

Report of the Auditor General on Head 216 – Department of Social Service - Year 2015

The audit of the Appropriation Account, and the Reconciliation Statements including the financial records, books, registers and other records of the Department of Social Service 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 Director of the Department on 05 September 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 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 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 Department amounted to Rs.604.53 million and out of that, a sum of Rs.548.03 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision for the Department amounted to Rs.56.50 million or 9.35 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	426.66	407.12	19.54	4.58
Capital	177.87	140.91	36.96	20.78
Total	604.53	548.03	56.50	9.35

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.21601 of the Department 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
16.39	15.49	11.50	14.32	75.00	52.70

2.3 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0105/000 of the Department as at 31 December 2015 amounted to Rs.626,762.

2.4 General Deposit Accounts

The balances of the 04 Deposit Accounts of the Department as at 31 December 2015 totalled Rs.217,100. Details appear below.

<u>Deposit Account Number</u>	<u>Balance as at 31 December 2015</u>
6000/0000/00/0001/0052/000	Rs. 175,000
6000/0000/00/0002/0069/000	22,000
6000/0000/00/0013/0038/000	20,000
6000/0000/00/0018/0052/000	100
Total	217,100

2.5 Audit Observation

The Appropriation Account, and the Reconciliation Statements of the Department of Social Services 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

3.1 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account Item No.21601 as at 31 December 2015, the balances that remained outstanding as at that date totalled Rs.2,709,846. Even though such outstanding loan balances existed over periods ranging from 01 year to 21 years, the Department had failed to recover those outstanding loan balances even by the end of the year under review.

3.2 Non-compliances

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

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
<hr/>	<hr/>	<hr/>
	Rs.	
(a) Financial Regulation 94(1)	407,677	Even though commitments exceeding the provisions in the Annual Estimates should not be incurred, action contrary to that had been taken.
(b) Financial Regulations 752(2)		Action had not been taken on the excesses and shortages revealed in the Reports of the Board of Survey relating to the Head Office of the Department and 08 Vocational Training Institutes.

3.3 Projects Implemented from Domestic Financing

Delays in the execution of the following projects were revealed during the course of test checks.

Delays in the execution of Projects

It was observed that the Department had not executed the following Projects even by 31 December 2015.

Projects	Estimated Cost	Date of Commencement	Expenditure up to 31 December 2015	Reason for Delay
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	Rs.		Rs.	
Jayaviru Sevana Institute	13,000,000	2014.02.01	7,409,966	Non-submission of Bills
Amunu Kumbura Institute	467,314	2015.02.09	467,314	Non-submission of Bills

3.4 Performance

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

(a) Key Functions not executed adequately

Several instances of certain key functions that should be executed by the Department not executed adequately are given below.

- (i) Even though plans had been made for the Supply of Financed Aid amounting to Rs.2,165,000 to 09 Non-Governmental Organization, financial aid of Rs.100,000 had been given to one organization whilst financial aid had not been given to 8 organizations.
- (ii) Even though plans had been made for the supply of financial aid amounting to Rs.450,000 to 05 Pre-schools, financial aid amounting to Rs.240,000 had been given to 03 Pre-schools only. Financial aid had not been given to 02 Pre-schools.
- (iii) Even though 20 instances of supervision and operation had been planned no supervision or operating activity whatsoever had been done.

(b) Planning

Instances of action not taken in accordance with the Action Plan prepared in terms of the Public Finance Circular No.01/2014 of 17 October 2014 were observed.

- (i) Even though provision amounting to Rs.3,436,000 had been made for the entire Island for the development of additional activities (sports, crafts, arts) the entire provision had been saved as the activity had not been implemented.
- (ii) Even though the Action Plan had made provision amounting to Rs.1,070,000 for the Institution established at Ratnapura for children with special needs, the savings after spending a sum of Rs.352,000 out of that, amounted to 67 per cent.
- (iii) Even though provision amounting to Rs.2,500,000 had been made for the conduct of Progress Review Meetings, a sum of Rs.29,000 only had been used for the purpose. The savings amounted to 98.84 per cent the provision made.

- (iv) Even though provision amounting to Rs.2,500,000 had been made 20 instances of supervision and operation, the entire provision had been saved due to the failure to carry out even a single instance.
- (v) According to the revised Action Plan for the year 2015 plans had been made for the conduct of 331 Volunteer Groups Training Programmes, 123 of those programmes had not been conducted.
- (vi) Even though plans had been made for the conduct of 331 Community Leaders Training Programmes and 14 Sign Language Workshops only 93 programmes and 6 workshops respectively had been conducted.
- (vii) Even though provision amounting to Rs.700,000 had been made for the printing of the Handbooks on Community Based Rehabilitation and the other reports relating thereto under the Community Based Rehabilitation Programmes, none of the books had been printed.
- (viii) Even though provision amounting to Rs.2 million had been made for the Island- wide conduct of the Twenty Fifth Annual Ceremony of the Community Based Rehabilitation Programme, that programme had not been conducted during the year under review.

3.5 Human Resources Management

(a) Approved Cadre and Actual Cadre

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	11	09	02
(ii)	Tertiary Level	124	120	04
(iii)	Secondary Level	515	482	33
(iv)	Primary Level	97	95	02
(v)	Others	18	11	07
	Total	765	717	48

(b) Human Resources released irregularly to other parties

Three officers of the Department had been released to the line Ministry during the year under review.