

Head 124 - Ministry of Social Service and the Department under that Ministry.
Auditor General's Report for the Year 2013

This report consists of two parts.

Part 1 – Summary report on accounts of the Ministry and the Department under that Ministry.

Part 2 – Detailed Report relevant to each Head.

Part 1

Summary report on Accounts of the Ministry of Social Service and the Department under the Ministry.

1. Department under the Ministry

Head	Department
216	Department of Social Service

2. Accounts

2.1 Appropriation Accounts

(a) Total Provision and Expenditure

While the total net provision made for the Ministry and Department under the Ministry amounted to Rs.3,906,576,000 out of that a sum of Rs.3,480,192,721 had been utilized as at the end of the year under review. Accordingly, savings of the Ministry and the Department out of the net provision had been Rs.406,437,549 and Rs.19,945,730 or had been ranged between 11.5 per cent and 5 per cent of the net provision respectively. Details are shown below.

Head	As at 31 December 2013			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
124	3,534,231,000	3,127,793,451	406,437,549	11.5
216	372,345,000	352,399,270	19,945,730	5.3
Total	3,906,576,000	3,480,192,721	426,383,279	10.9
	=====	=====	=====	

2.2 Advance Accounts

2.2.1 Advances to Public Officers Accounts

Limits Authorised by the Parliament

Limits Authorised by the Parliament on the Ministry and the Department under the Ministry relating to Advances to Public Officers Accounts and actual values are shown below.

Item No	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
12401	8,000,000	4,110,317	3,500,000	4,371,503	48,000,000	17,762,623
21601	18,200,000	9,852,283	11,200,000	14,448,028	100,000,000	52,356,399

2.3. Imprest and General Deposits Accounts

2.3.1 Imprest Accounts

Total balance of the Imprest Accounts of the Ministry and the Department under the Ministry as at 31 December 2013 was Rs.182,617. Details are shown below.

Ministry/Department	Imprest Account Number	Balance as at 31 December 2013
		Rs.
Ministry of Social Service	7002/0000/000/0324/0013/000	182,575
Department of Social Service	7002/0000/000/0105/0013/000	42
Total		182,617

2.3.2 General Deposits Accounts

Total balance of the Deposits Accounts of the Ministry and the Department under the Ministry as at 31 December 2013 was Rs.4,745,605. Details are shown below.

Ministry/Department	Deposit Account Number	Balance as at 31 December 2013
-----	-----	-----
		Rs.
Ministry of Social Service	6000/0000/0003/0580/000	3,230,521
Department of Social Service	6000/0000/0015/0097/000	1,515,084

Total		4,745,605
		=====

Part 2

Detailed Report relating to each Head

1. Head 124 - Ministry of Social Services

1.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the Ministry of Social Services for the year ended 31 December 2013 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 Secretary to the Ministry on 20 October 2014. 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 for the Accounts and Reconciliation statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

1.3 Audit Observation

According to the Financial Records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (e) and major audit findings appearing in paragraphs 1.4 to 1.13 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Social Service had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

An updated Register of Losses in terms of Financial Regulation 110(1) had not been maintained properly by the Ministry.

(b) Lack of Evidence for Audit.

Eight transactions totalling Rs.1,225,384 could not be satisfactorily vouched in audit due to lack of evidence such as bills, distribution particulars, work completion certificates, agreements etc. in the Ministry.

(c) Replies to Audit Queries

While replies had not been submitted to 08 audit queries for the year under review up to 15 October 2014, the value of total transactions quantifiable relating to those queries were Rs.2,087,168,226.

(d) Budgetary Variance

Following observations are made.

- (i) The entire provision of Rs.3,795,000 made available for 5 Objects, had been saved.
- (ii) Due to excess provision made for 14 Objects, savings after utilization of the net provision relating to those objects were in a range between 10 per cent and 61 per cent.

(e) Reconciliation Statement relating to Advances to public Officers Account

Following observations are made.

- (i) While the total of recoveries in arrears according to the Reconciliation Statement relating to Advances to Public Officer Account - Item No.12401 amounted to Rs.41,530, the Ministry had failed to recover those arrears of balances.
- (ii) The un-identified balance of Rs.1,588 in the Control Account of the Ministry, which had been brought forward over a number of years, had not been identified and corrected during the year under review too.
- (iii) Accounting errors amounting to Rs.233,152 had not been corrected even up to May 2014.

1.4 Assets Management

Following observations are made during sample audit test checks carried out in respect of assets belonging to the Ministry.

(a) Conducting Annual Board of Survey

The Board of Survey for the year 2013 should be carried out and those reports should be submitted to the Auditor General before 15 March 2014 in terms of the Public Finance Circular No.441 dated 09 December 2009 as amended by letter No. PF/Board of Survey/01 dated 17 December 2010. However, the Ministry had not sent them even by 25 June 2014.

(b) Improper use of Assets belongs to other Institutions.

Three vehicles owned by the Ministry of Fisheries and another three vehicles owned by the Ministry of Land had been used by the Ministry. Action had not been taken even by May 2014 to take over or return those vehicles.

1.5 Non-compliance**Non-compliance with Laws, Rules, Regulations etc.**

Instances of non-compliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
-----	-----	-----
	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		

(i) Financial Regulation 104(1)	1,831,095	Although a Board of Inquiry should be appointed by the Chief Accounting Officer with regard to losses amounting to Rs.500,000 or more, such action had not been taken with regard to an accident to a vehicle.
(ii) Financial Regulation 104(3)	-	Value of losses and damage had not been determined and reported through preliminary reports with regard to 15 instances of accidents to 11 vehicles.
(iii) Financial Regulation 104(4)	-	Proper Boards of Inquiries had not been appointed and full reports had not been submitted with regard to accidents to vehicles.

(b) Public Administration Circulars

 Circular No. 13/2008 dated 26
 June 2008.

- | | | |
|--------------------|---------|---|
| (i) - Paragraph 2 | 540,425 | Although the duty requirements should be managed within the fuel limits stated in the paragraph, additional fuel had been issued relating to 06 months. |
| (ii) - Paragraph 4 | 103,126 | The quantity of additional fuel issued during February to May 2013 had not been recorded in the "Register of Additional Fuel Issued" by the Secretary. |

(c) Public Finance Circulars

 Circular No. 446 dated 01
 September 2010.

- | | | |
|---------------------|--------|---|
| - Paragraph 2 | 20,317 | Payment had been made for obtaining facilities for Peo TV and other television channels not included in the Circular. |
| - Paragraph 3-1(vi) | 32,913 | Telephone Expenditure had been reimbursed which were not related to the officer or the spouse. |

(d) Public Finance and Planning Ministry Circulars

 (i) Circular No.
 FPM/01/2010/01 dated 11
 October 2010.
 Paragraph 3

- | | | |
|---|----------|--|
| (i) Circular No.
FPM/01/2010/01 dated 11
October 2010.
Paragraph 3 | US\$ 255 | While all the expenses relating to the Programme had been undertaken to be borne by the Donor Institution, Incidental Expenses at the rate of \$30 had been paid for 8 ½ days. |
| (ii) Paragraph 7 | US\$ 500 | US \$ 500 had been paid to an officer, who had functioned as the Team Leader of a group participated in an educational seminar, who was not entitled to such payment. |
| (iii) Paragraph 5(i) | US\$ 630 | Although the Foreign Agency had undertaken to bear transport expenses, state charges and hostel expenses, payments had been made for 21 days. |

1.6 Weaknesses in Implementation of Projects

(a) Projects Commenced after Delay

Following observations are made.

- (i) As “the Diri Saviya Project” which was scheduled to be commenced under the object code 124-2-5-16-2502(13) had not been in operation from January to March 2013 and action had not been taken to commence the work relating to providing vocational training to disabled persons a sum of Rs.4,000,005 or 34 per cent of the provision had been saved.
- (ii) Although provisions mounting to Rs.76 million had been obtained under object Code 124-2-5-2104 for providing hostel facilities and sanitary facilities to students in vocational training institutes of disabled persons in Amunukumbura and Telambuyaya, work therein had been delayed and commenced at the end of the year under review.

(b) Projects not in Progress in spite of Funds Released.

While three methodologies had been followed for payment of Elders’ Allowance during the year under review, following matters were revealed in that connection.

- (i) Due to weaknesses in implementation of the methods of payment the amount of unpaid allowance to elders, had been Rs.151,021,529.
- (ii) Although a sum of Rs.321,360,000 had been given relating to the months of March and April 2013 to Divisional Secretariats, the Ministry had not identified the actual expenditure relating to the two months and the actual amount of balance unpaid to elders out of that sum.
- (iii) Although it had been informed that the unpaid elders’ allowance during the months of March and April 2013 should be remitted back to the Ministry, 24 Divisional Secretariats had not acted accordingly. Although monthly summaries of expenditure for the month of May to December 2013 indicating the actual amount of payments made and number of beneficiaries at Divisional Secretariats level should be sent to the Ministry, there were instances of non-compliance with that requirement.

1.7 Performance

Observations relating to the progress, according to the Annual Budget Estimate 2013, Corporate Plan and Action Plan of the Ministry are shown below.

(a) Non-conformity of the Annual Action Plan with the Corporate Plan

Following observations are made.

- (i) New Acts relating to Privileges of the Disable Persons, National Consultations Act and the Gesticulation Language Act shown under the objectives of the Ministry in the Corporate Plan prepared for the period 2012 – 2016 had not been presented to the Parliament and sanctioned.
- (ii) Although 05 Programmes relating to the Disables' Council had not been included in the Corporate Plan, those Programmes had been included in the Action Plan.
- (iii) Although a total sum of Rs. 124,300,000 had been provided under the Object Codes 124-2-5-12-2502(13) and 124-2-5-16-2502 between the United Nations Children's Fund and the Government of Sri Lanka, for the Development of Vocational Training Centres for Disable Persons, those programmes had not been included in the Annual Action Plan.
- (iv) Although a sum of Rs. 500,000 had been allocated for the preparation of Social Development Management Information System in the Annual Estimates and the Action Plan, it had not been included in the Corporate Plan.

(b) Functions not Executed Adequately

Following observations are made.

- (i) According to the Cabinet Decision dated 22 February 2012 in response to the submission made by the Minister of Social Service under the Heading, "Family Policies of Sri Lanka", it had been informed that, the Family Policy and Action Plan should be prepared within a broader frame work in consultation with the Department of National Planning and other parties, in order to strengthen the family by economically, socially and spiritually as the basic unit in the society and submit the Family Policy and the Action Plan to the Cabinet within 2 months through the Minister. However, that had not been finalized up to now.
- (ii) Although 366 Self Help Programmes and 25 Gesticulation Language Programmes were planned to be conducted according to the revised Action Plan, only 115 Self Help Programmes and one Gesticulation Language Programme had been conducted.

(c) Non-disclosure of the True Physical and Financial Performance in the Progress Reports.

- (i) Level of physical and financial performance in the progress reports relating to the final quarter of the year under review did not tally with the true physical and financial performance level. Such instances are shown below.

Programmes	Level Expected According to the Plan		Disclosure in the Progress Report		Actual Level		Difference between Progress Report and the Actual Level	
	Physical	Financial	Physical	Financial	Physical	Financial	Physical	Financial
		Rs.		Rs.		Rs.		Rs.
CBR Programme								
Toilet Commode	75		47		65		18	
Water Mattress	-		14		06		08	
Entrance facilities	25	2,000,000	13	2,111,000	06	271,336	07	1,839,664
Electricity facilities	-		11		03		08	
Other facilities	25		23		41		18	
Sisu Nena Pubuduwa Programme								
Voluntary Leaders	160	8,000,000	466	8,000,000	514	-	48	-
Purchase of Books	4,000	9,000,000	5,445	9,000,000	7,180	1,299,102	1,735	7,700,898
Single Parents system								
Self-Employment under Single Parents system	535	5,350,000	621	5,875,000	674	6,311,000	53	436,000
Providing assistance to Small Groups	25	1,025,000	18	1,025,000	10	630,000	08	395,000
Self-Employment Training Programme	08	400,000	06	100,000	06	77,860	-	22,140

- (ii) Targets to be reached had been shown in the Amended Action Plan at the commencement of the year and in the amended Action Plan as the targeted number of individuals, while it had been shown as number of programmes to be archived in the progress reports. Therefore, it was not possible to examine the

correct position with regard to conducting seminars and establishment of self-help groups.

- (iii) While the actual expenditure incurred for providing supporting equipment had been Rs.1,839,664, it had been shown as Rs.2,111,000 in the progress reports. The overstated expenditure of Rs.271,336 is 14.7 per cent of the expenditure incurred.

(d) Over Assessment of Progress through the Action Plan.

Targets that should be shown in the Action Plan for the year 2013 had been understated. Due to this, It was observed that, progress of the District Committee Meetings conducted during the year 2013 had been over stated by 56 per cent , workshops of the Provincial Assistant Officers had been overstated by 100 per cent and Progress Review Meetings of the Preliminary Groups had been overstated by 316 per cent. Details are shown below.

Particulars	Number of Workshops/ Meetings that should be Conducted.	Number of Workshops/ Meetings Targeted, shown in the Action Plan	Difference	Percentage
District Committee Meetings (at the rate of one quarterly meeting in 25 Districts)	100	64	36	56
Provincial Assistant Officers Workshops (at the rate of one per month)	12	06	06	100
Progress Review Meetings of the Preliminary Groups (at the rate of one in 06 months in 25 Districts)	50	12	38	316

(e) Weaknesses in Preparation of Estimates

Following observations are made.

- (i) While it had been estimated a sum of Rs.800,000 for training 160 voluntary leaders during the year 2013, a sum of Rs.5,000 had been estimated per one leader. During the year 2013, 466 leaders had been trained having spent a sum

of Rs.800,000. Accordingly, the true expenditure incurred for training one leader had been Rs. 1,717.

- (ii) It had been planned to open 20 “Sisu Nena Pubuduwa” Reading Centres in preparing the Action Plan for the year 2013 and therefore 300 voluntary leaders should have been trained at least a minimum of 15 voluntary leaders per each centre. However, it had been planned to train only 160 individuals.

1.8 Idle Funds in the Hands of Other Parties

Although a sum of Rs.81,055,800 remained unpaid during a period ranging between 03 months and 10 months, out of the monies given to 14 Regional Accounting Offices of the Postal Department for payment of Elders Allowance, for the period November 2012 to February 2013 a course of action had not been with regard to those funds.

1.9 Transactions of Contentious Nature

Certain transactions made by the Ministry had been of contentious nature. Details relating to such transactions revealed in audit sample checks are shown below.

- (a) Repair expenses of a vehicle that that belongs to the Ministry had run 85,000 kilo metres approximately during 16 June 2011 to 18 June 2013 had been amounted to Rs.561,943 and therefore repair expenses per kilo meter had been a higher rate of Rs.6.61.
- (b) Damages had not been calculated in terms of Financial Regulations 103 and 104 to a vehicle caused accident in Colombo 22 November 2012 and action had not taken even by 31 October 2013 belongs to the Ministry.
- (c) No action had been taken with regard to damages caused to vehicle belongs to the Ministry, by knocking a vehicle came from behind.

1.10 Improper Transactions

Certain transactions entered in to by the Ministry were improper. Certain instances observed are shown below.

- (a) Although it is not entitled to additional fuel, three officers attached to the Minister’s and Deputy Minister’s staff had obtained additional fuel amounting to Rs.175,294 in addition to the fuel allowance.
- (b) Custom duty relief had been granted for import of raw materials required for the production artificial legs valued at Rs.2,685,468 in 05 instances on behalf of the Society for Helping the Destitute. Although it had been informed to the Ministry of Finance and Planning that the distribution of those items will be done under the supervision of the Social Service Department, action had not been taken accordingly.

- (c) Although the maximum amount of grant that could be given to a family under Self Employment Programme to uplift the of way of life of the risky families is limited to Rs.25,000, a sum of Rs.320,000 had been paid to 08 beneficiaries, at the rate of Rs. 40,000 per family in the Mullativu District.
- (d) While a sum of Rs. 602,714 had been paid for releasing the stock of donation sent to the Ministry of Social Service by an Organization, and a part of those goods had been returned to the same Organization.
- (e) Out of the provision made available under Rehabilitation and Improvement of Fixed Assets relating to vehicles, a sum of Rs.378,130 had been spent for repairs and maintenance of vehicles, without spending for that objective.
- (f) Repairs to vehicles should be done by entrusting the repairs to a garage properly, after examination and recommendation by a technical officer on the basis of the request made by the driver, and payment should be made after the repairs, on the recommendation of a Technical Officer to the effect that repairs have been carried out duly. However, payments amounting to Rs.592,606 had been made in 26 instances on the basis of the recommendation of the Coordination Secretary without following the laid down requirements.
- (g) A vehicle met with an accident during the year 2012 had been kept in a private garage without following a proper procedure for repairs or disposal and due to that, a land rent of Rs.164,400 and an extra expenditure of Rs.30,000 for transport had to be incurred.
- (h) Following observations are made to weaknesses in Contract Administration.
- (i) A sum of Rs.17,560,306 had been paid to a private firm for partitioning the Ministry of Social Service and the affiliated institutions in the Sections A, B and D of the second floor of the Sethsiripaya-Stage 11. Following observations are made in this connection.
- Although the National level competitive bidding system should be applied in terms of Chapter 3.8 of the Procurement Guideline for any work contracts exceeding Rs.10 million contract value, limited quotations had been called for this work.
 - Although the contents in the documents calling for bids should be complete in all respects, in terms of Guideline 5.2.1 of the Procurement Guideline, relevant specifications and quantities had not been included in the bids calling documents.

- A sum of Rs.2,663,949 had been overpaid to a private firm, due to payment of Rs.17,560,306 without measurement reports.
- Only two contractors had been summoned improperly, for the meetings held prior to calling for bids on 28 August 2013.
- The five officers appointed to the Technical Evaluation Committee had no knowledge in the subject relating to the partitioning.
- The person appointed as the specialist of the Technical Evaluation Committee from the Government Factory had been a full time released Mechanical Superintendent.
- Although a sum of Rs.1,052,784 had been paid for 3396 square feet of gypsum board at the rate of Rs.310 per square foot, quotation had not been called for that, at the time of calling for quotations. The opportunity for fulfilling the work for a minimum price had been lost due to failure in calling for complete bids.
- Although approval of the Technical Evaluation Committee had been given for extra payments of Rs.2,411,199 up to the contract value of Rs.15,799,700 of the contract of Rs.13,388,510 agreed to be performed without VAT through the decision of the Procurement Committee dated 03 March 2014, in deciding the approval for that extra payment, attention had not been paid to the extent of work and the information available in the invoices and procurement documents.

- (ii) A sum of Rs.1,440,290 had been paid to a private firm for partitioning and spreading carpets in the Section C of the first floor of the Sethsiripaya Stage 11.

Following observations are made in this connection.

- Information relating to the basis of selection of the contractor was not submitted.
- There was no plan of partitioning of sections.
- Quotations for various types of partitions had not been separately called for.
- Service of a qualified Technical Officer and consultancy service had not been obtained.
- A sum of Rs.793,039 had been over paid due to non-consideration of various types of partitions.
- A sum of Rs.221,831 had been over paid for 131.5 square feet relevant to carpet spreading.

- (iii) Pantry cupboards for the Minister's Office and the Deputy Minister's Office had been made having spent a sum of Rs.206,000 during the year under review and those cupboards had been slacken off and were in a unserviceable condition by October 2014.

1.11 Losses and Damages

Observations relating to the losses and damages revealed in audit test checks are shown below.

- (a) While an expenditure amounting to Rs.1,831,095 had been incurred with regard to an accident to a vehicle, the amount received from the Insurance Corporation for that had been Rs.1,380,756. Accordingly a loss of Rs.450,338 had occurred and action had not been taken to recover it.
- (b) While the loss occurred to a car had been Rs.4,700,000, action had not been taken to recover it up to now.

1.12 Management Weaknesses

Following weaknesses were observed in audit sample checks.

- (a) Action had not been taken even up to end of the year 2013, to conduct the Preliminary Inquiry with regard to an accident took place to a vehicle during the year 2010.
- (b) Following weaknesses in the system for Payment of Elders' Allowance had not been rectified up to the time of audit.
 - (i) An information system had not been introduced to obtain correct data relating to the beneficiaries receiving the Elders' Allowance.
 - (ii) There was no procedure to obtain and update expenditure statements and the relevant statistics without delay.
 - (iii) There was no procedure to get back unpaid money, if any, from the National Savings Bank, the Regional Account Offices, the Post Offices and the Divisional Secretariats without delay.
 - (iv) An information system at Ministry level had not been maintained with regard to the provisions made available to the District Secretariats, expenditure and allowances not surcharged.
- (c) Following matters were observed in the Construction of Thirukedheeshwaram Elders' Home in Mannar.
 - (i) Instructions had not been given at the time of planning for construction of the building to enable the disable persons enter the premises.
 - (ii) A sum of Rs.18,118,242 had been paid to the State Engineering Corporation for this Construction Work as at the end of the year 2010 and a provision of Rs.4,811,243 had been made available by the Ministry of Resettlement and Distress Relief Services during the year under review for the further amounts

payable. The management had not taken interest with regard to utilize those funds in due periods or to rectify the deficiencies according to the plan or payment of arrears.

1.13 Human Resources Management

(a) Approved and Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior level	14	10	04
(ii) Tertiary Level	03	01	02
(iii) Secondary Level	410	245	165
(iv) Preliminary Level	52	48	04
(v) Others (casual/temporary Contract basis)	04	04	-
Total	483	308	175

Ministry had not been taken action to fill 175 vacant posts as at the end of the year under review.

(b) Human Resources Improperly Released to Other Parties

Two officers belong to the Ministry of Social Service and receiving salaries from the Ministry had been attached and engaged in service of the Department of Social Service and Elders' Secretariat.

(b) Human Resources Obtained from Other Parties.

Two officers belong to the Department of Social Service and an officer of the Elders' Secretariat receiving salaries from the Department and the Elders' Secretariat had been attached and engaged in service of the Ministry of Social Service.

2. Head 216 – Department of Social Service

2.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the Department of Social Service for the year ended 31 December 2013 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 of Social Service on 13 October 2014. 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.

2.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

2.3 Audit Observation

According to the Financial Records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (d) and major audit findings appearing in paragraphs 2.4 to 2.10 herein, the Appropriation Account and Reconciliation statements of the Department of Social Service had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

It was observed in audit sample checks that, the Department had not maintained the following Registers and certain registers had not been properly maintained and updated.

Type of Register	Relevant Regulation
-----	-----
(i) Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978.
(ii) Child Guidelines Centre Petty Cash Book	Financial Regulation 446(3)

- (iii) Child Guidelines Centre Financial Regulation 845
Register of Telephones

(b) Lack of Evidence for Audit

Eight transaction totalling to Rs.5,452,162 could not be satisfactorily vouched in audit due to lack of necessary evidence such as letters calling for quotations, acknowledgements of tools, signature certificates, bank passbooks, written confirmations for cash provided, information relating to purchases, signature registers, expenditure estimates etc.

(c) Budgetary Variance

Savings in Provisions

Due to excess provisions made under 06 Recurrent Objects and 05 items of Capital Objects in Programmes 01 and 02, savings after utilization of provisions were in a range between 8 per cent and 35 per cent of the net provisions relating to Recurrent Object and savings of the Capital Object were in a range between 7 per cent and 67 per cent .

(d) Advances to Public Officers Account

Following observations are made.

- (i) According to the reconciliation statement as at 31 December 2013 relating to Item No. 21601, Advance Account, the total of balances in arrears as at that date amounted to Rs.330,444. The follow up action for recovery of those balances in arrears was at a weak level.
- (ii) While the total of the classification summary of individual balances were Rs.52,417,605, balance in the Departmental Control Account had been Rs.52,356,399. Reasons for the difference of Rs.61,206 had not been found out up to 30 July 2014.
- (iii) There were loan balances outstanding over a time period ranging from 02 years to 12 years in the loan balances of 04 officers who had vacated posts in the Department totalled Rs.314,723.
- (iv) A sum of Rs.8,610 had been over recovered as loan installments of 17 officers during the year under review.

2.4 Assets Management

Following observations are made during sample audit test checks carried out in respect of assets belonging to the Department.

(a) Idle and Underutilized Assets

 It was observed in audit sample checks that the following assets had been kept idle or underutilized.

Type of Asset	Number of Units	Idle or Underutilized Period.
-----	-----	-----
		Years
(i) Machinery -----		
Peretone Audiometry machine	01	10
(ii) Blood Pressure Machine	01	10
(iii) Walker	02	More Than 02 years
(iv) Walker with wheels	126	More than 05 years
(v) Sewing Machines (New)	15	More than 01 year

(b) Conducting Annual Boards of Survey

 Following observations are made.

- (i) Action had not been taken in terms of Financial Regulations 102 and 108(1) in connection with shortages of 2202 items of 536 categories of goods in the Vocational Training Centre, Ketawala, Levula, 163 items of 40 categories of goods in the Head Office and 1062 items of 246 categories of goods in Seeduwa Vocational Training Centre.
- (ii) Surpluses of 164 items of 22 categories of goods were observed in 03 Institutions.

(c) Unsettled Liabilities

 Unsettled liabilities as at 31 December 2013 for less than one year committed by the Department amounted to Rs.8,390,148.

Following observations are made.

- (i) Although liabilities should not be committed in excess of the savings in terms of Financial Regulation 94(1), liabilities had been committed exceeding the provisions under 20 Objects to the extent of Rs.6,269,600.
- (ii) According to the Register of Liabilities, value of liabilities under 8 Objects did not tally in a sum of Rs.962,633.

- (iii) According to the confirmations of balances relating to liabilities, received from 02 Institutions, a non-reconciliation of Rs.154,142 was observed.
- (iv) A difference of Rs.198,636 was observed between the value of liabilities relating to 09 Objects and value of liabilities according to the vouchers.

2.5 Non-compliances

(a) Non-compliance with Laws, Rules, Regulations etc.

Instances of non-compliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to Laws, Rules, Regulations etc.	Value	Non-compliance
	Rs.	
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka		
(i) Paragraph 4.2.5 of Chapter XXIV.	123,354	Loan balances outstanding for more than 05 years of two retired and deceased officers had not been recovered.
(ii) Paragraph 4.4.1, 4.5 and 4.6 of Chapter XXIV	293,570	Loan balances outstanding over a period ranging between 03 to 05 years due from interdicted officers had not been recovered.
(iii) Paragraph 3.7 of Chapter XXIV	-	Recovery of Festival Advances of 09 officers had been delayed during a time range between 06 months and 09 months at the commencement of the year 2013.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.		
(i) Financial Regulation 245(2)	-	Approval had been given on the duplicates of the vouchers.
(ii) Financial Regulation 316(a)	-	Cash Imprest of the Childcare Centre had not been kept in a safe.

(iii)	Financial Regulation 371(b)	33,000	Although the advances should be settled immediately after completion of work, settlement of advance given to 03 officers in 03 instances had been settled after a delay ranging between 11 days and 02 months.
(iv)	Financial Regulation 756 and 757	-	Survey Reports relating to vehicles had not been submitted to the Auditor General.
(v)	Financial Regulation 1645	-	Vehicle Log Books had not been maintained methodically and properly.
(vi)	Financial Regulation 1645(b)	-	Action had not been taken to keep daily running charts in conformity with Form General 268 by the Driver or examine those regularly by the Administrative Officers.
(vii)	Financial Regulation 1646	-	Although originals of daily running charts and the monthly should be sent to the Auditor General through the Head of Department it had not been done.
(viii)	Financial Regulation 1647(3) and Financial Regulation 802	-	Vehicle Registers had not been up-dated.

(c) Public Administration Circulars

(i)	Circular No. 41/90 dated 10 October 1990. Paragraph 2.11	-	Although the fuel consumption should be tested once in every 06 months, action had not been taken accordingly.
(ii)	Circular No. 26/92 dated 19 August 1992.	-	Government emblem had not been embossed on a vehicle.

**(d) Circulars of the Ministry of
Finance and Planning**

(i)	Circular No. 2001/03MF/GA2/ dated 02 July 2001	-	Although the reports relating to foreign training/tours should be submitted to the Ministry of Finance within 02 weeks from the date of return after the foreign
-----	--	---	--

training/tour, those reports had not been submitted by 20 officers who had gone abroad during the period from August 2010 to July 2013.

- | | | |
|--|---------|---|
| (ii) Circular No. FPM/01/2010/01 dated 11 October 2010. Paragraph 3(iii) | 588,915 | Even though the incidental allowance at US\$ 30 per day for a maximum of 30 days can be paid in connection with abroad on study or training purpose only when the allowance is not paid by the foreign government or the institution concerned, incidental allowance had been paid to 11 Officers though it had been stated that they will be paid the allowances during the period they were abroad. |
|--|---------|---|

(e) Departmental Circulars and Letters

- | | | |
|---|---|---|
| (i) Letter No. SS/4/1/1-1 dated 19 September 2011 of the Director of Social Services. Paragraph 03. | - | While the Departmental Officers had not participated in the interview tests for recruitment of trainees of the Institute, the register containing the names and other relevant particulars had not been submitted to the Department for approval. |
| (ii) Circular No. 385 dated 22 June 1998
-Paragraph 02 | - | Medical reports confirming disability had not been received, relating to the trainees undergoing training in the Sukitha Women's Vocational Training Institute receiving grants from the Department. |
| (iii) -Paragraph 03(v) | - | Although the Courses conducting for disabled persons should be prepared according to the accepted syllabus and approval of the Department of the Social Services should be obtained, 10 voluntary establishments had not acted accordingly. |

- | | |
|---|--|
| (iv) Letter No. SS/4/1/1-1
dated 19 September
2011
Paragraph 7 | - All vouchers relating to payments of Trainee Allowances should be submitted monthly through the Divisional Secretary along with the reports of the Social Service Officers after checking. However, vouchers of 04 Institutions had not been submitted according to the requirements and period of delay was in a range between 02 months and 07 months. |
|---|--|

2.6 Weaknesses in Implementation of Projects

----- Projects not in Progress in spite of Funds Released -----

Out of the sum of Rs.729,050 received during the years 2012 and 2013 under the Programme for providing financial assistance,, in order to improve the quality of vocational training courses conducted for disabled young men and women by the Tertiary and Professional Education Commission, a sum of Rs.713,289 had been kept in the General Deposits Ledger without being used for the relevant objective up to march 2014, time of audit. Action had not been taken in terms of the agreement entered into in this connection.

2.7 Performance

 Observations with regard to the progress of the Department on the basis of the Annual Budget Estimates for 2013/Corporate Plan/Action Plan are shown below.

(a) Functions not Adequately Performed

 Certain functions not adequately performed by the Department are shown below.

- (i) When the number of 134 students registered at the time of commencement of the Centre for Childcare Guidelines in 2003 is compared with the number in 2012, percentage of decrease had been 51 per cent.
- (ii) A report relating to the follow up position of the registered children had not been prepared.
- (iii) A procedure for preparation of required data with regard to children (0 – 18 years of age) who had been subject to disability had not been implemented.
- (iv) Although 973 disable students had been received services from the Childcare Guideline Centre during 2003-2012; a higher percentage of 94 contributed in Western Province due to the establishment of Guideline Centre in that province

a very few of them were contributed from other districts and out of the 25 districts in 9 years none of a disable child received the services in 12 districts.

(v) Following works planned to be implemented during the 2013 half year shown in the five year plan prepared by the Centre for Childcare Guidelines had not been completed. The Secretary to the Ministry informed me that it was not possible to implement according to the plan, due to non-availability of funds as expected.

- Enlightening the parents of other children in pre-schools.
- Intervening to provide resources to intermediary pre-schools.
- Commencement of rehabilitation services.
- Commencement of consultancy services.
- Commencement of special rehabilitation pre-schools.
- Providing instructions and training after observation of pre-school
- Observation of post programmes and schools to which children were admitted through intervening to refer children for formal education.

(b) Planning

(i) Non-conformity of Action Plan with the Corporate Plan

Following observations are made.

- Work to be performed through each Training Centre had not been clearly indicated in the Action Plan and the Corporate Plan.
- Two activities relating to the year 2013 included in the Corporate Plan had not been included in the Annual Action Plan.

(ii) Inadequacy of Work for Achievement of Objectives

Although the following strategies had been disclosed through the Corporate Plan for maintenance of an updated information system relating to disabled persons and drug addicts, those works had not been commenced up to now.

- Implementation of a Data Collection Mechanism
- Establishment of a Unit in the Department
- Providing Knowledge and Merit by Collection of Data
- Providing Facilities for Easy Access to Existing Data

2.8 Transactions of Contentious Nature

A sum of Rs.1,449,900 had been paid during the year under review to maintain a Residential Care Home for 12 children suffering from psychiatric ailment. Following observations are made in this connection.

- (a) Although the approval of the Cabinet of Ministers had been given for maintaining a Residential Care Home for children suffering from psychiatric ailment, there was no information to the effect that children were enrolled during the years from 2010 to 2013.
- (b) While the Department had no information relating to the children, there was no information to the effect that, this home was supervised too.

2.9 Management Weaknesses

Following weaknesses were observed in audit test checks.

- (a) Four unserviceable vehicles had not been disposed.
- (b) Forty eight Bank Passbooks had not been updated during the year 2012. Although a sum of Rs.408,265 being trainee allowances for the period from October to December 2012 of the trainees who were undergoing training during the year 2012 had been sent to the Vocational Training Institutes, but it had not been possible get confirmed that those remittance were credited to bank account up to 01 November 2013.
- (c) Although the a professional training for disabled persons in the age group between 18 to 40 years had been given during the year by a voluntary organization, an accepted methodology for doing that work within a certain time frame of the year had not been introduced by the Department.
- (d) Although it had been stated in the letter No. 13/0232/534/001 dated 20 February 2013 of the Ministry of Finance and Planning that it is suitable to make a proper scheme for the welfare of the disabled children and to submit the action plan to the Cabinet of Ministers for approval, in taking a decision with regard to the balance provision available, action had not been taken in that connection.
- (e) Following lapses were observed at the field inspection carried out in the Seeduwa Vocational Training Institute.
 - (i) Lack of Cleanness of the Institutional Premises.
 - (ii) Improper Maintenance Work of the Institution.
 - (iii) Lapses in the Foods Provided.

2.10 Human Resources Management

(a) Approved and Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Surplus Number
(i) Senior level	10	07	03	-
(ii) Tertiary Level	164	138	26	-
(iii) Secondary Level	491	438	53	-
(iv) Preliminary Level	92	76	16	-
(v) Others (casual/temporary/contract basis)	-	01	-	01
Total	757	660	98	01

Following observation is made.

There were 98 vacancies of officers as at the end of the year under review.

(b) Human Resources Improperly Released to Other Parties.

Particulars relating to Human Resources Improperly Released to other parties are shown below.

Category of Employee	Number	Other Party	Period Released
(i) Social Service Officer	01	Ministry of Social Service	From 24.04.2009
(ii) Social Development Assistant	01	Ministry of Social Service	From 02.02.2012
(iii) Development Programme Assistant	01	Ministry of Social Service	From 22.07.1997
(iv) Driver	01	Ministry of Social Service	From 28.03.2011
(v) Karyala Karya Sahayake (Peon)	02	Ministry of Social Service	From 22.08.2010 & 05.01.2012
(vi) Social Service Officer	03	National Elders Council	From 02.10.2010
(vii) Development Officer	01	National Elders Council	From 01.11.2013

(c) Weaknesses in Assignment of Duties

Following observations are made in sample audit test checks.

- (i) Duties had not been allocated by taking into consideration the specialty of each Section
- (ii) Although there were lapses in documents including History Sheets in the Personal Files of the officers engaged in service of the Department, proper instructions had not been given by the Supervising Officers, having looked into those matters from time to time.
- (iii) In spite of the fact that there are sufficient number of officers in the Management Assistants' Service, action had not been taken to train an additional person in computer programmes relating to SIGAS and preparation of salaries. It was observed in audit that all such work depends on one officer and officers are faced with difficult situations in transfers etc. due to that.
- (iv) Assignment of duties had not been properly done.