

Head 216 – Department of Social services

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Department of Social Services for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in conjunction with provisions of the National Audit Act No.19 of 2018. The summary report including my comments and observations on the financial statements of the Department of Social Services was issued to the Accounting Officer on 06 June 2019 in terms of sub-section 11(1) of the National Audit Act, No. 19 of 2018 and the detailed Annual Management Audit Report in terms section 11(2) of the National Audit Act was issued to the Accounting Officer on 31 May 2019. This report will be tabled in parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the financial statements give a true and fair view of the financial position of the Department of Social Services as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Chief Accounting Officer and Accounting Officer for the Financial Statements

Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in section 38 of the National Audit Act, No,19 of 2018 and for such internal control as the Accounting Officer determines in necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per sub-section 16(1) of the National Audit Act. No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

As per Sub-section 38(1) of the National Audit Act. The Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for the such system to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- In order to design audit procedures that are appropriate in the circumstances, I do not express an opinion on the effectiveness of the Department's internal control.
- Evaluate the statement and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a fair and reasonable manner
- In the overall presentation, of the financial statements, structure and content of the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in accordance with Section 6(d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) Since there was no need for the preparation of financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with preceding year.
- (b) Since there was no requirement for the Department of Social Services prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

2. Financial Review

2.1 Incurring Liabilities and commitments

The following observation is made

Audit Observation	Recommendation	Comment of the Accounting Officer
In terms of Financial Regulation 94 and the Circular No.3/2017 of 27 December 2017 of the Deputy Secretary to the Treasury no commitments shall be incurred unless financial provision exists therefor. However, the Department had incurred liabilities exceeding the provisions by Rs.1,187,076 in 7 objects.	Action needs to be taken respect of liabilities in accordance with financial regulations and circular instructions.	Sufficient estimates had been prepared for the Department of Social Services and the Vocational Training Institutions. However such provision was not received as it is, but essential expenditure had to be incurred. Specially if the affairs of the entities where handicapped children live are not carried out continuously as it is, problems in maintaining such entities may arise and therefore it is informed that liabilities were incurred in excess of provisions.

3. Operating Review

3.1 Planning

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
The Department had spent a sum of Rs.820,000 for giving presents on White Cane Awareness Day and participatory allowances. This task had not been included in the action plan approved by the Department for the year under review.	Such operating activities carry out annually by the Department needs to be included in the action plan.	This objective is meant for giving gifts for visually handicapped persons who participate in the White Cane Awareness Day annually. It was informed that as the items to be included are changed year by year in the preparation of annual action plan and this item is not a capital object, it had not been included in the action plan.

3.2 Non-performance of functions

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>The following objectives stated in the community based rehabilitation programme had not been archived.</p>		
<p>(i) Correctly identification of all persons with disabilities in the society, building a data system and update it.</p>	<p>A data system need to be set up in respect of handicapped persons and maintains in an updated manner.</p>	<p>A survey paper had been prepared having being held a discussion on 25 March 2019 with the participation of the Department of Censes and Statistics. However, it was informed that as a provision of Rs.15 million had been made to the National Secretariat for handicapped persons in the budget for the year 2019 for the above purpose, this task will be carried out with the participation of that office.</p>
<p>(ii) Even though a resource centre is established for the community based rehabilitation programme, its programmes had not been commenced even by May 2019.</p>	<p>By the implementation of resource centres soon, action needs to be taken to provide reliefs for handicapped persons.</p>	<p>This system is the preliminary and initial stage of the National Community Based Rehabilitation process. A rehabilitation plan for every deformed person, identified at rural level is prepared and when it is implemented rehabilitation is done by using Scientific and Technological methods.</p>

3.3 Delays in the performance of projects

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>(a) For the construction of Kottawa Vocational Training Centre a sum of Rs.25 million in the previous year and Rs.5million in</p>	<p>Expedite to take action for the completion of construction work on time</p>	<p>Construction work of the Child Guidance Vocational Training Centre was scheduled to be commenced in December 2016</p>

the year under review were allocated. However, the total expenditure by 31 December of the year under review amounted to Rs.12,065,852 due to delay in the commencement of the project. The physical progress as at that date was only 50 per cent. As a result the Vocational Training Centre for training of deformed persons could not be opened as planned.

and completed by December 2017. However, it was informed that such target could not be reached on establishments legal, environmental and weather factors.

- (b) Construction work of the Batticaloa Vocational Training centre was scheduled to be commenced in the year 2016 and completed in the year 2017, and its estimated value was Rs.100,000,000. By the end of the year under review a sum of Rs.64,736,228 had been spent for construction work. Due to factors such as change of building plans and estimates, delays in signing agreements and acquisitions of lands etc. the phase 01 could not be completed as per the construction plan in the year under review.
- Action needs to be taken to prepare correct estimates and making provisions accordingly and complete the work.
- By now, construction work of phase 1 is completed. Action is taken to settle dues from the money approved for the year 2018 and the balance money will be given from the budgetary provision of the year 2019. Furthermore, a sum of Rs.10 million had been transferred from the provision made for the construction of Puwakpitiya Women Protection Centre in the year 2019 to the construction of this project. The necessary provision for all balance work of this centre will be given from 2020 budget.
- (c) It was planned in the year 2016 to construct Killinochchi Vocational Training Centre for the economic development of youth community in Northern Province by 2 stages and its estimated value amounted to Rs.64,000,000. Even though the construction work thereof had to be completed by the end of the year under review, only the first stage had been completed by incurring an expenditure of Rs.54,375,000
- Being prepared accurate estimates, action needs to be taken to complete construction work as scheduled.
- According to the instruction of the Department of National Budget, a cabinet memorandum has been submitted for obtaining the required fund for the completion of Killinochchi Vocational Training Centre. Accordingly, it was informed that necessary provisions for the commencement of the 2nd stage of the Killinochchi new Vocational Training Centre in the year 2020 is intended to be given from the 2020 budget.

3.4 Project not shown a progress, even though funds were released

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
Even though a provision of Rs.50,000,000 had been granted for the modernization and construction of Puwakpitiya Vocational Training Institute in the year under review, a sum of Rs.18.914,604 had remained un-utilised as at 31 December of the year under review.	Action needs to be taken to utilise funds in getting provisions at a maximum level.	The construction works of this Vocational Training Centre is supervised by the Technical Officers of the Colombo District Secretariat and a sufficient quantity of works had not been performed from the provision of Rs.50,000,000 made for the year 2018. As such, an another sum of Rs.15,000,000 had been given again but it had been taken over again. However, all works of the building is scheduled to be completed in the year 2019.

3.5 Assets Management

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) As the Instructor of the Machine Technician Course in Ketawala Vocational Training Centre had left the Centre in July 2018, 132 items of equipment in that training centre had remained unutilised for any purpose.	Action has to be taken to utilise training instrument of the centre at a maximum capacity.	As instructor for the vacant instructor post had been recruited on casual basis. However he also had vacated the service as his allowances were insufficient. Therefore request had been made to the Department of Management Services for the approved to service instructors on contract basis.
(b) Thirty one beds, a class room and the rest room in the hostel belongs to the Amunu kumbura Vocation Training Centre and remained idle without being utilised.	Design to be made in a manner enabling to Utilise the assets of the Centre.	Beds and Class rooms of the Centre had become empty. However it was Proposed to maintain the Amunukumbura Vocational Training Centre as a rehabilitation Centre. As such, those unused room and balance goods are expected to be used.

4. Human Resources Management

The following observation is made.

Audit Observation

Seventy Five vacancies existed by the end of the previous year had increased to 104 vacancies by the end of the year under review.

Recommendation

Fill the vacancies.

Comment of the Accounting Officer

Even though it was informed the Ministry of Public Administration and Disaster Management to take action to fill the Senior Level Vacancies, officers for those Posts had not been recruited