 project units of 37 programmes formulated by these sectors had to be amended on several occasions due to difficulties in

obtaining funds. Further, it was not possible to implement certain projects as the allocations for the approved funds were received during the end of year. It is kindly pointed out that accordingly, these projects could not be implemented.

4.1.5 This situation had arisen as a result of the amendment of the estimates due to the restriction of the approved allocations. Accordingly, it is kindly pointed out that projects costing around Rs Mn 119 could not be implemented.

4.2 Management Inefficiencies

a. Construction of the Secretariat

(i) Based on the lease agreement, an assessment number, water and electricity have been obtained for the building site. A house number has been obtained through the Grama Niladari and by now a main stores complex has been built for the Samurdhi Authority and is in use now.

(ii) Whilst action has been taken with the Urban Development Authority to take necessary measures to solve the problem which had arisen about the land and the stores complex building constructed there, and papers have been submitted for approval to the Hon Minister and the Ministry for the construction of a building required for the envisaged Divineguma Department.

(iii) As the Samurdhi Authority of Sri Lanka does not have a Head Office yet, the Head Office which deals with around 27000 employees and beneficiaries is situated in the Sethsiripaya office complex, for which rent is being paid further.

b. Investment of a sum of Rs. 4,760,000/- for the purchase of shares of the Galgamuwa Fruit Export Production Co

As the Ceylon Biscuits Company was willing to purchase the shares bought by the Samurdhi Authority, letters were sent to them. However, as there had been no response, this matter has been referred to the Criminal Investigations Department for inquiry, based on the instructions of the Attorney General.

ACX Samurdhi Private Company

As there is no such institution now, this matter has been referred for onward action to the committee appointed by the Secretary of the Ministry.

c. This amount had been set apart as Bad Debt Reserves in respect of outstanding balances of the following credit programmes implemented by the Banking Finance Division. Out of the Rs Mn 38 relevant to the Peoples Leasing programme implemented under this, a sum of Rs. 379,569/= had been recovered during the year 2012. Action has been taken to recover the balance too.

Even though a sum of Rs. 38,158,865.00 has been shown as the amount further due from the Peoples Leasing Company under this programme at the beginning of the year 2012, this company has deducted a sum of Rs. 13,040,056.00 as import duties on goods. Also, during the year 2012 Rs. 244,341, Rs. 109,359.00 and Rs.25869/- out of the principal, had been recovered on three occasions.

Accordingly, the amount to be further recovered is Rs.24,739,234.18 .

Sasana loans and Savana loans

After consulting the Bank of Ceylon and the Peoples Ban, action has been taken to recover immediately defaulting loans from all beneficiaries who had obtained Sasana and Savana loans, but had defaulted.

Diyatilake Apparels Company

As a result of the Diyatilake Apparels Company failing to pay a sum of around 18.2 million Rupees further due from the Rupees 28 million invested in the Diyatilake Apparels Company. This matter has been referred to the Criminal Investigations Department, based on the instructions of the Attorney General.

d. Printing of stationery of the Samurdhi Banking unions had been done by the various Divisions of the Samurdhi Authority of Sri Lanka, and stationery had been printed in vast quantities. However, due to changes in the accounting process, certain forms had become obsolete. (With the introduction of loose leaf ledgers,

form numbers S-14, S-15, S-16, S-17, S-18, S-19 and S-20 which were in use were removed from use).

Also, during the period 2000 to 2010 stocks of stationery which were in District Secretariats as well as in the Head Office stores became unserviceable due to various reasons. All such stocks were identified and disposed of during the year 2011 with the approval of the Board of Directors, and this was the reason for the increase in the percentage of stock damages and writes off in the year 2011.

e. When the relevant beneficiaries were summoned and a discussion held, it was established that it was not possible to reimburse this money as the cash stamp portions had not been handed over to Samurdhi Development Officers. Necessary action has been taken accordingly.

f. The relevant Banking union has taken action to credit to the relevant bank accounts these amounts, received for cash stamps reimbursed on behalf of beneficiaries after identifying the accounts of such beneficiaries.

g. The relevant Banking union has taken action to credit to the relevant bank accounts these amounts, appropriate to compulsory savings due to be credited to the accounts of the beneficiaries, after identifying the accounts of such beneficiaries.

h. Funds allocated for the construction of banking maha sangam buildings are allotted on the requests from the field. In this case, the relevant allocations are given after ensuring the correctness of the estimates forwarded and the ownership of the land where the construction is to take place. Accordingly, allocations have been made only in respect of correct requests received during the year.

i. This sum of Rs. 310,899/- is the insurance compensation receivable in respect of traffic accidents that had taken place during the period 2001 to 2003. Insurance companies have been notified in writing about the recovery of these amounts. Further action is ongoing to recover these amounts.

j. As it is a requirement that all Samurdhi Officers should have the basic computer literacy in networking the computers, the aim was to give computer training to all Samurdhi Officers in the District level. Accordingly, action had been taken to select the Vocational Training Authority of Sri Lanka as it is a government institution, as it has a large number of branches at district level and further as their charge of Rs. 3,352/50 for a seven day course was a reasonable course fee.

4.2 Operational inefficiencies

a. As this officer is again working in the Authority on an assignment basis, action has been taken to purchase a new camera after recovering this money from the allowance paid to him.

b. District cash balances received after 3lst December relating to the stationery cyclic fund prepared as at 31.12.2012 are shown as transit cash, all this money had been received by the Authority when final accounts were being submitted.

c. Written instructions have been sent out to the effect that staff officers working in the Head Office should submit their monthly advance programmes and work reports to the Administration Division before the 10th of each month

d. Kiriella Secretarial Division

As payments have been made after a survey had been done consequent to inspection by the Technical Officer of Kiriella Project No. 09, neither additional funds had been spent nor had there been a wastage of funds. In this case too, no payments had been made in excess of the total estimated cost, and items of work had been carried out based on local requirement

Dehiowita Secretarial Division

Project	Estimated amount (Rs)	Contracted amount (Rs)	Amount paid (Rs)
1. Algoda community hall	441,454	378,087	378,087
2. Digala Road	484,851	394,941	394,941
3. Multi purpose building	164,389	123,332	123,332
4. Haththapitiya culvert	518,479	393,767	393,767

Payments have been in accordance with the contracted amount as shown above. No payments had been made in excess of the total estimated cost, and items of work had been carried out based on local requirements.

e. **Repair of the Algoda Community Hall**

This is a thirty year old building. As the old tiled roof had decayed and collapsed, the roof had been repaired with asbestos sheets using allocations of the Samurdhi Authority. Until a tree fell on this building, this building had been used to hold meetings and to maintain the office of the Samurdhi Officer. Action has being taken to repair the roof and attend to other renovations after obtaining allocations from Samurdhi Corps funds.

Thimbiripola Water Sprinkler Project

This project has been implemented in three stages. Only its first stage had been subject to audit.

Under stage one, preparation of the well by inserting concrete rings, purchase of the water pump, installation of a cubicle for its installation, digging of trenches and laying 143 feet of piping had been done with the allocations of the Samurdhi Authority.

Under stage two, construction of a supporting stay to install the water tank and the laying of pipes up to the point where the tank of the well would be installed had been done under Provincial Council allocations.

By now the Samurdhi Authority has given an allocation of Rs. 226,030/= under stage three to purchase and install the plastic water tank, to obtain electricity and to further lay pipes for this project, from which 52 beneficiaries are expected to be served, and steps have been taken to complete all work during this year and to vest the project to the people.

Construction of the drinking water well in Aluthpara, Deheragoda, Kiriella

Even though excavating has to be done to a depth of 25 feet according to the estimate, due to the emergence of cabook, 6 – 7 feet had been excavated, and payments made in accordance with that measurement. Also, the Technical Officer has reported that it had been done commensurate to the appropriate standard.

Even though the well was in an impure condition during the audit, by now the well has been cleaned and is being used.

To observe this project a local test had been done, during which the people of that area had stated that this small well was a productive project, capable of providing water to around ten families.

4.4 <u>Controversial transactions</u>

(a) As no action could be taken in respect of unserviceable items until a decision is taken after the appointment of a committee of inquiry under FR 104, the approval of the Director General and the Board of Directors has been received to account for these items according to their stock value then as assets again and to depreciate same.

(b) The Sigiri Steel Furniture Manufacturing Company has been notified several times in writing to settle this amount. However, due to failure to receive this amount so far, this matter has been referred to the Attorney General to take legal action against this firm.

(c) Salusala has informed that this money was with them, that no provisions are available for them to reimburse this amount, and further that their institution is undergoing severe financial problems. They also have informed in writing that the Treasury has been requested to furnish funds, and that this would be settled immediately on receipt of same.

(d) From the inception of the Legal Investigations Division, officers of the Sri Lanka Administrative Service had been employed as the Deputy Director of this Division. While Legal Officers attended to legal matters, the Deputy Director attended to their monitoring and administrative activities. The Deputy Director bore direct responsibility for the investigative and disciplinary matters of this Division.

Accordingly, this officer from the Sri Lanka Administrative Service too was employed as the Deputy Director of this Division on a secondment basis. It has been substantiated that this officer had been carrying out his duties efficiently and found to be suitable to hold the relevant post. A large number of disciplinary problems outstanding for a long time had been settled in favour of this institution, and around five hundred disciplinary inquiries have been concluded.

This officer's period of secondment was due to expire on 15th September 2010, and he had to be reverted to government service on that date. However, as there were only a few staff officers in the service of the Authority at that time (around three), as there was no officer to whom his duties could be entrusted to, and as external state officers were not coming on secondment due to the likelihood of the institution transforming into a department, releasing this officer became a major administrative problem.

In this scenario, taking into consideration that this officer had completed ten years in the Sri Lanka Administrative Service, and as his chances of reaching Class 11/1 had been delayed due to his service with the Authority, the Board of Directors by their decision nos 199 of 12/01/2010 and 208 of 21/09/2010 recruited this officer to the permanent cadre as a Deputy Director with effect from 15/09/2010 on service requirements.

The Board of Directors had given its approval for this officer to be given the number of increments earned by him under the SL 1-1 salary scale of the Sri Lanka Administrative Service through MM-1-1, the corresponding salary scale of the

Authority, so as not to cause any disadvantage to this officer who had been recruited on service requirements to the permanent cadre of this Authority by giving up the privileges of government service and the Sri Lanka Administrative Service. He had been placed on the relevant salary step accordingly.

Taking into consideration the service requirements prevailing when there were a large number of vacancies in the posts of permanent staff officers of the Samurdhi Authority of Sri Lanka, and when officers were not coming to the Authority on a secondment basis also, this officer was subjected to an interview on 19/10/2010 before a formal interview board, and he had been appointed to act as the Director (Human Resources) and promoted permanently to that post with effect from 25/03/2011, on the recommendations of the interview board and on the approval of the Board of Directors.

It is kindly pointed out that this experienced officer who had functioned and is functioning now in various appointments of the authority as a Deputy Director and a Director, has shown practically that he is appropriate for the relevant post. Further, as no new recruitments could be made now in terms of the instructions given by the Department of Management Services, the available officers have to be given promotions.

It is also kindly pointed out that in addition to the duties in the Human Resources Division, this officer also attends to the duties of the Disciplinary Section without any remuneration.

Taking into consideration matters pointed out in paragraph 2.2.8.4 of your audit query, the following decisions have been implemented regarding the appointment of the said officer as a Director:

i. The date of promotion of 25/03/2011 as Director (when he qualified) has been revised as 01/01/2012.
ii. Action has been taken to recover the salaries and allowances overpaid from 25/03/2011 to 01/01/2012.

e. Payment of salaries and allowances without getting confirmation about serving in the Authority

(i) In response to the request made by the Director General (Administration) of the Ministry of Economic Development by his letter no. MNB/E18/3/2/1/VOL II of 08/06/2010, by my letter no ස/අධි/02/පා/10/2-39 of 14/07/2010 I had taken steps to release this officer from the service of the Authority for operating the media activities of the Ministry.

Accordingly, this officer had been submitting advanced programmes for every month in the year 2011 and as such, this officer had been released for the above duties as and when necessary.

A request has been made to the Ministry of Economic Development for a detailed report about the work done by this officer in the year 2011.

Vehicle no GA-9969 has been attached for duties in the Media Division. Please note that this vehicle had been used for work in that Division and media activities of the Ministry. Running charts of this vehicle would substantiate this.

(ii) The Divisional Secretary has informed that the Samurdhi Development Officer who functions as the Chairman of the Buttala Pradeshiya Sabha had been engaged in duties of the Authority during this period.

4.5 Short comings in contract administration

a. A sum of Rs. 823,404/- has been paid for the construction of this building. The building is in occupation now. Defects in the construction have been identified and these have been rectified through the contractor.

b. This building consists of two floors, and by now the ground floor has been completed and is in occupation. Out of the Rs. 1,339,881/= received for construction activities of the upper floor, concrete posts have been erected and the

roof installed on top. For the balance work, an estimate has been prepared for Rs. 1,815,624 /-, and allocations for this have been released in the year 2012. Accordingly, it would be possible to complete this work during this year.

4.6 Staff Management

(i) Mr. Gamini Rajanayake, Samurdhi Manager – Reinstated on 12/09/2011. Even though action had been taken to issue charge sheets, he had died on 05/11/2012

Mrs. Chathurika Dayani Thenuwara, Samurdhi Development Officer – Action has been taken to issue charge sheets on 05/11/2012.

(ii) Due to the delay in obtaining documentary evidence necessary to corroborate matters relevant to the audit report, issuing of these charge sheets got delayed. However, by now these charge sheets are in the process of being issued.

(iii) The file has been laid by for disciplinary action pending the disposal of the case proceeding against this employee in the courts.

(iv) Action would be taken to issue disciplinary orders on the receipt of the final report of the inquiries.

(v) Disciplinary orders in respect of these five officers have been issued.

5. **Accountability and good governance**

A Corporate Plan has been prepared for the period year 2009 to year 2013. However, as pointed out by you, please note that a Corporate Plan containing details in accordance with Public Enterprises circular no. PED /12 of 02/06/2003 would be re formulated subsequent to the setting up of the Department of Divineguma Development and the approval of the staff and posts of the new department, so that responsibilities of the various posts could be identified.

5.2 Internal audit

(a) In terms of the approved cadre of the Internal Audit Division, only 03 executive posts and 38 subordinate posts are lying vacant. However, as it had been planned to obtain the services of 150 investigation managers to this Division in the year 2011, in the preparation of the internal audit plan, the total cadre has been considered as 286, inclusive of these numbers. Accordingly, the correct cadre of this Division was 148, and vacancies have arisen based on it. Action has been taken to fill these vacancies by the recruitment of new managers in the year 2012.

(b) It is admitted that most of the audit queries and reports issued in the year 2011 had been in relation to previous years. This had occurred due to the officer vacancies in the Internal Audit Division and shortage of Computer Officers. However, please note that by the year 2012 audit queries and financial reports in respect of the period year 2006 to year 2011 in relation to Samurdhi banking unions, maha sangams and Divisional Scretariats had been finalized. Action has been taken to update audit queries in future.

6. Please note that the relevant officers have been instructed to pay special attention to the matters mentioned under this paragraph and to take necessary action regarding the matters pointed out.

R. P. B. THILAKASIRI
DIRECTOR GENERAL

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