

Head 124 - Report of the Auditor General on the Ministry of Social Empowerment, Welfare and Kandyan Heritage - Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Ministry of Social Empowerment, Welfare and Kandyan Heritage. The financial and physical performance reflected by that account and the reconciliation statement were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer for the Financial Management and Accountability

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of the Ministry of Social Empowerment, Welfare and Kandyan Heritage – Head 124 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 12 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the Ministry of Social Empowerment, Welfare and Kandyan Heritage for the year ended 31 December 2017 revealed in audit, appear in the Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the said observations, appear from paragraphs 2.1 to 2.6 of this report. It was observed that the accountability as the Chief Accounting Officer and the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 127 and 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Chief Accounting Officer in terms of Financial Regulation 127	Non-compliance with that Provision by the Chief Accounting Officer	Reference to the Paragraph of the report which included the Observation
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127(1)(a) All financial work should be planned so as to ensure the business is transacted with correctness and financial propriety.	Non-maintenance of registers and books.	2.5
127(1)(b) A system which provides adequate control over expenditure and the collection of revenues, should be evolved.	Shortcomings in the Management.	2.4(a)-(c)
127(4) Appropriation Accounts are duly rendered by each of his Accounting Officers and examined at the Ministry before he signs them; and that important differences in the Estimates and the actual expenditure are critically investigated by him.	Incurring of commitments exceeding the limit of the annual budget	2.1(a)(ii)

2. Material and Significant Audit Observations

2.1 Commitments and Liabilities

Contrary to paragraph 02(a) of the State Accounts Circular No.255/2017 of 27 April 2017, commitments of Rs.244 million had been entered into exceeding Rs.23 million by utilizing provisions of Rs.221 million made for 23 Objects.

2.2 Utilization of Provisions made available by Parliament for the Performance of Functions

Information on provisions made for the Ministry during the period of 02 years ended 31 December 2017, utilization and savings thereof and audit observations thereon are given below.

Year	Type of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of the Net Provision
		Rs. Millions	Rs. Millions	Rs. Millions	
2016	Recurrent	11,791	11,383	408	3
	Capital	255	239	16	7
	Total	12,046	11,622	424	4
2017	Recurrent	12,153	11,787	365	3
	Capital	754	343	412	55
	Total	12,907	12,130	777	6

Appropriation Account

Excess Provisions

Excess provision totalling Rs.435,976,929 had been made for 11 Objects and as such, the savings, after the utilization of provisions totalling Rs.295,298,491, ranged between 10 per cent and 79 per cent of the net provisions relating to the respective Objects.

2.3 Advances to Public Officers Account

Limits authorized by Parliament for the Advances to Public Officers Account, Item No.12401 of the Ministry 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
24.00	23.87	7.00	18.49	70.00	49.33

2.4 Management Weaknesses

(a) Granting Senior Citizen Allowance

The following matters are observed.

- (i) Even though provisions amounting to Rs.9,265.92 million had been made for the payment of the said allowance of Rs.2,000 for 386,080 citizens with low income during the year under review, payments had been made only for 375,317 senior citizens and as such, a sum of Rs.258.31 million which could have been paid for 10,763 senior citizens, had not been paid.
- (ii) The Director General of the Department of National Budget had informed the Secretary to the Ministry in writing on 06 November of the year under review that there is a delay in granting this senior citizen allowance and that this allowance should be granted within the due period. Nevertheless, action had not been taken accordingly, thus indicating the said balance mentioned in Paragraph (i).

(b) Granting Disabled Persons' Allowance

Even though provisions amounting to Rs.1,103.54 million had been made for the payment of the said allowance for 30,654 disabled persons with low income during the year under review, payments had been made only for 30,077 disabled persons and as such, a sum of Rs.20.75 million which could have been paid for 577 disabled persons, had not been paid.

(c) Granting Kidney Assistance

The following matters are observed.

- (i) The number of patients who suffer from kidney diseases identified in 09 districts in January of the year under review stood at 19,645 and that number of patients had increased up to 21,500 in the month of May. However, assistance had been paid only to 19,010 patients by December and as such, payments had not been made for 2,490 patients who had expected the said assistance. Further, the Ministry had not prepared the Waiting List of the kidney patients monthly or quarterly. As such, financial aid of Rs.38,458,200 scheduled to be distributed to kidney patients had remained underutilized.
- (ii) In terms of paragraph 5 of the Circular No.1/2015 of 30 December 2014 issued to the District Secretariat by the Secretary to the Ministry of Social Services, payment of living allowance for patients who suffer from kidney diseases severely should be made on 10th day of every month. Moreover, instructions had been given to forward a certified copy of the payment document to the Ministry before 31 of the relevant month. However, action had not been taken to summon such documents from 09 relevant districts.

2.5 Non-maintenance of Registers and Books

The Register of Fixed Assets had not been updated in terms of the Treasury Circular No.842 of 19 December 1978/Financial Regulation 502(2) and 02 assets valued at Rs.5,264,240 purchased during the year under review and the value of constructions carried out in the year, amounting to Rs.51,690,000 had not been included in the Register of Fixed Assets.

2.6 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The position on the approved cadre, actual cadre, vacancies and excess as at 31 December 2017 for the performance of the functions of the Ministry, appear below. A sum of Rs.229 million had been spent by the Ministry for the category of personal emoluments for the year under review. Accordingly, the per capita expenditure had been Rs.538,912.

	Category of Employees	Approved Cadre	Actual Cadre	Vacancies	Excess
(i)	Senior Level	51	32	19	-
(ii)	Tertiary Level	06	07	-	01
(iii)	Secondary Level	473	314	159	-
(iv)	Primary Level	84	72	12	-
	Total	614	425	190	01

The following observations are made.

- (a) The approval of the Cabinet of Ministers had been granted on 15 February 2017 for recruitments for the posts of Counselling Assistant and Development Officer (Counselling) from external applicants. Moreover, the Department of Management Services had granted the approval on 17 September 2017 for the recruitment of 324 Counselling Officers subjected to suppress 224 posts of Development Officer(Counselling) and 100 posts of Counselling Assistant of the category of allied services. However, preparation of final draft Scheme of Recruitment and submitting it to the Public Service Commission had been delayed. As such, these recruitments had not been made even by 30 September 2018.

(b) **Training of the Staff**

Three training programmes had been planned to be conducted in the Counselling Division for the year under review and provisions of Rs.1,400,000 had been made therefor. Even though the number of officers to be participated in training programmes had been 214,116 and 214 respectively, 04 training programmes had been conducted and the number of officers participated therein had been 20, 13, 121 and 38. Accordingly, a high cost such as Rs.1,420,000 had been incurred for training a less number of officers.