

Report of the Auditor General on Head 328 –Department of Manpower and Employment– Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 328 –Department of Manpower and Employment for the year ended 31 December 2016 was carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Director General of the Department on 16 October 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 the Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue 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.364.15 million and out of that Rs.360.57 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department amounted to Rs.3.58 million or 0.98 per cent. Details are given below.

Expenditure	<u>As at 31 December 2016</u>			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	330.45	328.83	1.62	0.49
Capital	33.70	31.74	1.96	5.82
Total	364.15	360.57	3.58	0.98

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.32801 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
18.00	11.97	9.00	10.87	59.00	39.07

2.3 Imprest Account

The balance of the Imprest Account No.7002/0000/0424/0016/000 of the Department as at 31 December 2016 amounted to Rs.27,500.

2.4 General Deposit Accounts

The balances of 02 General Deposit Accounts under the Department as at 31 December 2016 totalled Rs.290,953. Details appear below.

Deposit Account Number	Balance as at 31 December 2016
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	Rs. Millions
6000/0000/00/0011/0013/0091/000	246,653
6000/0000/00/0011/0018/0089/000	44,300

Total	290,953
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2.5 **Audit Observation**

The Appropriation Account of the Department of Manpower and Employment 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 Register of Fixed Assets on Computers, Accessories and Software had not been maintained in terms of Treasury Circular No. IAI/2002/02 of 28 November 2002.

3.2 **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 provisions, ranged between 11 per cent to 100 per cent of the net provisions relating to the respective Objects.
- (b) Even though provision had been made for one Object by a supplementary estimate, the entire provision had been saved.

3.3 Imprest Account

The following observations are made.

- (a) Even though the sub imprest should be settled immediately after the purpose for which is granted in terms of Financial Regulation 371 (2) (a) and (b), the unsettled sub imprest as at 31 December 2016 amounted to Rs.27,500.
- (b) Even though sub imprest should be settled in terms of Financial Regulation 371 (5), the sub imprest amounting to Rs.61,400 granted in 06 instances had been settled with a delay of period ranging from 02 to 12 months.

3.4 Assets Management

The following observation is made.

The Physical Stock Verification carried out on 20 October 2016 revealed differences between the stock as that date and the balances in stock book. Accordingly, 13,492 periodicals and books valued at Rs.345,669 had been understated while 1,114 copies valued at Rs.89,538 had been overstated.

3.5 Performance

The following observations are made.

I. Job Designing, Promotion and Career Guidance Section

(a) Labour Market Information Unit

This Unit had been established with a view to providing information to the relevant parties on the labour market required for taking efficient and effective decisions and formulating policies as the Sri Lankan partner in the International Labour Market Network. However, this Unit did not have well trained and skilled employees who can analyze the trends in labour market. As such, the Department had failed to provide updated information required to take national economic decisions on a market subject to frequent changes such as the labour market.

(b) Job Profile of the Education Sector

The Report is prepared by analyzing the information received for a questionnaire submitted by this Unit to several institutions selected by the Department in the study of Skill Mismatch in the Education Sector in Sri Lanka. At the end of study, a book thereon was printed and only the distribution to Divisional Secretariats, selected Universities and other institutions had been done. It was questionable that whether any contribution

thereby had been made to identify the differences between demand and supply in labour market in the Education Sector and to develop an effective strategy therefor.

(c) Examination of the Performance of Public Employment Service Centres

The following matters were observed.

- (i) Job seekers can register themselves by directly visiting the Public Employment Service Centres or visiting its website and the job seekers registered for the years 2015 and 2016 had been 43,390 and 51,489 respectively. However, the number of registered job seekers and the number of job vacancies filled by them had been at a low level. As such, job placements in the years 2015 and 2016 had been 10 per cent and 11 per cent respectively.

- (ii) Moreover, these Centers direct the job seekers who were not job placed out of the job seekers registered in the Public Employment Service Centres, to training centers and further career guidance. Accordingly, the job seekers not placed in jobs in the years 2015 and 2016 had been 36,509 and 42,580 respectively. The job seekers not placed in jobs had been 83 per cent of the job seekers registered in the year 2016.

II Job Placement of Job Seekers

Department of Manpower and Employment has been established with effect from 01 January 2010 for the accomplishment of the objective of producing strong professionals for the development of the entire human resource of the Country by the Gazette Extraordinary No.1640/31 dated 02 February 2010. One of the main objective of this Department is to minimize the unemployment through various activities such as job designing, promotion and career guidance and the details of job placement by the Department in the years 2015 and 2016 are given below.

<u>Job Placement</u>	<u>Number of Persons Placed in Jobs</u>	
	2016	2015
	-----	-----
By Public Employment Service Centres	6,089	4,437
Job placement in regional level	8,085	4,238
	-----	-----
Total Job Placements	14,174	8,675
	=====	=====
Number of Job Placements as a Percentage of Unemployment	4	2

The following matters were observed in this connection.

- (a) As compared with the unemployed population in the years 2015 and 2016, the percentage of job placement by the Department had been 2 per cent and 4 per cent respectively. Accordingly, the contribution made by this Department towards the minimization of unemployment in Sri Lanka had not been in a satisfactory level.
- (b) According to the unemployment rate in Sri Lanka, the unemployment rate of women had been a very high level. (as a percentage of work force)

Year -----	Unemployment Rate -----		
	Total -----	Women -----	Men -----
2014	4.3	6.5	3.1
2015	4.6	7.6	3.0
2016	4.4	7.0	2.9

Special programmes for the minimization of unemployment of women had not been implemented while there was no strategic programme thereof in the Department. Even though conduct of programmes for the minimization of unemployment of women was a significant matter in national level, it was observed in audit that the Department had not paid attention to the said matter.

3.6 Losses and Damage

Even though a Cab vehicle belonging to the Department had met with an accident in the year under review, preliminary and full reports in terms of Financial Regulations 104(3) and 104(4) had not been submitted in this connection. Even though the Department had spent a sum of Rs.26, 300 for repairs, the relevant insurance company had not reimbursed the said amount. Further, the value of that loss had not been reported in the Appropriation Account.

3.7 Human Resources Management

Approved Cadre and Actual Cadre

The position of cadre as at 31 December 2016 had been as follow

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	13	09	04
(ii)	Tertiary Level	02	-	02
(iii)	Secondary Level	673	538	135
(iv)	Primary Level	15	11	04
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	Total	703	558	145
		=====	====	=====

The following observation is made.

The total number of vacancies of the Department as at the end of the year under review stood at 145 comprising 04 vacancies in the senior level, 02 vacancies in the tertiary level, 135 vacancies in the secondary level and 04 vacancies in the primary level. The management had failed to fill the vacancies in key positions with active participation in achieving the objectives of the Department.