

Head 120 – Report of the Auditor General on the Ministry of Child Development and Women's Empowerment, and the Department under that Ministry – year 2013.

This report consists of two parts.

Part 1 – Summary report on the accounts of the Ministry and the Department under the purview of that Ministry

Part 2 – Detailed report relevant to each Head

Part 1

Summary Report on the Accounts of the Ministry of Child Development and Women's Empowerment and the Department under that Ministry

1. Department under the Ministry

<u>Head</u>	<u>Department</u>
217	Department of Probation and Child Care Services

2. Accounts

2.1 Appropriation Accounts

(a) Total Provision and Expenditure

The total net provision made for the Ministry and the Department under the Ministry was Rs. 1,245,916,716. Of this a sum of Rs. 1,223,286,171 had been utilized by the end of the year under review. Accordingly, the savings of the Ministry and the Department were Rs. 20,707,776 and Rs. 1,922,769 or 1.98 per cent and 0.96 per cent of the net provision respectively.

<u>Head</u>	<u>As at 31 December 2013</u>			<u>Saving as a Percentage of the Net Provision</u>
	<u>Net Provision</u>	<u>Utilization</u>	<u>Saving</u>	
	Rs.	Rs.	Rs.	
120	1,044,941,116	1,024,233,340	20,707,776	1.98
217	<u>200,975,600</u>	<u>199,052,831</u>	<u>1,922,769</u>	0.96
Total	<u>1,245,916,716</u>	<u>1,223,286,171</u>	<u>22,630,545</u>	1.82

2.2 Advance Accounts

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account with regard to the Ministry and the Department under the Ministry and actual values, are as follows.

<u>Item No</u>	<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
	<u>Maximum</u>	<u>Actual</u>	<u>Minimum</u>	<u>Actual</u>	<u>Maximum</u>	<u>Actual</u>
	<u>Limit</u>		<u>Limit</u>		<u>Limit</u>	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
12001	22,000,000	14,522,650	800,000	14,281,050	80,000,000	53,494,203
21701	12,000,000	8,677,863	700,000	9,308,540	75,000,000	38,950,014

2.3 Imprest and General Deposit Accounts

2.3.1 Imprest Accounts

The total of the balances of the Imprest Accounts of the Ministry and the Department under the Ministry amounted to Rs. 7,258,036 as at 31 December 2013. Particulars are given below.

<u>Ministry / Department</u>	<u>Imprest Account No.</u>	<u>Balance as at 31 December 2013</u>
		Rs.
Ministry of Child Development and Women's Empowerment	7002/0000/00/0379/0013/000	2,446,820
Department of Probation and Child Care Services	7002/0000/00/0106/0013/000	<u>4,811,216</u>
Total		<u>7,258,036</u>

2.3.2 General Deposit Accounts

The total of the balances of the Deposit Accounts of the Ministry and the Department under the Ministry amounted to Rs. 7,161,467 as at 31 December 2013. Particulars are given below.

<u>Ministry / Department</u>	<u>Deposit Account No.</u>	<u>Balance as at 31 December 2013</u>
		Rs.
Ministry of Child Development and Women's Empowerment	6000/0000/00/0015/0033/000	2,340,372
Department of Probation and Child Care Services	6000/0000/00/0015/0098/000	9,880
	6000/0000/00/0006/0079/000	<u>4,811,215</u>
Total		<u>7,161,467</u>

Part 2Detailed Report Relating to Each Head1. Head 120 – Ministry of Child Development and Women's Empowerment1.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Child Development and Women's Empowerment for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The management audit report for the year under review was issued to the Secretary to the Ministry on 19 November 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statement in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1.3 Audit Observation

According to the Financial Reports and the Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (g) and the other major audit findings appearing in paragraphs 1.4 to 1.10 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Child Development and Women's Empowerment have been prepared satisfactorily.

(a) Non-maintenance of Books and Registers

It was observed in sample tests that the following registers had not been maintained by the Ministry.

<u>Type of Register</u>	<u>Regulations Concerned</u>
Fixed Assets Register	Treasury Circular No. 842 dated 19 December 1978
Inventory Register	Financial Regulation 445
Fixed Assets Register on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002

(b) Lack of Evidence for Audit

As reported, 08 payment vouchers valued at Rs. 491,808 not completed as per Financial Regulation 272 (2), belonged to the Ministry had been misplaced.

(c) Replies to the Audit Queries

Eight audit queries sent to the Ministry in the year under review had not been replied even as at 28 November 2014 and the quantifiable value of the transactions related to those audit queries was Rs. 15,517,838.

(d) Budgetary Variance

The following observations are made.

- (i) The entire net provision of Rs. 350,000 allocated to an Object had been saved.

- (ii) As a result of overprovisions made for 12 Objects , the savings after utilization of provisions ranged between 17 per cent and 95 per cent of the net provision of those Objects.

(e) Imprest Account

The following observations are made.

- (i) Although ad hoc sub imprest should be settled immediately after the completion of the purpose for which it had been obtained as per Financial Regulation 371(2), out of ad hoc sub imprests granted in 26 instances, cash ranging from Rs. 2,265 to Rs. 51,260 not utilized for the relevant purpose , had been retained in hand for a duration of 5 to 84 days , and then settled to the Ministry.
- (ii) As ad hoc sub imprests had been granted in 13 instances without proper estimates, imprests in the range of Rs. 8,822 to Rs. 47,000 totaling Rs.314,066, had been saved after the relevant purpose had been completed, and those imprests had later been settled in cash.

(f) General Deposit Account

The following observations are made.

- (i) Action had not been taken in terms of Financial Regulation 571 in respect of 07 deposits totalling Rs. 448,916 that had lapsed for more than 02 years.
- (ii) Advances totalling Rs. 222,540 granted for miscellaneous purposes, had been retained in the Deposit Account without being utilized for the relevant purposes.

(g) Reconciliation Statement on the Advances to Public Officers Account

The following observations are made.

- (i) Interests amounting to Rs. 6,310 receivable from 12 officers during the year under review had not been recovered.

- (ii) Loan balances of 02 officers in service totalling Rs. 32,072 had not been recovered during the year.
- (iii) According to the reconciliation statement as at 31 December 2013, the loan balance amounted to Rs. 53,494,203 as per the books of the Ministry , whereas it was Rs. 53,480,611 as per Treasury books. Accordingly, there had been an unidentified difference of Rs. 13,592.
- (iv) There had been a difference of Rs. 288,981 between the loan balance of Treasury books , and the Ministry books shown in the reconciliation statement on advance account as at 31 December 2012. A sum of Rs. 324,634 had been written off from the account by considering the difference as accounted twice. Accordingly, there had been a further difference of Rs. 35,653.

1.4 Good Governance and Accountability

1.4.1 Annual Procurement Plan

The annual Procurement Plan had not been prepared even as at 31 December 2013 in terms of the National Budget Circular No. 128 dated 24 March 2006.

1.4.2 Implementation of Audit and Management Committee.

Only 02 sessions of the Audit and Management Committee meeting had been held during the year under review.

1.5 Assets Management

The following deficiencies were observed at the sample test checks carried out on the assets of the Ministry.

(a) Conducting Annual Boards of Survey

The following observations are made.

- (i) In accordance with Public Finance Circular No. 441 of 09 December 2009 as amended by the letter No. PF/Board of Survey/01 dated 17 December 2010 of the Director General of Public Finance, the board of survey for the year 2013

should be conducted and the reports should be furnished to the Auditor General before 15 March 2014. However, the Ministry had furnished board of survey reports with regard to 14 divisions of the Ministry to audit by 31 December 2014, whereas board of survey reports for another 12 divisions had not been furnished.

- (ii) Action had not been taken as per Financial Regulations on surpluses, shortages, and other recommendations, pointed out by the board of survey reports of the year 2012.

(b) Non-settled Liabilities

Liabilities relating to a period of less than 01 year as at 31 December 2013, and not settled by the Ministry amounted to Rs. 78,373,678.

1.6 Non-compliances

Non-compliance with Laws, Rules, Regulations, etc.

Instances of non-compliance with the provisions of laws, rules and regulations revealed in sample audit checks are analyzed below.

<u>Reference to Laws, Rules, and Regulations</u>	<u>Value</u> Rs.	<u>Non-compliance</u>
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulation 94(1)	1,815,318	Commitments had been incurred by exceeding the savings incurred after the utilization of net provisions allocated to an Object.
(ii) Financial Regulation 128(1)(i)	31,200	Twenty four rooms had been obtained in excess to provide lodging for 172 officers who took part in 4 training programs, and a payment of Rs. 31,200 had been made.

- | | | |
|--------------------------------|---|---|
| (iii) Financial Regulation 880 | - | None of the officers of the Ministry required to give security in accordance with the Public Officers (Security) Ordinance, had given security. |
| (iv) Financial Regulation 1646 | - | Running charts and monthly summaries of 12 vehicles , and monthly summaries of 18 vehicles for the year under review , had not been presented to audit. |

1.7 Performance

Observations relating to the progress of the Ministry according to the annual Action Plan for the year 2013 are as follows.

(a) Children's Secretariat

The following deficiencies were observed in the audit test checks carried out on the programs implemented by the Ministry on early childhood development , and food and nutrition.

- (i) A sum of Rs. 500,000 had been allocated to conduct 100 sessions of the awareness program for parents namely "*Senehasa Thataka*", under early childhood development programs, but only 57 sessions of the program had been held during the year under review spending a sum of Rs. 280,000.
- (ii) The Ministry had planned to conduct 200 awareness programs on food and nutrition, and provisions amounting to Rs. 1,000,000 had been allocated. However, only 157 programs had been conducted during the year under review. Accordingly, 43 programs had not been conducted, and Rs. 220,000 worth provisions equivalent to 22 per cent had been saved.
- (iii) A sum of Rs. 2,000,000 had been provisioned during the year under review to conduct 200 programs for the capacity development of the teachers of early

childhood development centers, and of that, a sum of Rs. 1,730,000 had been spent to conduct 173 programs.

(iv) Despite a sum of Rs. 4,000,000 provisioned for the establishment of 30 modal children's villages, 15 modal children's villages had been established spending a sum of Rs. 4,240,000 during the year under review.

(v) Out of 200 sets of educational instruments purchased on 20 December 2012 to distribute among the early childhood development centers, only 96 sets had been distributed in the year 2013. Another 86 sets of the rest had been distributed in December 2014. Even after a lapse of 2 years since the purchase of the rest of 18 sets of the instruments, action had not been taken for distribution.

(vi) Out of 700 water purifiers purchased on 20 December 2013 to distribute among early childhood development centers, none had been distributed as at 31 December 2013, and only 94 of them had been distributed by December 2014.

(b) National Committee on Women

The following observations are made.

(i) Provisions amounting to Rs. 200,000 had been allocated to conduct seminars and workshops in order to provide legal advices , counselling , and awareness for the estate community. However, with no utilization made in that regard, a part of course fee of the Tamil diploma - Empowerment of Women in Politics, had been paid.

(ii) A sum of Rs. 100,000 had been provisioned to conduct awareness programs for the estate community through documentary films. Out of the said amount , a sum of Rs. 16,000 had been spent, and such a program had not been conducted during the year under review.

(iii) In spite of a sum of Rs. 200,000 allocated for conducting 02 workshops for the policy makers, even a single workshop had not been conducted.

(iv) In spite of a sum of Rs. 10,000 allocated for conducting discussions with the Foreign Employment Bureau , and other institutions, no discussion whatsoever had been conducted during the year.

(v) In spite of provisions amounting to Rs. 300,000 allocated during the year for conducting 05 workshops under the program to train early childhood development officers, women development officers, and counseling officers to strengthen the legal division of the committee on women, no workshop whatsoever had been conducted during the year.

1.8 Management Inefficiencies

The following inefficiencies were observed in audit test checks.

(a) Fifty six branches of micro finance had been maintained under *Wanitha Shakthi* Foundation. Of that, 20 had become unsuccessful as at 31 December 2013.

(b) Revolving loan scheme had been implemented in 154 Divisional Secretariats , and 723 instances of defaults on the loans had been observed.

1.9 Weaknesses in Operation of Bank Accounts

Balances to be Adjusted

Information revealed in the analysis on the adjustments in bank reconciliation statements prepared by the Ministry of Child Development and Women's Empowerment as at 31 December 2013, are given below.

Age Analysis

<u>Description on Adjustments</u>	<u>Over 06 Months</u>	<u>Over 01 Year</u>	<u>Total</u>
	<u>Less than 01 Year</u>	<u>Less than 03 Years</u>	Rs.
	Rs.	Rs.	
(i) Un-realized deposits	3,860	-	3,860
(ii) Unidentified debits	7,908	60,218	68,126
(iii) Unidentified credits	277,038	3,565	280,603

1.10 Human Resources ManagementApproved and Actual Cadres

Cadre position as at 31 December 2013 is given below.

	<u>Category of Employee</u>	<u>Approved</u>	<u>Actual</u>	<u>No. of</u>	<u>Surplus</u>
		<u>Cadre</u>	<u>Cadre.</u>	<u>Vacancies</u>	
i.	Senior Level	26	23	03	-
ii.	Tertiary Level	17	12	05	-
iii.	Secondary Level	1,424	1,160	264	-
iv.	Primary Level	68	68	-	-
v.	Other (Casual / Temporary/ Contract)	-	03	-	03
	Total	<u>1,535</u>	<u>1,266</u>	<u>272</u>	<u>03</u>

The following observation is made.

The Ministry had not taken steps to fill vacancies of 264 posts in secondary level, 05 posts in tertiary level, and 03 posts in senior level.

2. Head 217 - Department of Probation and Child Care Services

2.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Department of Probation and Child Care Services for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The management audit report for the year under review was issued to the Secretary to the Ministry on 25 September 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

2.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statement in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2.3 Audit Observation

According to the Financial Reports and the Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (c) and the other major audit observations appearing in paragraphs 2.4 to 2.9 herein, the Appropriation Account and the Reconciliation Statements of the Department of Probation and Child Care Services have been prepared satisfactorily.

(a) Non-maintenance of Books and Registers

The Department had not maintained the books and registers relating to *Sevana Sarana* Fund In a proper and updated manner.

(b) Imprest Account

Contrary to provisions in Financial Regulation 371, ad hoc sub imprests totalling Rs. 120,000 had been granted to 2 officers in 2 instances by exceeding the Rs. 20,000 limit without a formal approval.

(c) General Deposit Account

A sum of Rs. 4,811,216 granted under *Nena Diriya* and *Sevana Sarana* Fund had been retained in the Deposit Account without being utilized for the relevant purpose.

2.4 Non-settled Liabilities

The value of non-settled liabilities of the Department existing for a period less than a year as at 31 December 2013, amounted to Rs. 1,130,817 .

2.5 Non-compliancesNon-compliance with Laws, Rules, Regulations , etc.

Instances of non-compliance with the provisions of laws, rules and regulations revealed in sample audit checks are analyzed below.

Reference to Laws, Rules, and Regulations	Value	Non-compliance
-----	-----	-----
	Rs.	
Financial Regulations of the Democratic Socialist Republic of Sri Lanka		

(i) Financial Regulation 165(1)	6,481,820	Cash received under <i>Sevana Sarana</i> Fund had not been recorded in a register

- | | | |
|-----------------------------------|-----------|--|
| (ii) Financial Regulation 168(1) | 2,345,872 | Receipts had been issued with a delay of about one month for the receipts amounting to Rs. 2,231,873 received by the Department, whereas no receipts had been issued for another receipt of Rs. 114,000. |
| (iii) Financial Regulation 177(1) | 646,000 | Cheques received by the Department had been banked by retaining in hand for a period of more than a month instead of banking as soon as possible. |

2.6 Performance

Observations on the progress of the Department according to the annual Action Plan for the year 2013 are as follows.

(a) Activities not Fulfilled Adequately

A sum of Rs. 4,811,216 from the donations received by the *Sevana Sarana* Fund and the *Nena Diriya* program had been retained in the Deposit Account instead of being paid to beneficiary children. Out of the money received during the year under review, 73 per cent had been granted by the donors, and as those money had not been paid to beneficiary children, they had been deprived of receivable interest.

(b) Planning

When compared with the progress achieved as stated in the Performance Report according to the Action Plan presented to audit, the following expected targets stated in the Action Plan, could not be achieved.

- (i) Although a sum of Rs. 870,000 had been provisioned to conduct 500 welfare programs for the sake of street children, 275 programs had been conducted at an expense of Rs. 850,000, whereas 225 programs had not been conducted.

- (ii) Although it was expected to train 200 institutionalized children in-house, only 20 children had been trained. Despite a sum of Rs. 150,000 was expected to spend on complete training, a sum of Rs. 1,500 only had been spent.
- (iii) Provisions amounting to Rs. 200,000 had been allocated to provide training on skills development for 200 institutionalized children, but only 54 children had been trained by expending a sum of Rs 122,000
- (iv) Although provisions amounting to Rs. 150,000 had been allocated for training on skills development of 100 officers, the expected training had not been provided, despite a sum of Rs. 8,000 had been spent.

(c) Non-reconciliation of Reports

The following discrepancies were observed between the performance report presented to audit as at 31 December 2013, annual report, and the files presented to audit.

	<u>Performance Report</u> <u>-2013</u> <u>No. of Children</u>	<u>Annual Report -</u> <u>2013</u> <u>No. of Children</u>	<u>As per Files of the</u> <u>year 2013</u> <u>No. of Children</u>
<i>Sevana Sarana aids</i>	117	108	95
<i>Welfare for street children</i>	275	-	195

2.7 Weaknesses in Operating Bank Accounts

According to the bank reconciliation statement prepared by the Department for the month of December 2013, action had not been taken in accordance with Financial Regulation 396(d) in respect of 2 cheques exceeding 06 months and valued at Rs. 2,337 that had not been presented to the bank despite being issued as at 31 December 2013.

2.8 Management Weaknesses

The following weaknesses were observed during audit test checks.

- (a) The Department had issued 740,850 World Children's Day flags valued at Rs. 54,230 to 22 District Secretariats, and 297 Divisional Secretariats in order to sell them through the Children's Right Officers. The value of those flags had not been received even as at 10 May 2014 from 221 District , and Divisional Secretariats to which 519,300 flags had been issued. The Department had been unable to obtain information relating to the number of flags sold and the remaining numbers from the officers responsible.
- (b) A sum of Rs. 2,589,169 received from UNICEF in order to survey the children at orphanages, had been paid to National Social Development Institute. However, the report on the survey could not be obtained even by November 2014.

2.9 Human Resources Management

Approved and Actual Cadre

The cadre position as at 31 December 2013 is given below.

<u>Category of Employee</u>	<u>Approved Cadre</u>	<u>Actual Cadre</u>	<u>No. of Vacancies</u>
i. Senior Level	04	03	01
ii. Tertiary Level	240	239	01
iii. Secondary Level	212	169	43
iv. Primary Level	<u>16</u>	<u>14</u>	<u>02</u>
Total	<u>472</u>	<u>425</u>	<u>47</u>

The following observation is made.

The Department had been unable to fill 47 vacancies by the end of the year under review.