

Head 216 – Department of Social Services

1. Financial Statements

1.1 Unqualified Opinion

The audit of the financial statements of the Department of Social Services for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Department of Social Services was issued to the Accounting Officer on 17 May 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 11 August 2021 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, the financial statements prepared give a true and fair view of the Department of Social Services as at 31 December 2020 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Unqualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor's Responsibilities 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 the Accounting Officer on Financial Statements

The 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 the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per 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 the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems 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 summary 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 and its materiality depends on the influence on economic decisions taken by users 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 skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated 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 terms of Section 6 (d) of the National Audit Act No. 19 of 2018.

- (a) The financial statements are in consistent with those of the preceding year.
- (b) Recommendations made by me regarding the financial statements of the preceding year had been implemented .

2. Financial Review

2.1 Entered into Liabilities and Commitments

Audit Observation	Comments of the Accountng Officer	Recommendation
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The commitments and liabilities which were not reported under the Note No. III of the statement of commitments and liabilities in the financial statements amounting to Rs. 1,732,073 had been settled in the year 2021.	Only the liabilities mentioned in vouchers received before 28 February 2021 has been stated under the liabilities of financial statements 2020 . the vouchers which had essentially to be paid but received in delay are shown from the settled vouchers which were not included in the statement of liabilities.	Actions should be taken in respect of liabilities in terms of Financial Regulations and circular provisions.

2.2 Operating Bank Accounts

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) There were 07 cheques which had not been presented for more than 6 months as at 31 December 2020 amounting to Rs. 24,650 pertaining to one bank account in contrary to F.R. 396 and unidentified receipts amounting to Rs.29,402 and unidentified payments amounting to Rs.24,328,011 as well had remained.</p>	<p>A cheque valued at Rs.11,000 has been presented in February 2021. Due to the loss of a check valued at Rs. 400, arrangements have been made to issue a revalidate cheque by obtaining Indemnity Bond. Inquiries are being made from the relevant parties regarding the non-submission of the remaining cheques to the Bank. Out of the direct credits which were not unidentified to the bank, a sum of Rs. 7,666 were identified in February 2021 and recorded in the cash book. It is also mentioned that the steps will be taken to identify the remaining unidentified deposits and enter them in the cash book as soon as possible.</p> <p>This unidentified payment has been mistakenly credited by the bank to our account in February 2020 . Even though it has been informed by letters dated 11.03.2020, 29.06.2020 and 16.12.2020 to correct this, actions have not been taken to rectify this so far.</p>	<p>Actions should be taken in respect of outstanding cheques in terms of Financial Regulations 396 and arrangements should be made to settle the unidentified debits and credits without delay.</p>

However, I would like to inform you that further actions will be taken in this regard in future.

- (b) Even though it had been stated under Note - (VIII) on the Status Report on Bank Accounts in the Financial Statements for the year under review that the balance as per the bank statement was Rs. 155,364 as at 31 December 2020, the accurate balance was Rs. 25,826 as per the bank statement. Further, 09 cheques Rs.36,050 which had exceeded 06 months but not presented to the bank and not taken to the income as well had not been entered into that.
- It is mentioned that this is an error, occurred in a mistake and kindly mentioned that the accurate balance is Rs. 25,826 .
- The accurate balance as per the bank statement should be recorded .

2.3 Certifications to be made by the Accounting Officer

Audit Observation

The Chief Accounting Officer and Accounting Officer should ensure that an effective internal control system for the financial control of the Department is being carried out as per the provisions of the Section 38 of National Audit Act No. 19 of 2018 and to conduct periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively

Comments of the Accounting Officer

Comments have not been given.

Recommendation

Actions should be taken in accordance with the Provisions of Section 38 of the National Audit Act No. 19 of 2018 .

carried out and even though such reviews should be made in writing and submit a copy to the Auditor General, the statements that such reviews were made had not been furnished to audit.

3. Operating Review

3.1 Annual Performance

The following observation is made.

Audit Observation

In comparing the reports on Financial Progress prepared by the Community Based Rehabilitation (CBR) Division for 25 Districts under the Community Based Rehabilitation Programme and reports on financial progress on each District Secretariat pertaining to the Divisional Secretariats submitted by the District Social Service Officers to the Head Office, there were differences in between the provisions made to the 13 District Secretariat Offices and the actual cost. Similarly, progress had not been reported from 08 District Offices and the progress reported by 04 offices was incomplete. Likewise, a sum of Rs.226,790 had been overpaid exceeding the allocations made for 3 Districts under this programme.

Comments of the Accounting Officer

Provisions were given on a quarterly basis as per the Budget Estimate for the year 2020. Accordingly, the total allocation provided for the 25 Districts using the allocations received quarterly was Rs. 10,503,261.00 . However, only Rs.9,590,000 was provided in the year 2020 for the expenditure object No. 216-02-03-5-2509 as the total budget estimate. Therefore, from the quarterly allocated provisions, the unspent provisions has been eliminated. Therefore, since the total expenditure has been determined with the provision made at last, considering the amount spent in the first quarter as the provision, making the provisions exceeding the estimate or

Recommendation

Obtaining expenditure records electronically or in a timely manner and prepare accurate progress reports in a timely manner.

incurring expenses have not been occurred. It is accepted that there were shortcomings in the progress reports sent by the District Secretariats and the District Social Service Officers have been made aware to rectify those shortcomings and re-submit the relevant progress reports.

3.2 Assets Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) If there is any difference in between the book balance and the physical balance after receiving the Board of Survey Reports, clarifications regarding them should be sought from the responsible officer or officials in terms of Financial Regulation 757 (2) (a). The Accounting Officer should take actions on the issue in case of any discrepancies, shortages or losses. If there are excesses, they should be examined and re-entered in the books. However, although 423 excesses and 568 shortages were observed at the checking of Board of Survey Reports of the Department as at 31 December 2020 , necessary actions on them had not been taken .</p>	<p>It is impossible to finalize the deficiencies in excesses and shortages pointed out in the Board of Survey Reports due to the Corona Virus situation. However, it is kindly stated that the actions will be taken to make aware the relevant institutions about this and actions will be taken in future to rectify the deficiencies arising from the Board of Survey Reports.</p>	<p>Actions should be taken in respect of the excesses and shortages mentioned in the Board of Survey Reports in accordance with Financial Regulation 757 (2) (a).</p>

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| <p>(b) As the total of assets purchased by the Head Office and District Secretariats by releasing of allocations were not properly identified and accounted for, a difference among the acquisition of capital assets in the financial statements amounting to Rs.80,080 was observed.</p> | <p>Purchasing of non-current assets by the Head Office and also from District Secretariats through releasing of funds are being carried out. Purchased, but the value not identified so has been appeared as Rs. 80,080 . However, it is informed that, the measures will be taken to identify this value and correct in future.</p> | <p>Obtaining accurate information on all the assets of the Department at the end of the year and account for.</p> |
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4. Human Resources Management

The following observations are made.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>(a) The post of Assistant Director (Development) which is a senior level post was in vacant since 14 June 2016 .</p>	<p>Five letters have been sent by the Director, Social Services to the Secretary to the Ministry of Public Services, Provincial Councils and Local Government from 23.11.2018 to 28.12.2020 requesting to fill this vacancies.</p>	<p>Recruitments should be made for the posts in vacant depending on the service requirement of the Department.</p>
<p>(b) There is a vacancy in the post of Administrative Officer which is a tertiary level post and an Administrative Officer of the Ministry of Women and Children's Affairs had been appointed to act /perform duties from 30 January 2019 .</p>	<p>Letters dated 13.12.2019, 04.09.2020 and 20.01.2021 have been sent to the Director General of Combined Services requesting to fill this vacancy. Until this vacancy is filled, the Administrative Officer of</p>	<p>Recruitments should be made for the posts in vacant depending on the service requirement of the Department.</p>

the Ministry of Women and Children's Affairs acts as the Administrative Officer of the Department of Social Services.

(c) There were 27 vacancies for Social Service Officers.

According to the letter No. DMS / 1117 / VI dated 20.01.2017 dated from the Director General of Management Services, 480 posts of Social Service Officers have been approved and it has been informed that the vacancies in the post of Social Service Officer should not be filled until the Social Development Assistant posts holders are recruited for the post of Social Service Officer and until the abolition of 184 Development Officer posts which were personally approved for the holder. This was also discussed during the discussion held on 20.04.2021 with the Director General of Management Services regarding the staff review of the Department of Social Services and accordingly, necessary steps are being taken to fill the vacancies in the post of Social Service Officer with the reply of the Department of Management Services.

Recruitments should be made for the posts in vacant depending on the service requirement of the Department.

(d) Although 154 secondary level posts were approved, 48 posts or 31 per cent of the approved posts remained in vacant. Out of the 09 posts of Vocational Adviser (Contract) within that 06 posts were in vacant.

Since it has been decided by the Department of Multipurpose Development Task Force to provide the required staff for the posts of Primary Service Category as per the Circular No. 02/2020 of the Director General of Management Services, requests have been made to the Department of Multipurpose Development Task Force to fill these vacancies

Recruitments should be made for the posts in vacant depending on the service requirement of the Department.