

**Report of the Auditor General on Head 124 – Ministry of Social Empowerment and Welfare - Year 2015**

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 124 – Ministry of Social Empowerment and Welfare for the year ended 31 December 2015 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 August 2016. 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 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 Account**

**Total Provision and Expenditure**

The total net provision made for the Ministry amounted to Rs.29,135.24 million and out of that, a sum of Rs.28,429.81 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Ministry amounted to Rs.705.43 million or 2.42 per cent. Details appear below.

Expenditure	<u>As at 31 December 2015</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	10,853.81	10,620.86	232.95	2.15
Capital	18,281.43	17,808.95	472.48	2.58
<b>Total</b>	<b>29,135.24</b>	<b>28,429.81</b>	<b>705.43</b>	<b>2.42</b>

## 2.2. Advance Account

### 2.2.1 Advances to Public Officers Account

#### Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No.12401 of the Ministry and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
9.11	9.00	5.91	11.16	45.00	32.13

## 2.3 General Deposit Accounts

The balances of 05 General Deposit Accounts of the Ministry as at 31 December 2015 totalled Rs.5.66 million. Details are appear below.

<u>Deposit Account Number</u>	<u>Balance as at 31 December 2015</u>
	Rs.
6000/0000/00/0002/0129/000	1.33
6000/0000/00/0013/0086/000	0.03
6000/0000/00/0015/0037/000	0.03
6000/0000/00/0016/0078/000	3.67
6000/0000/00/0019/0020/000	0.60
Total	5.66

## 2.5 Audit Observation

The Appropriation Account, and the Reconciliation Statements of the Ministry of Social Empowerment and Welfare for the year ended 31 December 2015 had been prepared satisfactorily subject to the Audit Observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and significant Audit Observations out of the Audit Observations included in the Management Audit Report appear in Paragraph 3.

### 3. Material and Significant Audit Observations

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#### 3.1 Non-maintenance of Registers and Books

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It was observed during audit test checks that the Ministry had not maintained the following registers formally and in the updated manner.

##### Type of Registers

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##### Relevant Regulation

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Register of Fixed Assets

Treasury Circular No.842 dated 19 December 1978.

Register of Fixed Assets on Computers, Accessories and Software

Treasury Circular No.IAI/2002/02 dated 28 November 2002.

Register of Losses

Financial Regulation 110

#### 3.2 Lack of Evidence for Audit

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Two transactions totaling Rs.45,000 could not be satisfactorily vouched or accepted in audit as the required evidence such as receipts, bills, Registers of Distribution Progress Reports, etc. had not been produced.

#### 3.3 Advances to Public Officers Account

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The following deficiencies were observed during the course of the audit test checks of the Reconciliation Statement of the Advances to Public Officers Account Item No.12401 as at 31 December 2015.

- (a) According to the Reconciliation Statement as at 31 December 2015 presented to audit, the outstanding balances recoverable as at date from the officers who had vacated posts totalled Rs.45,306. Even though those balances existed over period ranging from 2 years to 13 years, the Ministry had failed to recover those outstanding loan balances.
- (b) The Ministry had not taken action even by 31 December 2015 for the recovery of the loan balances of Rs.163,105 recoverable from a Technical Officer who was retired from service with effect from August 2014.
- (c) Action had not been taken to identify and rectify the balance of Rs.58,859 shown as the adjustment notes in the Advance Account.

### 3.5 Non-compliances

#### Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
	Rs.	
<b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>		
(i) Financial Regulation 757(2)	-	Action in terms of the Financial Regulation had not been taken on 20 excesses and 10 shortages identified in the Annual Board of Survey of the Ministry.
<b>(b) National Budget Circulars</b>		
Paragraph 06 of the Circular No.156 dated 16 February 2012.	99,560	Even though the expenditure on activities which are not essential should be limited, a sum of the Rs.99,560 had been spent on ceremonies on assuming duties by two Ministers.

### 3.5 Foreign Aid Project

The Ministry had implemented a project under foreign financing during the year under review. According to the Loan Agreement estimated cost thereof amounted to Rs.336,700,000 and a sum of Rs.321,059,760 had been utilized on the project during the year under review. The following observations are made in connection with the Foreign Aid Project.

- Provision of Rs.101,000,000 had been made in the Annual Budget Estimates for the year 2015 for the "Divi Saviya" project. Out of that, only a sum of Rs.88,129,978 had been utilized. As a sum of Rs.12,870,021 of the provision made had not been utilized, the objectives expected of the project had not been achieved at the expected level.
- Even though provision of Rs. 61,100,000 had been made under the Project Agreement for providing vocational training for persons with disabilities, a sum of Rs.45,446,760 out of that only had been utilized.

### **3.6 Projects implemented from Domestic Financing**

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The following observations are made.

- (a) The approval for the establishment of the National Secretariat for Volunteer Activities had been granted by the Cabinet of Ministers on 16 October 2014. Action had not been taken even by 31 December 2015 for the formulation of the National Policy required for obtaining the legal recognition for that Secretariat and obtain the approval of the Cabinet of Ministries.
- (b) According to a decision of the Cabinet of Ministries dated 22 February 2012 a Manual of Guidelines on the Sri Lanka Family Policy should have been formulated and forwarded within 02 months. A sum of Rs.1,087,438 had been spent on that project from the year 2012 up to the end of the year 2015. Even though a period of 03 years 08 months had been taken for the execution of that activity the work on the Manual of Guidelines had not been completed.
- (c) An agreement had been entered into between the Ministry of Social Services and the Southern Province Central Engineering Consultancy Bureau on 13 December 2013 for a sum of Rs.174,820,800 (excluding the Value Added Tax for the construction of the new building of the Thelembuyaya Vocational Training Institute on condition that the work should be completed within 365 days. Nevertheless, the completion percentages of the construction work even by the end of the year 2015 had been 72 per cent for the female hostel, 60 per cent for the kitchen and dining hall and 13 per cent for the male hostel and a sum of Rs.50,200,000 had been spent thereon as at 31 December 2015.

### **3.7 Performance**

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The observations on the progress of the Ministry according to the Annual Budget Estimates and the Action Plan for the year 2015, are given below.

#### **Key Functions not Executed Adequately**

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Several instances of certain key functions of the Ministry not executed adequately are given below.

- (i) A data system on the elders over to 70 years of age receiving financial aid had not been prepared for updated maintenance.
- (ii) The examination of the progress in the conduct of training and awareness programmes under the Single Parents Development Programme during the years 2013 to the year 2015 revealed that the conduct of programme had been limited only to a few Districts. The number of such Districts had decreased gradually as 6, 4 and 2 day the years 2013 to 2015 respectively.
- (iii) Provisions amounting to Rs.353,400,000 had been made in the Annual Budget Estimates for payment of monthly living allowance of Rs.3,000 for the patients of 08

Districts suffering from kidney disease and a sum of Rs.344,951,019 had been spent during the year under review. Accordingly, a sum of Rs.8,448,981 out of the provision made had not been utilized.

- (iv) The patients in the Hambanthota District suffering from the kidney disease had not been identified at the beginning of the year. Statistics revealed that there were 550 patients and 59 patients in August and October 2015. However, out of the provision sent to the Districts, a savings of Rs.15,681,000 existed as at the end of the year and action had not been taken for the utilization of that amount for the benefit of the newly identified patients.

**(b) Planning**

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Action not taken according to the Annual Action Plan  
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Instances of action not taken in accordance with the Action Plan are given below.

- (i) Even though plans had been made for the conduct of 20 awareness programmes under the Single Parent Family Development Programme, and of that 13 programmes had not been conducted.
- (ii) Even though the provisions required for the payment of the monthly financial aid for the patients suffering from kidney disease should be released for commencing payments from January itself, the provision for payment of financial aid for January in the Anuradhapura and Polonnaruwa Districts had been released only on 05 February. The provisions for the payment of financial aid from January to June in the other districts had been released only in April 2015. In the circumstances there were delays ranging from 04 months to 08 months in the payment of financial aid to patients suffering from kidney disease in 06 Districts, namely Matale, Vauniya, Mullativu, Ampara, Trincomalee and Kurunegala.
- (iii) Payments had been made in three instances during the year under review based on the statistics of the kidney patients furnished by the Ministry of Health. The months in which payments had not been made to those patients had been as follows.

<b>Districts</b> -----	<b>Month of the Non- payment</b> -----
Vauniya	January – June – August
Matale	January – March
Kurunegala	January – May – December
Ampara	January – April
Mullativu	} January – April
Polonnaruwa	
Anuradhapura	

### 3.8 Transactions of Contentious Nature

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A sum of Rs.508,533 had been paid for the newspaper advertisement published in connection with ceremony on accession to a Post.

### 3.7 Human Resources Management

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#### (a) Approved Cadre and Actual Cadre

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The position on the cadre as at 31 December 2015 had been as follows.

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
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(i)	Senior Level	48	39	09
(ii)	Tertiary Level	05	03	02
(iii)	Secondary Level	457	293	164
(iv)	Primary Level	84	76	08
(v)	Others	04	03	01
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	Total	598	414	184
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(b) The following observation are made in this connection.

(i) The Ministry had failed to fill 184 vacancies had existed as at the end of the year under review. Out of these vacancies 126 had been the posts of Counseling Officers and as those officers could not be attached to the Divisional Secretariats it had not been possible to implement the relevant plans in the appropriate manner.

(ii) As stated in the Plan, the existence of 09 vacancies in the Senior Level had affected the inability to execute the activities set out in the Annual Action Plan adequately.

#### (c) Idle Human Resources

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Subsequent to the Notification published in the Gazette Extraordinary No.1933/13 dated 21 September 2015, seventy eight officers who were serving in the Rural Development Division of the Ministry of Housing and Samurdhi had been attached to this Ministry. Duties had not been formally delegated to those officers during the period October to December 2015.