

Report of the Auditor General on the Appropriation Head 124 Ministry of Social Services and the Departments under that Ministry – year 2012

This report consists of two parts

Part 1 - Summary Report on the Accounts of Ministry and the Departments under the Ministry.

Part 2 - The Detailed Report on each Appropriation Head

Part – 1

The Summary Report on the Accounts of the Ministry of Social Services and the Department under the Ministry.

1. Departments under the Ministry.

Appropriation Head -----	Name of Department -----
216	Department of Social Services

2. Accounts

2:1 Appropriation Accounts

(a) Total provision and expenditure

The total net provisions made for the Ministry and the Department under the Ministry amounted to Rs.1,713,052,350 and a sum of Rs.1,574,447,852 out of that had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions of the Ministry and the Department amounted to Rs.117,541,694 and Rs.21,062,804 or 8.5 per cent to 6.2 per cent respectively. The details appear below.

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Appropriation Head	Ministry/ Department	Net Provision as at 31 December 2012		Utilization as at 31 December 2012		Savings as at 31 December 2012	
		Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
124	Ministry of Social Services	1,199,046,000	175,818,000	1,175,353,783	81,968,523	23,692,217	93,849,477
216	Department of Social Services	307,538,350	30,650,000	296,509,022	20,616,524	11,029,328	10,033,476
	Total	1,506,584,350	206,468,000	1,471,862,805	102,585,047	34,721,545	103,882,953

2:2 Advance Accounts

Limits Authorized by Parliament

The following limits authorized by Parliament for the Advances to Public Officers Accounts of the Ministry and the Department under the Ministry have been complied with.

Head	Item Number	Expenditure		Receipts		Dr. Balance	
		Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
124	12401	12,000,000	5,077,574	3,500,000	7,959,469	48,000,000	18,777,518
216	21601	18,000,000	11,441,987	11,200,000	13,304,921	100,000,000	56,952,143

2:3 Imprest and General Deposit Accounts

(a) Imprest Accounts

The debit balances and the credit balances of the Imprest Accounts of the Ministry and the Department under the Ministry as at 31 December 2012 amounted to Rs.148,178 and Rs.180 respectively.

2: General Deposit Accounts

The balances in the General Deposit Accounts of the Ministry and the Department under the Ministry as at 31 December 2012 totalled Rs.4,416,558 and the details thereon are appear below.

Ministry / Department	Account Number	Balance as at 31 December 2012
-----	-----	-----
		Rs.
Ministry of Social Services	6000/0000/00/0015/0037	2,959,421
Department of Social Services	6000/0000/00/0015/0097	1,457,137

Total		4,416,558
		=====

Part 2

Detailed Report relating to each Appropriation Head

1. Appropriation 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 2012 was carried out in pursuance of provisions in Article 154 (1) of the Constitution 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 15 October 2013. 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 of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1:3 Audit Observations

According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) and (f) and other major observations appearing in paragraphs 1:4 to 1:11 herein, the Appropriation Account and the Reconciliation Statement of the Ministry of Social Services had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

- (i) The Ministry had not maintained the following registers while it was observed during the course of audit test checks that certain other registers had not been maintained in the proper and updated manner.

Type of Registers -----	Relevant Regulation -----
Stock Book	Financial Regulation 751
Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978.

- (ii) Transactions amounting to Rs.100,919,791 could not be satisfactorily vouched in audit due to unavailability of evidence such as lease rent agreements, bills, certificates of Technical Officers and Progress Reports with the Ministry.

(b) Budgetary Variance

- (i) The entire net provisions totalling Rs.77,890,000 made for 06 Objects had been saved.
- (ii) Excess provisions had been made for 19 Objects and as such the savings after the utilization of provisions ranged between 11 per cent to 69 per cent of the net provisions relating to those Objects.

(c) Transfer of Provisions

- (i) Provisions totalling Rs.8,450,000 ranging from 2 per cent to 98 per cent of provisions relating to 18 Objects of the Operating Programme had been transferred under Financial Regulations 66 and 69 while provisions totalling Rs.9,076,000 ranging from 8.17 per cent to 93.95 per cent of provisions relating to 09 Objects of the Development Programme had been transferred under Financial Regulations 66 and 69 due to the preparation of estimates without carrying out a proper study.
- (ii) In view of the preparation of the estimates for the year under review without reviewing the expenditure of the preceding year, excess expenditure had resulted in certain Objects and as such provisions totalling Rs.7,938,000 had been transferred under Financial Regulations 66 and 69 by using 3 to 5 transfer sheets.

(d) Imprest Account

- (i) Contrary to Financial Regulation 371 a sum of Rs.34,900 had been paid to 03 persons who are not subordinate officers of the Accounting Officer.
- (ii) A sum of Rs.13,750 had been paid to a person who is not an officer of the Ministry for the purchase of 300 compact discs.

(e) Reconciliation Statement of the Advances to Public Officers Account

- (i) According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 12401, the balances that remained outstanding as at that date totalled Rs.41,530 and the Ministry had failed to recover those outstanding balances.

- (ii) A difference of Rs.2,043 existed as at the end of the year under review between the Treasury books and the Departmental books.
- (iii) Action had not been taken for the rectification of the accounting errors amounting to Rs.233,652 made in the years 2010 and 2011.

1:4 Good Governance and Accountability

1:4:1 Corporate Plan

Even though the Ministry should have prepared a Corporate Plan at least for 03 years from the year 2010 and onwards at the beginning of the year in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, the Corporate Plan for the years 2012 to 2016 had been prepared only on 08 October 2012.

1:4:2 Annual Performance Reports

Even though the Annual Performance Report that should have been prepared by the Ministry in terms of the Public Finance Circulars No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred to in the letter of the Director General of Public Finance referred to in paragraph 1.4.1 above should have been tabled in Parliament with copy to the Auditor General within 150 days after the close of the financial year, the Performance Report for the year under review had not been tabled in Parliament even by 24 September 2013.

1:4:3 Procurement Plan

The Annual Procurement Plan for the year 2012 in terms of the National Budget Circular No. 128 of 26 March 2006 had been prepared on 01 March 2012.

1:5 Assets Management

(a) Assets not Transferred

The Ministry had not taken action to effect the legal transfer to the Ministry of a land 01 Acre 02 Roods, 9.9 Perches in extent and the cash balances in 03 Bank Accounts in the National Savings Bank and the Bank of Ceylon gifted to the Ministry of Social Services by a Deed of Gift, and for the use of those for the intended objectives.

(b) Idle Assets

Ten Computers, 05 telephone connections and 10 printers made available to the Ministry through the State Network Project by the Sri Lanka Information and Communication Technology Agency remained idle without being used for the relevant project activities. Those assets had not been recorded in the Register of Fixed Assets and the stock books. Those had not been included in the Report of the last Board of Survey conducted.

(c) Conduct of Annual Board of Survey

According to the Public Finance Circular No. 441 of 09 December 2009 as amended by the letter No. PF/Board of Survey/01 dated 17 December 2010 of the Director General of Public Finance, the Annual Board of Survey for the year 2012 should be conducted and the report thereon should be furnished to the Auditor General before 31 March 2013. Nevertheless, the Ministry had furnished the Annual Board of Survey Reports to the Auditor General only on 15 November 2013, that is, after a delay of 7 ½ months.

(d) Irregular use of Assets belonging to other Institutions

The following observations are made.

- (i) Six motor vehicles belonging to other institutions had been used for the purposes of the Ministry by 30 November 2012. The action for the transfer of the motor vehicles to the Ministry or for handover those had not been finalized.
- (ii) Three motor vehicles of 02 institutions under the purview of the Ministry had been deployed for the purposes of the Ministry.

1:6 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analysed below.

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non-compliance -----
(a) Establishments Code ----- Chapter VI Section 2.10	2,837,000	Even though salaries had been paid to Counselling Officers, the appointments had not been reported to the Auditor General. Personal files had not been maintained for the Officers.
Financial Regulations -----		
(i) Financial Regulation 104(1)(3)(4)	--	Investigations had not been carried out in connection with an accident caused to a motor vehicle in the year 2009 and the full reports, preliminary reports and final reports had not been furnished even by 21 December 2012.
(ii) Financial Regulation 115	1,847,487	The approval for the payments made in two instances in the year 2012 in respect of the year 2011 had not been obtained.

(iii)	Financial Regulation	243,800	245	Payments had been made on 02 vouchers not certified.
(iv)	Financial Regulation	--	753	The receipts and issues of spectacles purchased had not been recorded in the stock book.
(c)	Circulars of the Presidential Secretariat			

	Public Expenditure Management Circular No. CA/1/171 of 14 May 2010			
	Paragraph 3.1	--		Motor vehicles had been allocated contrary to the Circular.
	Paragraph 5.2	13,643		Additional payments had been made for telephone connections of two Co-ordinating Secretaries.
(d)	Public Administration Circulars			

	No. 02/99 of 26 January 1996			
	Paragraph 5	78,173		Even though mobile phones should be provided after obtaining the approval of the Committee appointed, 25 mobile phones had been provided to the officers without obtaining the approval.
	No.13/2008 of 26 June 2008			
	Paragraph 5	157,478		Additional fuel had been obtained without the personal approval of the Secretary to the Ministry.

(e) Public Finance Circulars

Circular No. 446 of 03 April 2003 109,650 Payments for mobile phones bills had been made for officers who are not entitled to in terms of the circular.

1:7 Performance

The observations on the progress of the Ministry according to the Annual Budget Estimates for the year 2012, the Corporate Plan and the Action Plan are given below.

(a) Activities not executed

- (i) Even though provision amounting to Rs.50,000 had been made for the construction of Counselling Centres that work had not been commenced.
- (ii) Action had not been taken in accordance with the Cabinet Decision No. CM/12/0079/534/001 of 22 February 2012 for the formulation of a Family Policy, paying special reference to the groups easily vulnerable to distress, with a strong framework capable of providing an appropriate social security network for them.
- (iii) Even though 96 District Committee Workshops in 24 districts at the rate of 04 on quarterly basis should have been held during the year, only 67 Committee Workshops had been held. That represented 70 per cent of the total number scheduled to be held. Instead of 96 district workshops, the targeted District Committee Workshops and the physical progress had been shown as 50 and 67 per cent respectively in the Action Plan.
- (iv) The targets to be shown in the Action Plan for the year 2012 had been understated, the progress of the District Committee meetings for the year 2012 had been overstated as 92 per cent and the progress of the Provincial Support Officers workshops had been overstated as 200 per cent.

- (v) Even though the printing of CBR Handbooks had been planned for the year under review it had not been done. Nevertheless, a book on National Community Based Rehabilitation Programme not included in the Action Plan had been printed.
- (vi) Information on the number of single parent families had not been obtained from the Divisional secretariats.

1:8 Transactions of Contentious Nature

Certain transactions executed by the Ministry had been of contentious nature. Particulars of several transactions revealed during test checks are given below.

- (a) Even though the National Insurance Trust Fund had recommended to condemn a motor vehicle that had met with an accident in the year 2009, it had been sent for repairs in the year 2011. An advance of Rs.500,000 obtained for that purpose in the year 2011 from the National Insurance Trust Fund had been given to a private garage. But the repairs had not been completed even by 31 December 2012.
- (b) A cheque written in the name of a private company on 31 December 2012 for a computer valued at Rs.159,200 not received by the stores had not been issued even by 31 January 2013. Nevertheless, that had been shown under the unpresented cheques in the Bank Reconciliation.
- (c) A sum of Rs.422,380 had been paid to a private institution based registers submitted on the distributions of spectacles without the participation of any officer from the Ministry.
- (d) The supply of spectacles for distribution at mobile service had been made by the suppliers direct to the site of the mobile service instead of delivering the spectacles to the Ministry stores. The payments for such supplies of spectacles during the year under review amounting to Rs.13,749,353 had been made without an acknowledgement for receipt from an officer or acknowledgements of receipt from the beneficiaries or a certificate of distribution issued by an officer.

- (e) The fuel allowance obtained by the former Secretary to the Ministry for the period March 2012 to 13 July 2012 amounted to Rs.159,625 while the additional fuel obtained for that period amounted to Rs.158,717 and that represented 99 per cent of the fuel allowance.
- (f) The approved fuel allowance obtained by the former Additional Secretary (Development) for the period April 2012 to 18 December 2012 amounted to Rs.175,950 and the value of additional fuel obtained for that period amounted to Rs.229.195 and that represented 130 per cent of the normal fuel allowance.
- (g) The proposed programmes, names of participants or progress reports of the programme indicating the need for additional fuel had not been furnished to audit.

1:9 Irregular Transactions

Certain transactions executed by the Ministry had been devoid of regularity. Several such instances observed are given below.

(a) Deviation from the Procurement Procedure

- (i) The minimum number of members appointed to a Technical Evaluation Committee to assist the Ministry Procurement Committee should be five members and officer knowledgeable in procurement and officer appointed by the Head of Department, a subject specialist and at least one person outside the Procurement Entity should be included for the purpose. Even though three persons can be appointed for the Technical Evaluation Committees of minor contracts, despite the non-appointment of a Procurement Committee, three outside officers had been appointed to the Technical Evaluation Committee for the purchase of spectacles without a representation from the Procurement Entity.

- (ii) The Ministry had procured 22,696 spectacles valued at Rs.2,564,648 from a private company by 23 November 2012 without the approval of the Procurement Committee.
- (iii) Based on the recommendation made by the Chief Accountant after the provisions for the year 2012 were exhausted that if the supplier agrees for the payment in the year 2013, purchase of 250 bifocal spectacles had been made. The following matters were observed in this connection.
- Even though a sum of Rs.651,900 had been paid to the relevant private company on 15 January 2013 that payment had not been recorded in the cash book up to 18 January 2013, the date of audit.
 - Even though payments should be made to the person whose name appears in the voucher or his legal agent, the cheques for Rs.651,900 had been handed over to a Co-ordinating Secretary. The reasons for that had not been produced to audit.
 - Payment had been made for 1,230 spectacles each valued at Rs.530 not received by the stores and without a certificate from an officer that the spectacles were given to the recipients.

(b) Transactions without Authority

- (i) Even though post of Consultant for which appointment had been made on the approval of the Cabinet of Ministers had expired on 31 August 2012, a sum of Rs.229,320 at the rate of Rs.76,4440 per month had been paid for a period of 03 months without obtaining an extension of service as salary, allowances and fuel expenses.
- (ii) An overpayment of salary amounting to Rs.14,559 made to a Driver had not been recovered.

- (iii) The approval for obtaining additional fuel should be obtained from the Secretary to the Ministry before undertaking the proposed journey. Nevertheless, a test check revealed that fuel bills totalling Rs.32,817 without such approval had been settled.
- (iv) Even though the staff of the Minister and the Deputy Minister are not entitled to additional fuel, those officers had obtained additional fuel amounting to Rs.43,542 in addition to the monthly fuel allowance of the Officers.
- (v) According to the letter on the delegation of financial authorities under Financial Regulation 135, the authority for granting approval for additional fuel exceeding Rs.10,000 for allocated motor vehicles rests with the Secretary to the Ministry. Contrary to that, the Chief Accountant had granted approval for additional fuel amounting to Rs.33,346.
- (vi) Action had not been taken for the recovery of the overpayment of fuel allowance amounting to Rs.19,134 made to the former Secretary to the Ministry.

1:10 Losses and Damage

Out of the goods received by the Ministry from the Lanka State Network Project, 02 computers, 01 monitor and 01 telephone had been misplaced.

1:11 Human Resources Management

(a) Approval and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	14	10	04
(ii) Tertiary Level	03	02	01
(iii) Secondary Level	384	145	239
(iv) Primary Level	58	56	02
Total	459	213	246

(b) The following observations are made.

- (i) The Ministry had failed to fill 246 vacancies even by the end of the year under review.
- (ii) A sum of Rs.1,259,399 had been paid as salaries to the following excess staff.

Post	Approved	Actual	Excess
<u>Ministerial Staff</u>			
Video Cameraman	--	01	01
Cameraman	--	01	01
Assistant Camera Operator	--	01	01
Drivers	03	08	05
<u>Deputy Ministerial Staff</u>			
Drivers	03	05	02

- (iii) Salaries amounting to Rs.818,647 paid to 04 Drivers of the Ministry Serving in the Ministerial Staff had not been met from the provisions for the Ministerial Staff.

2. Appropriation Head 216 – Department of Social Services

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 Services for the year ended 31 December 2012 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Director General of the Department on 15 October 2013. 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 Account and the Reconciliation Statements in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2:3 Audit Observations

According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) and (d) and other major observations appearing in paragraphs 2:4 to 2:10 herein, the Appropriation Account and the Reconciliation Statement of the Department of Social Services had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

Lack of Evidence for Audit

- (i) The details of the manner of the utilization of income from the Amunukumbura Coconut land 04 Acres 03 Roods 33 Perches in extent donated by a donor to the Ministry of Social Services for using the income from the land for the benefit of children rendered destitute, the paddy field Galahitiyawa and Pillewa 01 Acre 02 Roods 9.9 Perches in extent, two trade stalls on the plot of land 02 Roods 09 Perches on the land called Davtagahalanda and the manner of accounting for the income had not been furnished to audit.
- (ii) According to the Deed of Gift transferring the money in three savings accounts in Banks (amounts not specified in the deed) included a condition that the money in the savings accounts should be converted to fixed deposits and the interest received from that should be used for the benefit of the children rendered destitute. Information on the current status of the money in the accounts had not been furnished to audit.
- (iii) The evidence in support of the tools sets supplied to the trainees of Batickgamma Vocational Training Centre from sum of Rs.10,000 sent for that purpose had not been furnished to audit.

(b) Budgetary Variance

- (i) Excess provisions had been made for 13 Objects and as such the savings after the utilization of provisions ranged between 12 per cent to 98 per cent of the net provisions relating to the respective Objects. The Director informed that the payments could not be made as the Treasury did not give adequate imprests during the year and that resulted in savings in provisions in the year 2012.

- (ii) As compared with the estimated amounts, the transfers under Financial Regulations 66 and 69 repressed 18 per cent to 25 per cent and the supplementary provisions obtained as compared with the estimated amounts represented 50 per cent to 126 per cent.
 - (iii) Due to excess provisions made under 07 Objects material transfers under Financial Regulation 66 ranging from 9 per cent to 100 per cent of provisions had been made.
- (c) Minor's Deposits and Security Deposits

- (i) A balance of Rs.14,085 remained up to date in 07 Minors' Deposit Accounts without being released despite the account holder completing the age of 18 years.
 - (ii) Security Deposits amounting to Rs.6,208 remained without being released up to date despite the elapse of 16 to 34 years after leaving the service as at the end of the year of accounts.
- (d) Reconciliation Statement of Advances to Public Officers Account

- (i) Even though the distress loan balance amounted to Rs.89,976, that had been shown as Rs.87,976 in the account, thus resulting in a difference of Rs.2,000.
 - (ii) A sum of Rs.5,000 had been over-recovered as loan installments from 09 persons.
 - (iii) According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 21601 the balances that remained outstanding as at that date totalled Rs.602,049 and the Department had failed to recover those outstanding balances.

2:4 Good Governance and Accountability

2:4:1 Corporate Plan

Even though the Department should have prepared a Corporate Plan at least for 03 years from the year 2010 and onwards at the beginning of the year in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, that Plan had not been prepared even by 31 December 2011. The Corporate Plan had been furnished to audit only on 24 July 2012.

2:4:2 Annual Performance Reports

Even though the Annual Performance Report that should have been prepared by the Department in terms of the Public Finance Circulars No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred to in the letter of the Director General of Public Finance referred to in paragraph 2.4.1 above should have been tabled in Parliament with copy to the Auditor General within 150 days after the close of the financial year, the Performance Report for the year under review had been tabled in Parliament only on 04 September 2013.

2:4:3 Annual Procurement Plan

The Annual Procurement Plan for the year 2012 had been prepared in terms of the National Budget Circular No. 128 of 26 March 2006.

2:5 Assets Management

2:5:1 Idle Assets

Even though 52 sewing machines had been purchased at a cost of Rs.993,200 on 31 December 2012 for distribution among the student who had completed the Vocational Training, a physical inspection carried out on 01 November 2013 revealed that 15 of those machines were idling in the Seeduwa stores over a period of one year.

2:5:2 Operating Inefficiencies

- (a) A land 348 perches in extent with a building at Ganemulla donated to the Department in October 2009 for the establishment of a Children's Home had been taken over by the donor as it had not been utilized for the intended purpose up to 05 January 2011.
- (b) The land 01 Rood 13 Perches in extent at Warakapola donated to the Department of Social Services on 07 February 2010 for the establishment of a Children's Home had not been utilized for a useful purpose even up to the time of audit in the 17 July 2013.
- (c) A land with rubber cultivation at Puwakpitiya, Awissawella received as a donation had not been utilized for earning income.

2:5:3 Conduct of Annual Boards of Survey

The following observations are made.

(a) Institutions not subjected to Surveys

The surveys of the Head Office of the Department of Social Services for the year 2012 in terms of the Public Finance Circular No. 441 of 09 December 2009 as amended by the letter No. PF/Board of Survey/01 of 17 December 2010 of the Director General of Public Finance had not been conducted even by 10 June 2013.

(b) Action on Shortages and Excesses of Goods

According to Financial Regulation 757(2), the Accounting Officer should take action in terms of Financial Regulation 102 and Financial Regulation 108 in connection with discrepancies, shortages and losses revealed during the course of Boards of Surveys. Nevertheless, action in terms of the Financial Regulations had not been taken on shortages of 860 units of goods and excesses of 346 units of goods revealed at the Boards of Survey for the year 2012 conducted at the Vocational Training Centres of the Department at Seeduwa and Ketawala Lewla.

(c) Goods not recorded in the Inventory

Action had not been taken to record 267 items of 141 categories of goods of the Vocational Training Centre at Ketawala Lewla.

2:6 Non-compliances

Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations.

Non-compliance

(a) Financial Regulations

Financial Regulation 322(1)

Even though the officer in charge of the cash and other items with cash value kept in safe custody should always maintain updated records thereof, it had not been so done in connection with 08 Minors' Accounts and 06 Security Deposit Accounts.

(b) Circulars of the Department of
Social Services

Circular No. 385 of 22 June 1988

- (i) Paragraph 03(iv) Evidence in support that the recruitment of qualified Instructors to the Voluntary Organization had been made with the approval of the Department had not been produced.
- (ii) Paragraph 03(v) Even though the Courses conducted by the Voluntary Organizations for the person with disabilities should be prepared in accordance with the accepted syllabuses and obtain the approval of the Department of Social Services, it had not been so done.
- (iii) Paragraph 08(i) Even though the Social Service Officers, Assistant Directors of Social Service and Government Agents had been authorized to visit the Centres providing vocational training from time to time and supervise training, give instructions and to review, adequate attention had not been paid to the Vocational Training Centre through the reports of the Social Service Officers.

2:7 Performance

The observations on the progress of the Department according to the Annual Budget Estimates and the Action Plan for the year 2012 are given below.

- (a) The payment of allowances by the Department to the vocational trainees had been made after delays.
- (b) According to the Annual Action Plan, a sum of Rs.2,000,000 had been allocated for the supply of 200 sets of tools during the year under review, Nevertheless, only 78 sets of tools costing Rs.1,600,000 had been supplied during the year.

(c) Even though provision amounting to Rs.1,727,000 had been made at the beginning of the year in the Action Plan for 05 activities of construction and repair works those had not been commenced even by November 2012. That had been excluded in the amended Action Plan furnished at the end of the year.

(d) The following 02 workshops planned for implementation in the year under review according to the amended Action Plan had not been implemented in the year.

Particulars	Estimated Amount
-----	-----
	Rs.
Workshop on the Update of Curriculum in Vocational Training Centres	250,000
Workshop on Progress Review of Vocational Training Centres	75,110

(e) The following Programmes not included in the Action Plan by the Department had been implemented during the years.

(i) One Day Workshop on International Relations and Public Relations.

(ii) Training Programme on the Woodwork Finish according to Modern Methods.

(f) Even though the students with disabilities completing the vocational training should be provided with sets of tools before they leave the institution, it had not been so done in connection with 40, 05 and 03 trainees of the institution at Amunukumbura, Ketawala Lawla and Sukitha.

2:8 Transactions of Contentious Nature

Certain transactions executed by the Department had been of contentious nature. The particulars of several transactions revealed at test checks are given below.

(a) Even though the “Maha Karuna” Organization had informed that the 40 computers sent by the Organization should be given to the Chen Sulan Computer School under the Ministry of Youth Affairs and Skills Development situated in Vavuniya, it was observed that the Additional Secretary (Administration) of the Ministry of Social Services had made a request for approval of the Secretary to the Ministry of Finance and Planning for distribution among the children with disabilities at the Seeduwa Vocational Training Centre of the Department.

(b) A sum of Rs.844,356 had been spent from the Welfare Object for the clearance of stocks of donations sent in two instances to the Ministry of Social Services by the “Maha Karuna” Organization in Singapore for distribution in the Vavuniya, Kurunegala and Polonnaruwa Districts.

Event though expenditure had been incurred by the Department for clearing the above goods, it was observed that the goods had been sent to the Ministry of Social Services.

(c) Even though “Maha Karuna” Organization had sent 442 items of goods of 09 categories valued at \$ 2,120 to the Department, the information on the distribution of the goods had not been furnished to audit.

(d) Even though 204 units of 08 categories of goods had been cleared as donations received for the Seeduwa Vocational Training Centre, it was observed that those goods had been given for distribution among schools, Voluntary Organization and Vocational Training Institutions with children with disabilities in the Polonnaruwa District.

(e) The information on the distribution of 60 units of 05 categories received as donations had not been furnished to audit.

- (f) Even though the Department had paid a sum of Rs.220,927 to a private institution for clearing from the Customs a stock of nutritional materials received from the United States of America by a person, reports on the donated goods or material had not been furnished.

2:9 Management Weaknesses

Even though a sum of Rs.3,244,190 had been paid to 10 voluntary organizations from January to August 2012 whether such organizations had been registered with the Non-Governmental Secretariat as Voluntary Organizations receiving assistance from the Department and providing vocational training to youth with disabilities had not been checked.

2:10 Human Resources Management

- (a) Approved and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	10	08	02
(ii)	Tertiary Level	164	143	21
(iii)	Secondary Level	330	295	35
(iv)	Primary Level	92	70	22
(v)	Others	09	02	07
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	Total	<u>605</u>	<u>518</u>	<u>87</u>

- (b) Eighteen officers of the Department of Social Services had been deployed in service of other institution and a Department had spent a sum of Rs.5,427,852 as their salaries in the year under review.