

## Report of the Auditor General on Head 216 – Department of Social Services - Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 216 - Department of Social Services for the year ended 31 December 2016 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 29 September 2017. 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.496.44 million and out of that, a sum of Rs.483.82 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.12.62 million or 2.54 per cent. Details appear below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	446.34	434.93	11.41	2.56
Capital	50.10	48.89	1.21	2.42
<b>Total</b>	<b>496.44</b>	<b>483.82</b>	<b>12.62</b>	<b>2.54</b>

## 2.2. 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.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
16.50	14.58	14.50	17.42	75.00	50.77

## 2.3 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Department of Social Services for the year ended 31 December 2016 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 Non-maintenance of Registers and Books

The Department of Social Services had not updated the Register of Fixed Assets on Computer, Accessories and Software in terms of Treasury Circular No. IAI/2002/02 of 28 November 2002.

### 3.2 Appropriation Account

#### 3.2.1 Budgetary Variance

The Department had not prepared the Budget Estimate accurately and as such, the savings, after utilization of provisions, ranged between 11 per cent and 81 per cent of the provision made for 10 Objects.

#### 3.2.2 Incurring of Commitments exceeding Provisions

Contrary to Financial Regulation 94(1), commitments of Rs.2,523,596 had been incurred exceeding the savings, after the utilization of provisions made for 13 Objects.

### 3.3 Reconciliation Statement of the Advances to Public Officers Account

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According to the Reconciliation Statement of the Advances to Public Officers Account Item No.21601 as at 31 December 2016, the balances that remained outstanding as at that date totalled Rs.811,862. Even though those outstanding loan balances existed over periods ranging from 01 year to 21 years, the Department had failed to recover those outstanding loan balances.

### 3.4 Non-compliances

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

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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	Non-compliance
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(a) <b>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>	
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Financial Regulation 752 (2)	Action had not been taken in terms of recommendations mentioned in respect of deficiencies in 1088 Items revealed by reports on Boards of Survey conducted at the end of the year 2016 in the Head Office of the Department of Social Services and vocational training institutions.
(b) <b>Government Procurement Guidelines</b>	
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Guidelines 4.2.1 (b) and (c)	The detailed Procurement Plan including all purchases envisaged at least for a period of 03 ensuing years had not been prepared by the Department.

### 3.5 Performance

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The observations on the progress of the Department according to the Annual Budget Estimates and the Action Plan for the year 2016 are given below.

#### (a) Key Functions not executed adequately

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Several instances in which the key functions had not been executed adequately by the Department are given below.

- (i) Even though providing vocational training for 700 differently abled youth and granting allowances for 700 trainees had been planned in the year under review, the

Department had failed to provide vocational training to 314 persons and to grant allowances to 577 trainees.

- (ii) It had been planned to supply services to 120 children with special needs by the Child Guidance Centre at Nawinna. However, only 98 children had been registered.
- (iii) Out of the 98 children enrolled, 21 children had been directed to schools while 15 children had been admitted to pre-schools. Nevertheless, the 62 remaining children had not been directed to any of the said two instances.
- (iv) It had been planned to provide sets of tools costing Rs.5,000,000 at Rs.20,000 each for 250 trainees who had completed the vocational training. Sets of tools had been provided only to 219 trainees by spending a sum of Rs.3,800,000. Accordingly, 31 trainees had not been provided with sets of tools and out of the provision made, a sum of Rs.1,200,000 had been saved by the end of the year.
- (v) Even though provisions of Rs.100,000 had been made for providing financial aid to maintain 2 voluntary social service organizations, a sum of Rs.30,000 had been saved out of the provisions made as financial aid to the two relevant organizations.
- (vi) Provisions of Rs.400,000 had been made for stationery, speech material and transport allowances for 75 children of the Child Guidance Centre situated in Ratnapura for children with special needs. However, the details on provisions made for each need and the amount utilized had not been included in the report separately.
- (vii) Even though plans had been made for enrolment of 510 children for 08 vocational training centres operated under the Department in the year under review, only 386 children had been enrolled.
- (viii) A specific plan had not been made by the Department for training programmes on sign language for the staff of the office while the number of training programmes that should be conducted in the year under review had not been included in the performance plan as well. As such, an evaluation on the physical performance of those training programmes had not been carried out.
- (ix) Out of 21 target groups, identified by the Department, a financial and physical performance had not been achieved through the following 07 groups.

Beggars/street children

Cancer, Thalassemia patients

Tuberculosis, Leprosy patients

Families of inmates of prison

Destitute/neglected persons

Submission of recommendations to the President's Fund

Members of emigrant families

## (b) Planning

### Non-compliance with the Annual Action Plan

Even though provisions of Rs.516,978 had been granted as Rs.75,000 for paving the access roads of the Seeduwa Vocational Training Centre, Rs.67,000 for sanitary repairs of the spa and Rs.374,978 for sanitary repairs of the office, without fulfilling those functions, the provisions had been utilized for other purposes.

## 3.6 Management Weaknesses

Action had not been taken even by the end of the year under review to release Bank Savings Pass Books to the value of Rs.177,375 belonging to minors of 6 officers who died in the service.

## 3.7 Human Resources Management

### (a) Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2016 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	11	10	01
(ii)	Tertiary Level	119	115	04
(iii)	Secondary Level	526	477	49
(iv)	Primary Level	113	105	08
(v)	Others (Casual/Temporary/Contract Basis)	18	10	08
	<b>Total</b>	<b>787</b>	<b>717</b>	<b>70</b>

The following observations are made.

Eighteen posts of Vocational Instructor existed in the year under review, had been vacant. Action had not been taken to fill those 18 vacant posts of Vocational Instructor. As such, it had directly affected the weakening of training activities.

**(b) Irregular Release of Human Resources to other Parties**

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Three officers who had been recruited to the Department were released to the line Ministry. Provisions of Rs.1,799,918 had been released by the Department to the line Ministry for those officers.