

Report of the Auditor General on Head 124, Ministry of Social Services and the Department under the Ministry – Year 2014

Paragraphs 1 and 2 of this Report contain the general information on the Accounts of the Ministry and the Department under the Ministry and the Audit Observations on each Head appear in paragraph 3 onwards.

1. Department under the Ministry

<u>Head</u>	<u>Department</u>
216	Department of Social Services

1.1 Scope of Audit

The audit of the Appropriation Account, including the financial records, reconciliation statements, books, registers and other records of the Ministry of Social Services and the Department of Social Services appearing in paragraph 1 above for the year ended 31 December 2014 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 Chief Accounting Officer and the Accounting Officers on the under mentioned dates. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and the 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.

<u>Head</u>	<u>Ministry/ Department</u>	<u>Date of Issue of the Management Audit Report</u>
124	Ministry of Social Services	07.08.2015
216	Department of Social Services	07.08.2015

1.2 Responsibility of the Chief Accounting Officer and 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 Statements 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. Accounts

2.1 Appropriation Accounts

Total Provision and Expenditure

The total net provision made for the Ministry and the Department under the Ministry amounted to Rs.4,503 million and out of that Rs.4,418 million had been utilized by the end of the year under review. Accordingly, savings out of the net provision of the Ministry and the Department amounted to Rs.57 million and Rs.28 million and represented 1.4 per cent and 6.1 per cent respectively of the net provision. Details appear below.

Head	Net Provision	As at 31 December 2014		
		Utilization	Savings	Savings, as a Percentage of Net Provision
	Rs. millions	Rs. millions	Rs. millions	
124	4,048	3,991	57	1.4
216	455	427	28	6.1
Total	4,503	4,418	85	1.9

2.2 Advance Account

2.2.1 Advances to Public Officers Accounts

Limits Authorized by Parliament

The limits authorized by Parliament for the Advance to Public Officers Accounts of the Ministry and the Department under the Ministry and the actual amount are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
12401	7.0	6.4	3.5	7.3	45.0	19.0
21601	15.0	12.1	11.2	13.3	80.0	51.0

2.3 Imprest Account

The balance of the Imprest Account of the Ministry of Social Services as at 31 December 2014 amounted to Rs.0.2 million.

2.4 General Deposit Accounts

The balances of General Deposit Accounts of the Ministry and the Department under the Ministry as at 31 December 2014 totalled Rs.7.6 million. Details appear below.

Ministry/ Department	Deposit Account Number	Balance as at 31 December 2014
Ministry of Social Services	6000/0000/000/0015/0037/000	Rs. 6.7
Department of Social Services	6000/0000/000/0015/0097/000	0.9
Total		7.6

2.5 Audit observation

According to the Financial Records and Books for the year ended 31 December 2014, it was observed that subject to the audit observations appearing in Management Audit Reports referred to in paragraph 1.1, the Appropriation Accounts and the Reconciliation Statements of the Ministry and the Department have been prepared satisfactorily. The material and important observations out of the observations included in those Management Audit Reports appear in paragraph 3 to 4 herein.

3. Head 124 – Ministry of Social Services

3.1 Non-maintenance of Registers and Books

It was observed during audit test checks that the Ministry had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation	Observation
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(a) Register of Losses	Financial Regulation 110	Not maintained
(b) Register of Telephone Calls	Financial Regulation 850	Not maintained
(c) Register Calling for Quotations	Guideline 5.2.1 of the Government Procurement Procedure	Not maintained
(d) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978	Not updated
(e) Register of Listing of Vehicles	Financial Regulation 1647(e)	Not updated

3.2 Lack of Evidence for Audit

The following transactions subjected to audit test checks could not be satisfactorily vouched in audit due to non rendition of necessary evidence to confirm them.

- (a) Adequate information to confirm the distribution and the action taken by the Ministry to distribute the stock of wheel chairs, clutches and equipment used for walking which had been donated to the Minister of Social Services by a Buddhist Association in Malaysia, although a sum of Rs.264,901 had been paid as clearance charges.
- (b) Information relating to handing over of a stock of milk powder to the Ministry and its distribution which had been sent to an officer of the Lions Club by an Institution of the United States of America, although a sum of Rs.135,229 had been paid as clearance charges.
- (c) Agreements entered into with 4 institutions for which recommendations had been made for exemption of customs duty.
- (d) The Department of Trade and Investment Policies had informed that the distribution of food valued at Rs.4,689,220 should be carried out under the supervision of the Ministry of Social Services while granting exemption of customs duty to 2 institutions. The required evidence to confirm that the goods had been distributed under the supervision of the Ministry of Social Services was not available.
- (e) Notes in the register of stock to indicate that the book named Headings of Leadership which included the speeches of the former President had been received and taken over after printing for which a sum of Rs.100,000 had been paid on 26 February 2014 to a government press institution.
- (f) One hundred and fifteen Sisunana Centres had been opened during the period 2001 to 2013 and 22 centres had been opened in 2014 and it had been informed that although the plan was to supervise 40 centres, 20 centres had been supervised. . There was no provision in the Action Plan for this and necessary documentary evidence to confirm supervisory activities had been carried out at 20 centres was not available.
- (g) Provision had been made to conduct 378 advisory programmes at Divisional Secretariats and District Secretariats. However, progress reports to confirm that such advisory programmes had been conducted at 57 offices had not been furnished.
- (h) A sum of Rs.360,000 had been provided with the intention of providing advisory services to 48,000 persons through mobile phones during the entire 24 hours. But,

it had been stated in the progress reports that services has been supplied to 46,316 persons during the year under review. However, documentary evidence to confirm that had not been made available.

- (i) Information relating to persons who had received 60 wheel chairs valued at Rs.1,235,000 said to have been distributed at the Divisional Secretariat level so as to coincide with the Deyata Kirula Exhibition.
- (j) Details of distribution of 132 wheel chairs valued at Rs.1,610,290 said to have been distributed at mobile services conducted at various places.
- (k) Evidence to confirm that 347 spectacles valued at Rs.225,550 sent to the Divisional Secretariats had been handed over to the respective beneficiaries.
- (l) Information relating to mobile telephones purchased by the Ministry during the period 2010 to 2014.
- (m) The Secretary to the Ministry of Social Services/ Additional Secretary to the Department of Social Services (Administration) had informed the Secretary to the Ministry of Finance and Planning that the distribution of goods should be done under the supervision of the Department of Social Services while requesting exemption of customs duty for 5 non-governmental organizations. Necessary evidence to confirm that such distribution had been done had not been made available.
- (n) Concession of exemption from customs duty had been obtained to import raw materials valued at Rs.907,951 for producing artificial legs to an “Asarana Sarana” Society. However, evidence to show that those service items had been distributed under the supervision of the Department of Social Service had not been made available.

3.3 Appropriation Account

3.3.1 Budgetary Variance

Excess provision had been made for 16 Objects by end of the year under review and as such the savings, after the utilization of provision amounted to Rs.21,416,302 which ranged between 10 per cent to 100 per cent of the net provision made.

3.3.2 Classification Errors

A total sum of Rs.334,660 had been incurred on fuel obtained on fuel orders for vehicles belonging to the Ministry during the year under review. Instead of accounting this expenditure under the Correct Object for fuel, it had been accounted under the object relating to strengthening of destitute groups within the community.

3.3.3 Understatement of Liabilities

An expenditure of Rs.15,210,919 for the year 2014 had been paid during 2015. However, that liability had been shown as Rs.11,909,783 in the Appropriation Account. As a result, the liability had been understated in the Appropriation Account by Rs.3,301,136.

3.4 Imprest Account

The unsettled sub-imprest balances as at 31 December of the year under review amounted to Rs.253,986 as per books of the Ministry. However, the amount show in the Appropriation Account was Zero and the balance amounted to Rs.9,153,986 as per Treasury books.

3.5 General Deposit Account

The following observations are made.

- (a) Action in terms of Financial Regulation 571 had not been taken on 37 deposits older than 2 years totalling Rs.963,624.
- (b) A statement of monthly summary of deposits prepared on Form General 71, for each month, should be furnished to the Auditor General before end of the following month in terms of Financial Regulation 565(5). However, the Ministry had not taken action accordingly.

3.6 Reconciliation Statement relating to the Advances to Public Officers Account

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2014 relating to the Advances to Public Officers Account Item No. 12401.

- (a) A note of adjustments amounting to Rs.187,756 continued to be brought forward for many years with regard to a Control Account Balance maintained by the Ministry. However, action had not been taken to identify and rectify it even by end of the year under review.
- (b) Action had not been taken even by end of the year under review to settle the loan balances of Rs.41,530 of 2 officers who had vacated posts. These were in arrears for over 13 years.

3.7 Non-compliances

----- Non-compliances with Laws, Rules and Regulations -----

Instances of non-compliances with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non-compliance -----
(a) Financial Regulation of the Democratic Socialist Regulation of Sri Lanka ----- Financial Regulation 104(1)(3)(4)	-	Investigations had not been carried out with regard to accidents caused to 8 vehicles and the preliminary and complete reports had not been furnished.
(b) Circular of the Presidential Secretariat ----- Paragraph 5.5 of the Circular No.P.S/1/17/1 of 14 May 2010	93,927	The maximum limit of expenditure for a month on the mobile phones of Ministers is limited to Rs.10,000. However, a sum of Rs.93,927 had been paid as

telephone charges in April 2014.

(c) Government Procurement Procedure

Guideline 3.6	2,653,950	Seventeen thousand six hundred and forty three spectacles had been purchased during the year 2014 without calling for quotations.

3.8 Foreign Aid Projects

A sum of Rs.210,208,325 had been received by the Ministry on behalf of projects during the year under review. Of this, a sum of Rs.140,160,000 representing 67 per cent had been spent on providing financial aid to the disabled persons while Rs.10,819,680 representing 5 per cent had been spent on providing vocational training. The following observations are made in this connection.

(a) **Financial Aid Accounts**

The following observations are made with regard to the transactions relating to the Financial Aid Account.

- (i) A sum of Rs.2,901,000 had been returned to the Ministry without being credited to the respective Beneficiaries Account (for reasons such as errors in the account number, numbers that had not been approved and for other reasons) during the year under review.
- (ii) According to the audit test checks, the amount sent for crediting to 5 Accounts of beneficiaries every month had been continuously returned to the Ministry within few months. Action had not been taken to identify those accounts and take necessary action.

(b) Vocational Training for the Disabled Persons

The following observations are made.

- (i) According to the agreement entered into between the World Bank and the Government of Sri Lanka on 30 November 2012, the vocational training should have commenced from the year 2013. However, the vocational training for the disabled had been delayed and commenced during the month of June 2014.
- (ii) The amount spent by the Ministry for this vocational training from 2013 to December 2014 amounted to Rs.228,193,680. Of this, a sum of Rs.10,819,680 representing 4.7 per cent only had been spent for the vocational training of the disabled persons.
- (iii) According to the Condition No.03 (D) – Annexure A of the agreement stipulated in the agreement entered into with the Institution, the reports relating to the monthly progress and expenditure should be forwarded to the Ministry. However, 06 Institutions had not acted in the said manner even by end of the year under review.

3.9 Performance

The observations on the performance of the Ministry as per Budgeted Estimates and the Action Plan for 2014 appear below.

(a) Activities contrary to the key Functions

It was observed during the course of audit test checks that the Ministry had deviated from its objectives and certain such instances appear below.

- (i) A sum of Rs.130,637 had been spent on the notices of the Ministry published by a private media institution with regard to the former President's assumption of duties and it had been accounted for, under the Object 124 – 2 – 5 -1 – 1501(2), Strengthening of the Disabled groups within the Community.
- (ii) A sum of Rs.25,000 had been spent on purchasing 100 copies of the translated book named “Annie Lorry” for distribution among child centres.

Action had not been taken to distribute them and had been kept in the stores even by 23 June 2015, the date of audit.

(b) Key Functions not Executed Adequately

The following observations are made.

- (i) Provision amounting to Rs.1,000,000 had been transferred by Transfer Order No.155 on 30 December 2014 to supply water purifying machines to 05 selected Divisional Secretariats of the Annuradhapura District. However, the work concerned had not been completed.
- (ii) The key functions of the Advisory Division such as, activities relating to preparation of a national policy for advisory services, preparation of standards relating to advisory services and construction of advisory service centres on a Divisional Secretariat level had not been carried out during the year 2014.
- (iii) A sum of Rs.12,000,000 had been provided to the Advisory Services Division. However, out of the amount a sum of Rs.1,409,189 representing 12 per cent had been saved by end of the year under review. The divisional programmes concerned had not been properly carried out during the year and follow up action had not been taken in this regard.

(c) Non-indication of Actual Performance Level in the Progress Reports

A sum of Rs.741,417 had been spent to print pamphlets and magazines relating to advices and such expenditure had been shown as Rs.689,000 in the progress reports. Accordingly, a difference of Rs.52,417 was observed.

(d) Weaknesses in Planning

The following observations are made.

- (i) A sum of Rs.6,000,000 had been provided to grant self-employment aid to 500 families under the “Thani Mapiya Kramaya” as per Revised Action Plan of the year 2014. According to the progress report of 2014, a sum of Rs.6,563,000 had been utilized to grant self-employment aid to 588 families. Accordingly, the provision made had been exceeded by Rs.563,000 and self-employment aid to families had exceeded by 88

without proper planning. This aid had not been granted for the districts of Nuwara Eliya, Matale, Anuradhapura, Trincomalee, Hambantota and Vavuniya. Aid had been granted to more beneficiaries exceeding the required to certain districts and Aid had been granted to lesser number of beneficiaries in certain districts.

- (ii) Out of the 25 districts, self-employment aid granted to smaller groups under the “Thani Mapiya Aid Programme” had been restricted to Mullaitivu and Kalutara districts only.

(e) Non achievement of the Expected Level of Performance as Planned

The following deficiencies were observed during the implementation of the Self Employment Development Programmes by the Ministry during the year under review.

- (i) According to the Action Plan for the year 2014, a sum of Rs.900,000 had been provided to conduct smaller group Self Employment Development Programmes for 70 members of 40 “Thani Mapiya” families. Of this, a sum of Rs.360,000 representing 40 per cent of the provision alone had been utilized by end of the year under review.
- (ii) Forty members had been targeted for obtaining Smaller Group (Thani Mapiya) Self Employment Aid. However, aid had been granted to 26 members only. As such, its physical progress was 65 per cent.
- (iii) Ten Self Employment Development Programmes had been conducted in 08 districts by spending Rs.630,000 during the previous year and 03 programmes only had been conducted in 02 districts by spending Rs.360,000 during the year under review.
- (iv) A sum of Rs.100,000 had been provided to conduct 10 Self Employment Training Programmes during the year under review. Of this, a sum of Rs.77,316 had been spent to conduct 05 training programmes only. Accordingly, the financial progress was 77 per cent and the physical progress was 50 per cent. A sum of Rs.6,922,000 had been granted as Self Employment Aid to 588 persons during the year under review. However, the reports relating to its progress had not been forwarded to the division concerned.

- (v) A sum of Rs.2,000,000 had been provided for 13 Capacity Development Training Programmes. Of this, a sum of Rs.1,527,000 had been utilized to fulfil 09 programmes. Accordingly, 04 programmes, lesser than the targeted programmes had been implemented and its financial progress was 76 per cent and the physical progress was 69 per cent.
- (vi) According to the progress reports, a sum of Rs.1,500,000 had been provided for publication activities during the year under review and a sum of Rs.689,000 had been spent to print 35,000 handbills and 1500 advisory magazines. Accordingly, the financial progress was 46 per cent.
- (vii) According to the Action Plan 2014, it had been planned to conduct 475 awareness programmes by providing Rs.5,040,000. By the end of the year under review, a sum of Rs.3,596,000 had been spent to conduct 413 advisory programmes. Accordingly, its financial progress was 71 per cent and the physical progress was 87 per cent.

3.10 Irregular Transactions

Certain transactions entered into by the Ministry had been devoid of regularity. Several such instances observed are given below.

- (a) Three officers had obtained Rs.168,520 for participating in a Community Benefit Workshop. But, those officers had not participated in those programmes and the amount concerned had been irregularly given to other officers.
- (b) Domestic Funding had not been expected for the Voice Project. The Cabinet of Ministers had granted approval for extension of period of the Project on 07 June 2014. But, telephone charges totalling Rs.95,788 made up of Rs.65,723 and Rs.30,065 respectively had been incurred from the provision belonging to the Ministry.
- (c) One thousand five hundred copies of advisory magazines had been printed on behalf of the National Advisory Services Day of 15 October 2014. Copies of magazines had been printed by spending Rs.509,796 by making inquiries through the telephone instead of calling for quotations. Although provision had been made in the Action Plan prepared at the commencement of the year, 10 months had

elapsed since the commencement of the year and the Ministry had not taken action to follow procurement procedures in this connection.

3.11 Transactions of Contentious Nature

Certain transactions entered into by the Ministry had been of contentions nature. Particulars of Several such instances observed appear below.

- (a) Payments for 845 disabled persons of the Gampaha district amounting to Rs.2,535,000 at the rate of Rs.3,000 each were pending. In spite of this, an abnormal expenditure of Rs.9,352,347 had been incurred from the Object 124-2-1-1501 during the month of December 2014.
- (b) The fuel allowances obtained by the former Secretary to the Ministry for the period January to December 2014 amounted to Rs.382,050 and fuel amounting to Rs.754,505 had been obtained in addition during that period and this was 197 per cent of the fuel allowance.
- (c) A Co-ordinating officer of the former Minister in charge of the subject had obtained 54 wheel chairs valued at Rs.694,760 by furnishing an application stating that it was on an advice of the Minister and had informed that those wheel chairs had been handed over at the office in his residence of the Minister in charge of the subject. But, no evidence had been furnished to audit to show that the wheel chairs purchased had been distributed among the low income earning disabled persons.
- (d) One hundred and twenty seven wheel chairs valued at Rs.2,050,400 had been issued to Ministers, Presidential Secretariat and the President's wife without considering the requests made by the disabled person of lesser income earning groups through the Divisional Secretariats.
- (e) The Ministry had spent Rs.7,524,173 on behalf of the International Disabled Day Celebrations conducted on 04 December 2014. Of this, sums of Rs.1,081,625, Rs. 1,374,530 and Rs.2,250,000 had been spent on food, transport charges and purchase of gifts respectively, The number of disabled community participated as per original plan was 1410. But, it had become 4,000 as per the bill furnished for food items.

3.12 Transactions in the Nature of Financial Frauds

The particulars of transactions of fraudulent nature observed during the course of audit are given below.

- (a) Test checks carried out regarding purchase of supportive equipment and the distribution thereof among disabled persons revealed that 6,493 spectacles had been purchased for Rs.979,950 on the basis of fictitious reasons.
- (b) Evidence to show that 1950 spectacles used for long sight and short sight valued at Rs.1,267,500 said to have been issued to the Co-coordinating Officer of the former Minister of Social Services, as per entries appearing in the documents, had not been furnished to audit.
- (c) Fictitious names of lists had been furnished to show that spectacles had been issued at an eye clinic conducted at St Anthony's Church although such a clinic had not been conducted.
- (d) Payments amounting to Rs.150,000 had been made by using forged signatures and franks of the Social Service Officers of the Monaragala district although the officers of the Divisional Secretariats of the Monaragala district had not participated in any events.
- (e) A sum of Rs.523,950 had been paid on the basis of documents furnished by the Co-ordinating Officer of the Minister stating that mobile services had been held at Ja-ela, Dikkanda, Katuwakkgodra and Kelaniya, Nakiyadeniya.

3.13. Management Weaknesses

The following weaknesses were observed at audit test checks.

- (a) Although there are accepted procedures and machinery to distribute spectacles, contravening them, the benefits entitled from the money allocated for low income earning disabled persons had not reached them due to the interference of external persons. Instances were observed where money had been obtained by producing false documents.
- (b) The suppliers had distributed spectacles planned to be distributed at mobile clinics to those who are entitled. The Ministry had not get confirmed whether the suppliers had supplied spectacles with the required specifications.

- (c) Although the procedure was to take action regarding the needy persons through the Divisional Secretaries, Social Service Officers, Social Development Officers and Grama Niladharis, such action had not been taken. Instead, programmes for fulfilling the needs of low income earning disabled persons had been carried out with the interference of politicians.
- (d) The income status of those who obtain spectacles at the mobile services had not been taken into consideration and as a result the aid that should be given for low income earning persons had been given to other persons.
- (e) Persons with weaknesses in their eyes and who earn less than Rs.6,000 per month are entitled to receive spectacles according to the prevailing indications. However, a survey of such persons had not been carried out and 121,786 spectacles had been purchased for short sighted persons. Expenditure had been incurred neglecting the range of Social Service Officers and the Administrative Machinery.

3.14 Human Resources Management

Approved Cadre and the Actual Cadre

The position on the cadre as at 31 December 2014 had been as follows.

Category of Employee	Approved Cadre	Actual Cadre	No of Vacancies
(i) Senior Level	16	11	05
(ii) Tertiary Level	03	02	01
(iii) Secondary Level	424	252	172
(iv) Primary Level	60	53	07
(v) Others (Casual. Temporary/ Contract basis)	01	01	-
Total	504	319	185

4. Head 216 – Department of Social Services

4.1 Lack of Evidence for Audit

The following transactions could not be satisfactorily vouched in audit due to the non-presentation of evidence relating to approvals, registers, receipts and evidence for confirmation shown below.

- (a) It had been mention in the Letter No.SS/4/1/1-1 of 19 September 2011 of the Director of Social Services that an officer named by the Department of Social Services should participate while recruiting disabled persons for the Vocational Training Institutes. But, the officer named by the Department had not participated although disabled person had been recruited for the Vocational Training Institutes. Similarly, the register containing information of apprentices recruited should be forwarded to the Department for approval without delay, However, the approval obtained for recruitments made at 08 institutions had not been furnished for audit.
- (b) The Department had not maintained a register containing particulars of names of disabled children studying at the Vocational Training Institutes.
- (c) A sum of Rs.3,032,423 had been paid as allowances to 138 apprentices of 07 Self Vocational Training Institutes. However, evidence to confirm that the apprentices had received those amount had not been furnished. Similarly, receipts acknowledging the sum of Rs.2,410,473 sent to 7 institutions had not been furnished for audit.
- (d) Although the Department had remitted Rs.376,400 for paying allowances for service providers who visit the National Mental Health Council, documentary confirmation had not been obtained to show that those allowances had been granted to those service providers.

4.2 Appropriation Account

Budgetary Variance

The following observations are made.

- (a) Excess provision had been made for 08 Objects and as such the savings, after the utilization of provision, ranged between 11.96 per cent to 100 per cent of the net provision relating to the respective Objects.
- (b) Liabilities amounting to Rs.6,249,662 exceeding the savings after utilizing the provision made for 31 Objects had occurred contrary to the Financial Regulation 94(1).
- (c) The difference between the value of liabilities of 3 Objects as appearing in the Appropriation Account and the value shown in the Register of Liabilities amounted to Rs.11,234.

4.3 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed during the course of audit test checks carried out with regard to the Reconciliation Statement of Item No.21601, Advances to Public Officers Account as at 31 December 2014.

- (a) Action had not been taken to recover loan balances of Rs.1,398,844 due from 13 officers who had retired/ died as at 31 December 2014 in terms of Sections 4.25 and 4.4 of Chapter XXIV of the Establishments Code.
- (b) Action had not been taken to recover loan balances totalling Rs.311,477 due from 4 officers who had vacated posts. These were in existence for 01 to 13 years as at 31 December 2014.
- (c) Loan balances totalling Rs.293,550 were due from an officer who had been suspended from service. This had existed for 4 to 19 years as at 31 December 2014 and it had been failed to recover it even by 31 December 2014 by action taken in terms of Sections 4.5 and 4.6 of Chapter XXIV of the Establishments Code.

4.4 Assets Management

Action had not been taken in terms of the Financial Regulations with regard to shortages of 271 items of goods and excesses of 124 items of goods, as revealed in the boards of survey reports of the head office of the Department and other institutions.

4.5 Non-compliances

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

Instances of non-compliances with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

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

(i) Financial Regulation 371	55,360	Ad hoc sub-impressts should be settled immediately after completion of the work. However, ad hoc sub-impressts obtained had been settled after a delay of 14 to 35 days of completion of the work.
(ii) Financial Regulations 104(1)(3) and (4)	-	Action had not been taken in terms of the Financial Regulations even by 25 June 2015 with regard to 3 accidents caused to vehicles during the year under review.

(b) Treasury Circulars

----- Paragraph 03 of the Circular No.IAI/2002/02 of 28 November 2002	255,400	Payments had been made without completing the specimen form referred to in the circular while purchasing computers, accessories and softwares.
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4.6 Performance

The observations on the progress of the Department as per Annual budget Estimates and the Action Plan for the year 2014 are given below.

(a) Key Functions not executed adequately

The key functions of the Department had not been executed adequately and several instances so revealed are given below.

- (i) Although it had been planned to train 700 disabled youngsters, 633 persons only had been trained.
- (ii) It had been planned to supply tools and equipment to 145 apprentices who had completed training. However, tools and equipment had been granted to 103 persons only.
- (iii) Although it had been planned to grant financial aid to 09 non-governmental organizations, financial aid had been granted to 06 non-governmental organizations.
- (iv) A sum of Rs.4,300,000 had been provided to a Centre established in the Ratnapura Town for children with special requirements, as per Action Plan. However, 11 per cent of it amounting to Rs.447,000 had been made use of.
- (v) It had been planned to conduct 331 training programmes for self-employees and to conduct 25 Signal Languages Training Programmes. However, the Programmes conducted were 231 and 11 respectively.

- (vi) One hundred and seventeen of the 125 equipment such as commode, electricity and Rams included in the Action Plan for distribution as direct benefits through the Community Based Rehabilitation Programme 117 equipment had been distributed. No equipment had been issued to 9 out of 25 districts. 28 equipment whatsoever had been issued to the Kalutara district and it was the district to which maximum issues had been made. Although these equipment had been distributed in 16 districts, there were inequality in distribution of equipment among the districts.
- (vii) A sum of Rs.200,000 had been provided for printing hand books of Community Based Rehabilitation Projects and other printing activities. A sum of Rs.168,000 had been spent for those activities as per progress reports. However, the project hand book had not been printed.
- (viii) It had been planned to spend Rs.500,000 to implement 25 evaluation programmes on a district and divisional basis. However, out of that amount, a sum of Rs.430,000 had been spent by implementing 12 programmes only according to the Annual Progress Report. Its financial progress was 86 per cent and the physical progress was 48 per cent.
- (ix) Forty seven parentless and guardianless mentally retarded children had been afforded protection and hostel facilities at the Puwakpitiya Jayaviru Sevana Institution during the year 2014 although 50 made children could have been accomodated. A sum of Rs.7 million had been provided for the first stage of construction of a building which could afford hostel facilities for 100 children. The activities relating to the construction for the year 2014 had commenced in October 2014.
- (x) The Child Guidance Centre to which children are referred to during instances of suspecting any problems or delays in the development of children or after identification of their disabilities, had failed to fulfil the following functions planned during the year 2014 by the Child Guidance centre.
- Workshops of District Social Service Officers for commencement of extension of Child Guidance Centres and commencement of Divisional Centres.
 - One day awareness programme for officers of the Monaragala district with regard to Child Guidance Project.

- To conduct 02 two days' workshop (Monaragala district) to discuss with preschool teachers about the children with special necessities and to enlarge instances of interacting.
- Awareness to Social Service Officers, Social Development Assistants and officers dealing with children of the Western Province and a meeting between parents and officers of the educational field regarding children who are proposed to be entered in proper schools (Western Province).
- One day awareness programme for officers of the Polonnaruwa District with regard to Child Guidance Project.
- Two day workshops for preschool teachers to instruct and to enlarge instances of interacting with regard to children with special necessities. (Ampara district)
- Two day workshops for preschool teachers to instruct and to enlarge instances of integrating with regard to Children with special necessities. (Kandy district)

4.7 Deficiencies in operating Bank Accounts

Direct remittances of Rs.37,462 made to the banks by the Vocational Training Institutions had not been brought to revenue.

4.8 Transactions without Authority

A sum of Rs.1,352,680 had been paid as expenditure on maintenance of voluntary organizations by the Department of Social Services in 2014. However, proper approval had not been furnished to audit in this connection.

4.9 Human Resources Management

Approved Cadre and the Actual Cadre

The position of cadre as at 31 December 2014 is as follows.

Category of Employee	Approved Cadre	Actual Cadre	No.of Vacancies
(i) Senior Level	11	09	02
(ii) Tertiary Level	164	125	39
(iii) Secondary Level	493	439	54
(iv) Primary Level	97	85	12
(v) Others (casual/ Temporary/ Contract basis)	18	09	09
Total	783	667	116

The following observations are made.

- (a) Nine employees had been recruited on contract basis.
- (b) Four officers had been assigned for work at the Ministry of Social Services.