

Head 216 – Department of Social Services

1 Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of Head 216 – Department of Social Services for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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 24 April 2024 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 10 May 2024 in terms of Section 11(2) of the Audit Act. 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, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Social Services as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Accounting Officer are 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 scepticism 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 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 terms of Section 6 (1) (d) of the National Audit Act, No.19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The following recommendations made by me on the financial statements of the preceding year had not been implemented.

Referring to the paragraph of the report related to the previous year	Recommendation that had not been implemented	Reference to the Paragraphs of this report
1.6.1 (a)	Although more than 10 years have passed since the donation of 05 lands with an area about 33 acres to the department for the establishment of vocational training institutes, rehabilitation centers and guidance centers, the value of those lands and the buildings constructed there have not been assessed and accounted for as land and buildings.	1.6.1 (a)(b)
2.6 (b)	If a government vehicle use as a learning aid although it should be done after disposing as per proper procedures and cancelling the registration, the vehicle of Nissan Double Cab in a running condition and with a registered number plate had been utilized for learning Motor Mechanic in the Ketawala Vocational Training Institute. According to the information of the Commissioner of Motor Traffic that vehicle was registered in the name of the Secretary to the Ministry of women empowerment and Social welfare and utilizing as a learning aid had been done without having proper authority.	2.3

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

Capital expenditure

The following deficiencies were disclosed while accounting for capital expenditure related to financial statements.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Although more than 11 years have been passed since the donation of 06 lands with an area about 29 acres to the department for the establishment of vocational training institutes, rehabilitation centers and guidance centers, the value of those lands and the buildings constructed there have not been assessed and accounted for as land and buildings.	To that action is being taken to obtain the valuation reports of the lands that are not transferred after the completion of the process of transferring.	The values of the land and buildings should be assessed and accounted.
(b) The legal rights of the lands where 07 vocational training institutes were established had not been assigned to the department and the value was not assessed and the cost of the buildings constructed in the past 11 years was not recognized and accounted for as buildings and constructions in non-financial assets.	To that action is being taken to obtain the valuation reports of the lands that are not transferred after the completion of the process of transferring.	The values of the land and buildings should be assessed and accounted.

2. Financial review

2.1 Certification of Accounting Officer

Accounting Officer should certify the following matters in terms of provisions set out in Section 38 of the National Audit Act, No.19 of 2018. However, it had not been done accordingly.

Audit Observation	Comment of the Accounting Officer	Recommendation
The Chief Accounting Officer and the Accounting Officer shall ensure that the department maintains an effective internal control system for financial control and that the effectiveness of the system shall be reviewed periodically and necessary changes shall be made accordingly to make the system effective and those reviews should have been done in writing and a copy of the same should have been submitted to the Auditor General nevertheless, proof of such reviews being done had not been submitted to the audit.	To that the effectiveness of the system will be reviewed periodically and necessary changes will be made accordingly to make the system effective, that the effectiveness of the system will be reviewed periodically and necessary changes will be made accordingly to make the system effective and steps will be taken to aware regarding these changes will be made in future.	By making necessary changes and reviews to implement internal control effectively and a copy of that should be submitted to the Auditor General.

2.2 Irregular Transactions

Non-authorized transactions

The department had made the following transactions without formal authority.

Audit Observation	Comment of the Accounting Officer	Recommendation
If a government vehicle is used as a learning aid it should be dispose according to proper procedure and it should be used after cancellation of registration as per the motor vehicles Ordinance however 5 vehicles had been utilized by the Waththegama Vocational Training Center as learning aids with cheesy	It was informed to the Department of Motor Traffic in writing to get take necessary action to get invalid the registration.	Disposal activities should be done by get invalid the registration of the vehicle.

numbers. Further 19 Motor Cycles which were in the Waththegama Vocational Training Center had been taken to the Ketawala Vocational Training Center however those had been parked with number plates in that institute.

3. Operational Review

3.1 Vision and Mission

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>“Achieving the expected outcome by means of expeditious, efficient and effective conduct of researches, formulation of policies and implementation of programmes with innovative approaches through inter- agency coordination and professional intervention towards social inclusion through upholding the rights and empowerment of the targeted community ” which is the Mission of the department in the functions done by the department although by means of expeditious, efficient and effective conduct of researches and formulation of policies should be made sufficient functions had not been fulfilled.</p>	<p>Preparing the business plan connecting with the small business entrepreneurs for trainees who completed the following courses in the Vocational Training Centers and through that action has been taken to that direct youths to self- employment jobs.</p>	<p>Formulating of policies should be made by means of expeditiously, efficiently and effectively as per able to achieve the expected outcome.</p>

3.2 Failure to perform Functions

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although an amount of Rs. 100,000 had been allocated for sports allocation that given aids</p>	<p>Due to the insufficiency of provision giving to sports instruments and the</p>	<p>Provisions should be promptly utilized for fulfil the relevant objectives.</p>

to 10 visually handicapped individuals under the visually handicapped fund in the year under review no any individual has been given aids. insufficiency of provisions allocated for other expenses therefore provisions allocated for sports instruments has utilized for essential expenses.

3.3 Non-achievement of expected Outcome

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Rs. 1,280,000 had been incurred for the construction of Kilinochchiya Vocational Training Center which has been commenced the constructions in the year 2017 and has been opened on the date of 20 December 2022 and the value of the land was Rs. 93,630,000. Although courses have been commenced recruiting trainers for two courses in the month of year under review, conducting courses has been halted by January 2024 due to the unavailability of consultants. The said training center which consist comprehensive facilities was built capitalizing large money only attached Officer in charge of the Center, Development Officer who are currently idle by now and payment is also being made for security and the cleaning service. Consequently it has been impossible to fulfill the expected objectives from this Center.</p>	<p>Since action is being taken call for applications to recruit the cadre required to maintain the institute for the year 2024 to that it will be able to implement objectives.</p>	<p>Prompt action should be taken to fulfill the expected objectives of the Center.</p>

3.4 Although funds were released but not achieve progress

Audit Observation	Comment of the Accounting Officer	Recommendation
Although a provision amounting to Rs. 5,000,000 had been allocated to give tools sets for handicapped persons with different abilities the trainers who are successfully completed the vocational training held last year, as per the annual performance report the tool sets valued Rs. 50,000 had been given only to the 5 trainers out of 451 trainers who were successfully completed. Therefore an amount of Rs. 4,950,000 had not been utilized.	This delay has occurred due to the tools sets have been given suit to the each one of trainer properly by preparing business plans obtaining resource contribution of the small scale entrepreneur section development plans for single person has preparing for all the trainers by now and therefore expected work plan has been prepared identifying individuals qualified for self-employment to that providing tools sets in the year 2024 will be able to do without delay in.	Necessary action should be taken to provide tool sets for trainers without delay in.

3.5 Annual Performance Report

The Annual Performance Report should have been prepared in accordance with the format mentioned in Guideline No.14 issued by the Public Finance Department in accordance with paragraph 10.2 of Public Finance Circular No.2/2020 dated 28 August 2020. The following observations are made in this regard.

Audit Observation	Comments of the Accounting Officer	Recommendation
The progress towards the desired goal of establishing the rights and equality of the target community by the year under review according to the vision of department had not been included in the performance report in the previous year and the year under review as well.	Preparing a procedure of giving targets for performance of the institute and obtaining progress relevant to that and action will be taken to include in the annual performance in future.	Fully completed performance report should be submitted.

3.6 Assets management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The water Bowser that was purchased in the year 1992 but cost not mentioned has been identified under the vehicles that repairing are not economically effective and recommended to dispose by the special survey board on the date of 11 August 2021. However disposal activities have not been finished even by the year under review.	It was informed that to the District Secretary by the latter dated 31 August 2023 to take prompt action disposing the water Bowser and after giving this vehicle to a purchaser at a assessing value and to ended the relevant task on the basis of transferring the owner ship for water Bowser him by the Department of Social Services.	Action should be taken promptly ended the disposal activities.
(b) The two Tractors which was not identified the cost in the vehicles of the Department had used in the Vocational Training Institutes of Amunukubhura and Thelabhuyaya due to non - including in the assets there have been more chances to misplaced or misused and it was not disclosed for what kind of activity had been purchased this Tractor.	There have been two tractors in the same registration number therefore confirming by the Department of Motor Traffic and further activities to be done.	Tractors purchased should be accounted for including in the assets.
(c) The van that was in the disposable condition of owned to the Ministry of Transport and the Jeep owned to the Ministry of Health had been parked ideally in the Waththegama Vocational Training Institute. The management had not been taken action to use those two vehicles as learning aids or to take any other procedure even in the year under review.	An approval had been given properly calling price quotation to be taken to these vehicles to the Ketawala institution. And to that after finalizing that matter used for learning activities.	Action should be taken to use as learning aids or to take any other suitable procedure.

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| (d) | When considering recruitments to the 11 Vocational Training Centers for Vocational Training course, for about 450 persons even though there had been accommodation facilities and training facilities in 6 centers, due to only 288 number of trainers had been taken training those training centers were underutilized. | The orientation programme had been introduced in the year 2024 through that dropouts of trainees can be able to minimize. | Action should be taken to recruit trainers to the Vocational Training Centers promptly. |
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3.7 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
Action had been taken to maintain data system including the statistics on the nature, size and geographical distribution of the marginalized and disadvantaged communities in Sri Lanka, estimated data on new additions annually to that, detailed statistics, data and information about the community empowered annually by the department and other institutions in the performance	The initial actions are being made to prepare a data system including information of people with disabilities with the corporation of Child Fund Institute.	Detailed statistics, data and information should be presented in the performance report.

4. Achieving Sustainable Development Goals

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the first goal has been identified under Sustainable Development Goals By 2030, eliminate	It was planned to give preparing rehabilitation plans for these identified handicapped community and identifying	Action should be taken as per able to achieve the Sustainable Development Goals by 2030.

gender disparities in necessary services via Social education, ensure equal Service Officers who attached access to all levels of to the Divisional Secretary education and vocational Offices and to that training for the vulnerable, rehabilitation plans had been including persons with prepared for 5879 persons by disabilities, indigenous now and 177,809 number of peoples and children in persons with disabilities could vulnerable situations due to be able to identified in the unavailability of data system whole island by now and to that with the department implement the activities of including number and preparing a formal data base. information regarding persons with disabilities, children in vulnerable situations, the ability to achieving of that goal by 2023 has been a minimum level.

- (b) By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship also was the second goal only 14 people have been given that opportunity in the year under review. Without a updated data system of persons with disabilities, and youths covering up whole island by 2023 to achieve this goal there was no any confirmation whether the sufficient target has been won in the year under review.
- Action will be taken to include tasks also in the performance report for the year 2024 as per to be able to achieve by 2023.
- Annual expected tasks should be indicated as per covering the whole island and action should be taken to maintain data system.