

Transactions Report of the Saumyamoothi Thondaman Memorial Foundation - 2023

The audit of the operations of the Saumyamoothi Thondaman Memorial Foundation for the year 2023 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 and read in conjunction with the National Audit Act No. 19 of 2018, section 13(1) of the Finance Act No. 38 of 1971 and Section 11 of the Saumyamoothi Thondaman Memorial Foundation Act. 19 of 2005. Only my observations regarding the operations of the Foundation during the year 2023 which I consider should be reported to Parliament appear in this report in terms of the article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

2. Financial Statements

2.1 Submission of Financial Statements for Audit

Audit Observation	Comment of the management	Recommendation
Although the financial statements and draft annual report should be submitted to the Auditor General within 60 days after the end of the financial year in accordance with Section 6.6 of the Operations Manual for Public Enterprises contained in the Public Enterprise Circular No. 01/2021 dated 16 November 2021, the financial statements for the years 2022 and 2023 had not been submitted for audit even by the date of this report.	No reply was made.	Prompt action should be taken to submit the financial statements by due date.

2.2 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Paragraph (2) of Financial Regulation 371	Although the Ad-hoc imprests taken should be settled immediately after the completion of the respective work, advances given during the period from the year 2010 to year 2015 total amounting to Rs.1,004,938 had not been settled.	No reply was made.	Necessary immediate actions should be taken to settle the advances given in accordance with the Financial Regulations.

(ii) Financial Regulations 756, 757	The Board of survey for the year under review had not been conducted and the report had not been submitted to the Auditor General.	No reply was made.	Action should be taken in terms of the Financial Regulations
(iii) Financial Regulation 502 (2)	A fixed asset register containing information about each asset item was not submitted for audit.	No reply was made.	Action should be taken in terms of the Financial Regulations
(b) 2006 Procurement Guidelines Code Paragraph 4.2	Action had not been taken to prepare the annual procurement plan.	No reply was made.	Annual procurement plan should be prepared in accordance with the Procurement Guidelines.
(c) Annex 1 of the Corporate Good Governance Guidelines for Public Enterprises dated 16 November 2021	No action had been taken to prepare an action plan for the year 2023, indicating specific time targets for each task.	No reply was made.	The action plan should be prepared in accordance with the Corporate Good Governance Guidelines for Public Enterprises.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comment of the management	Recommendation
In accordance with the Cabinet Decision No. 403/20/1716/313/031 dated 01 December 2020, items worth of Rs.72,240,700 procured from a State Corporation in the years 2014 and 2015 had not been paid even by 31 December 2024.	No reply was made.	Action should be taken to settle accounts payable.

3.2 Contract Administration

Audit Observation	Comment of management	Recommendation
A sum of Rs.7,544,265 given as work advance in the year 2010 for the construction works of Ramboda Thondaman Cultural Center had not been settled even till the end of the year under review. Also, although this construction was supposed to be completed in September 2013, it was not completed even by 31 December 2024, the date of audit. As such, a value of Rs.25,678,995 remained as work in progress.	No reply was made.	Action should be taken to settle the relevant accounts and complete the construction work.

3.3 Operational Inefficiencies

The following observations are made.

Audit Observation	Comment of the Management	Recommendation
-----	-----	-----
(a) A double cab vehicle had been acquired for Rs. 5,840,000 under the financial lease scheme for the Ramboda Cultural Center in 2014. This vehicle had been repossessed by the finance company due to non-payment of installments since February 2015. Accordingly, the amount of Rs.1,565,504 paid had become a loss to the foundation.	No reply was made.	Actions to should be taken to utilize public funds effectively
(b) According to the preliminary investigation report dated 24 July 2013, regarding the misappropriation of Rs.4,252,500 given by the Foundation to two employees for the payment of field coordination allowances between April 2011 and April 2013, the necessary action had not been taken to recover a sum of Rs.3,202,500 due from relevant employees even by 31 December 2024.	No reply was made.	Prompt actions to should be taken to recover this amount from the responsible officers.

- | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------------------------------------|
| <p>(c) The Committee on Public Enterprises meeting held on 07 November 2012 had recommended the recovery of the amount of Rs.2,457,239 spent by the Foundation for the renovation works during the period when the Foundation's head office was maintained in a building belonging to the Ceylon Workers' Congress in Colombo. But the Foundation had failed to recover that amount even by the end of the year 2024.</p> | <p>No reply was made.</p> | <p>Relevant actions should be taken to recover this amount.</p> |
| <p>(d) Actions had not been taken to settle total advances of Rs.13,195,262 given to private institutions for various purposes during the period from the year 2006 to year 2016. Also, the loan balances and employee loans balance total amounting to Rs.685,392 given to external parties for self-employment businesses was unable to recover up to 31 December 2024.</p> | <p>No reply was made.</p> | <p>Proper action should be taken to recover this amount.</p> |
| <p>(e) The ownership of the lands where the Thondaman Sports Complex, Thondaman Cultural Center and Thondaman Vocational Training Center are located was not acquired into the name of the Foundation and the value of each land was not assessed and identified separately. Although a sum of Rs. 2,359,298 had been spent on land surveying in 2012 for the construction of 35 Prajashakthi Centers, action had not been taken to acquire these lands.</p> | <p>No reply was made.</p> | <p>Necessary actions should be taken to acquire the ownership of the lands.</p> |
| <p>(f) Eight cement block stone machines worth of Rs. 736,000 procured on 01 December 2014 to be given to Prajashakti Centers under the Self-Employed Loan Project was remained idle in the Norwood Community Prajashakthi Center even by 31 December 2024 without distribution to the self-employed beneficiaries.</p> | <p>No reply was made.</p> | <p>Projects should be started immediately and underutilized assets should be utilized.</p> |

- | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(g) Although a sum of Rs. 10,001,629 had been spent by 2022 on Poultry farming, Goat farming and Mushroom cultivation and Polythene house-related cultivation projects at the Diagama and Watagoda Community Prajashakthi Centers with an estimated value of Rs. 19,072,566, the entire amount incurred had become an idle expenditure as these 2 projects had been abandoned by October 2023.</p> | <p>No reply was made.</p> | <p>Public funds should be spent in a manner that ensures maximum efficiency. Also, action should be taken to recover the losses incurred by the government due to the suspending of these projects from the relevant responsible officials.</p> |
| <p>(h) A sum of Rs.1,519,486 had been paid to a contractor in the year 2021 for the construction of a restaurant named "Salai Oram" with a contract value of Rs.3,443,884. The approval of the electricity board who owns this land to continue this project has not been received even by the date of audit of 15 November 2023. As such, the cost of Rs.1,519,486 incurred for the construction had become an idle expenditure.</p> | <p>No reply was made</p> | <p>Necessary action should be taken to effectively utilize the relevant building constructed.</p> |
| <p>(i) Out of 99 sets of equipment worth Rs.7,888,800 procured for distribution to students who completed training in 05 courses in 2020 and 2021, 69 sets worth Rs.2,790,740 had been distributed to external persons. Accordingly, the audit revealed that the equipment had not been distributed according to a formal procedure and that no follow-up action had been carried out in this regard.</p> | <p>No reply was made not be conducted.</p> | <p>Management should focus on utilizing of public resources with maximum efficiency and effectiveness.</p> |