

Auditor General's Report on the Accounts of the Ministry of Child Development and Women's Affairs and the Department under the Ministry – Year 2010.

This report comprises two Parts.

Part 1 - Summary Report on the Ministry and the Department under the Ministry

Part 2 - The Detailed Reports on each Appropriation Head

Part I

Summary report on the Accounts of the Ministry of Child Development and Women's Affairs and the Department under the Ministry

1. Department under the Ministry

Head of Expenditure

No. 217

Name of Department

Department of Probation and Child Care Services

2. Annual Action Plan

The Ministry and the Department under the Ministry had prepared the Annual Action Plans at the beginning of the year of accounts.

3. Accounts

3:1 Appropriation Accounts

(a) Presentation of Accounts

Appropriation Accounts of the Ministry and the Department under the Ministry had been presented to audit by 31 March 2011.

(b) Total Provision and Expenditure

The total net provision made for the Ministry and the Department under the Ministry amounted to Rs. 785,443,000 and out of that a sum of Rs.763,891.291 had been utilized by the end of the year under review. Therefore, the net savings of the Ministry and the Department ranged between Rs. 19,045,000 and Rs.2,506,709 or 2.9 per cent and 1.7 per cent respectively of the total net provision. Details appear below.

| Appropriation Head | Ministry/ Department | Net Provision | | Utilization | | Savings | |
|--------------------|---|---------------|-------------|-------------|-------------|------------|-----------|
| | | Recurrent | Capital | Recurrent | Capital | Recurrent | Capital |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 120 | Ministry of Child Development and Women's Affairs | 469,530,000 | 168,930,000 | 458,002,000 | 161,413,000 | 11,528,000 | 7,517,000 |
| 217 | Department of Probation and Child Care Services | 140,303,000 | 6,680,000 | 138,169,994 | 6,306,297 | 2,133,006 | 373,703 |
| | Total | 609,833,000 | 175,610,000 | 596,171,994 | 167,719,297 | 13,661,006 | 7,890,703 |

3:2 Advance Accounts

3:2:1 Advances to Public Officers Accounts

(a) Presentation of Accounts

Two Advances to Public Officers Accounts that should be prepared for the year under review by the Ministry and the Department under the Ministry had been presented to audit by 31 March 2010.

(b) Complied with the Limits

The Ministry and the Department under the Ministry had complied with the limits on the Advance to Public Officers Accounts authorized by the Parliament. Detail appears below.

| Ministry / Department | Item Number | Maximum Limit of Expenditure | Actual | Minimum Limit of Receipts | Actual | Maximum Limit of Debit Balance | Actual |
|---|-------------|------------------------------|------------|---------------------------|-----------|--------------------------------|------------|
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Ministry of Child Development and Women's Affairs | 21701 | 18,000,000 | 9,958,507 | 6,000,000 | 7,496,865 | 66,000,000 | 40,388,588 |
| Department of Probation and Child Care Services | 12001 | 35,000,000 | 22,503,581 | 6,000,000 | 9,717,644 | 80,000,000 | 55,431,807 |

3.3 Imprest and General Deposit Accounts

3.3.1 Imprest Accounts

The debit and credit balances of the Imprest Accounts of the Ministry and the Department under the Ministry as at 31 December 2010 amounted to Rs. 2,720,418 and Rs. 5,064,000 respectively. Details appear below

Ministry / Department

Age Analysis

| ----- | Over 01 year less than 02 years | Balance as at 31 December 2010 Debit/(Credit) |
|--|------------------------------------|--|
| ----- | ----- | ----- |
| | Rs. | Rs. |
| Ministry of Child Development and Women's Affairs | (5,064,000) | (5,064,000) |
| Department of Probation and Child Care Services | 2,720,418 | 2,720,418 |

3:3:2 General Deposit Accounts

The balances of the General Deposit Accounts of the Ministry and the Department under the Ministry as at 31 December 2010 totalled Rs.35,583,026 and an age analysis thereon is given below.

| Ministry / Department | Head | Less than 01 year | <u>Age Analysis</u> | | Balance as at 31 December 2010 |
|---|-------|----------------------|--|--|--------------------------------------|
| | | | Over 01 year less than 02 years | Over 02 years less than 05 years | |
| ----- | ----- | ----- | ----- | ----- | ----- |
| | | Rs. | Rs. | Rs. | Rs. |
| Ministry of Child Development and Women's Affairs | 120 | 32,267,427 | 110,673 | 175,075 | 32,553,175 |
| Department of Probation and Child Care Services | 217 | 2,860,651 | 169,200 | -- | 3,029,851 |

Part II

1:1 Appropriation Head 120 Ministry of Child Development and Women's Affairs

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Child Development and Women's Affairs. for the year ended 31 December 2010 was carried out in pursuance of provisions of 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 28 July 2011. 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 Statement 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 on the Accounts and Reconciliation Statement

According to the Financial Records and Books for the year ended 31 December 2010, it was observed that except for the effects of the general observations appearing at (a) to (d) and other major observations appearing in paragraphs 1:4 to 1:8 herein, the Appropriation

Account and the Reconciliation Statement of the Ministry of Child Development and Women's Affairs have been prepared satisfactorily.

(a) Lack of Evidence for Audit

Replies to 23 audit queries issued to the Ministry in the year under review and 13 audit queries issued in the preceding years had not been furnished even by 31 March 2011. The quantifiable value of transactions relating to those audit queries amounted to Rs.265,475,018.

(b) Imprest Account

(i) The unsettled imprest balances of the Ministry as at 30 April 2011 totalled Rs.829,759.

(ii) There were instances where the ad hoc advances obtained had been retained without being settled for 09 months after the completion of the purposes, contrary to the Financial Regulation 371.

(c) General Deposit Account

Action in terms of Financial Regulation 571 had not been taken on 05 balances of deposits amounting to Rs.237,534 older than 02 years.

(d) Reconciliation Statement on the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account Item No. 12001 as at 31 December 2010 the balances that remained outstanding as at that date totalled Rs.1,254,152 and the follow up action on the recovery of those outstanding balances had been at a weak level.

1:4 Assets Management

(a) Conduct of Annual Boards of Survey

The following observations are made.

- (i) Even though the Ministry should conduct Boards of Survey annually in terms of Financial Regulation 756 and the Circular No. 441 dated 09 December 2009 of the Department of Public Finance, the Board of Survey for the year 2010 had not been conducted. The last Board of Survey conducted had been done for the year 2009.
- (ii) Action in terms of the relevant provisions had not been taken on the excesses and shortages reported and the other recommendations made in the Boards of Survey Reports for the year 2009.
- (iii) Even though the Ministry had conducted the Boards of Survey for the year 2009 and furnished the reports to the Auditor General, the books and other goods of the Library had not been subjected to a survey.

(b) Unsettled Liabilities

The unsettled liabilities of the Ministry as at 31 December 2010 amounted to Rs.4,631,486 and those liabilities related to a period less than 01 year.

Nevertheless, the confirmations of the liabilities had not been obtained in terms of Paragraph 4 of the State Accounts Circular No. 35/94 of 12 July 1994.

1:5 Non-compliances

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

Instances of non-compliance with the provisions of laws, rules and regulations are analysed below.

| Reference to Laws, Rules and Regulations | Value | Non-compliance |
|---|-----------|---|
| ----- | ----- | ----- |
| (i) Statutory Provisions | | |
| ----- | | |
| | Rs. | |
| Cabinet Memorandum No. CM/08/2253/338/143 of 24 December 2008 | 792,480 | The progress reports of the Moneragala United Families Development Project had been carried out through a private institution, instead of the Selacine Television Institute. |
| (ii) Financial Regulations | | |
| ----- | | |
| Financial Regulation 371(5) | 4,494,670 | The sub-imprests issued during the year under review had not been settled even by 31 December. |
| Financial Regulation 396(d) | 1,422,446 | Action had not been taken either to cancel or write back to revenue 129 cheques issued but lapsed for more than 06 months. |
| Financial Regulation 755(1) | -- | The former Librarian of the Ministry who had gone on transfer from the Ministry with effect from 01 January 2007 had not handed over the books in her custody to her successor. |
| Financial Regulation 756(2) | -- | The officer in charge of the store had been appointed as a member of the Board of Survey of the stores for the year 2009. |
| (iii) Circular Provisions | | |

Circulars of the Presidential
Secretariat

No.PF/1/17/1 of 14 May 2010
Paragraphs 2.1 and 5.5

Eight officers exceeding the maximum limit of officers for the staff of the Minister and the Deputy Minister had been deployed in services and telephones to the support staff had been provided at Government expense.

(iv) Treasury Operatinons Circulars

Treasury Operations Circulars
No. 06/2010 of 04 November
2010
Paragraph 1.1

65,000

Even though imprests for the year 2010 should not been issued after 24 December 2010, imprests had been issued on 29 and 30 December 2010.

1:6 Performance

Key Functions not Executed Adequately

The Ministry had not executed its key functions adequately and several such instances observed are given below.

(a) Grant of Revolving Loans

A sum of Rs.86,100,300 had been released during the years 1992 to 2008 to Divisional Secretariats for the Revolving Loan Programme implemented as a methodology for strengthening the economy of the low income earning women. The following matters were observed in this connection.

- (i) The sum of Rs.54,100,300 made available during the years 1992 to 2005 remained without being revolved.
- (ii) Loans had been granted to the members of unregistered Kantha Balamandala.
- (iii) The Ministry is not in possession of the information on the amount of loans granted up to the end of the year under review and the amount recoverable as at present.

(b) Glass of Milk Programme

Provision of Rs.187.18 million had been made for the Ministry from the Budget Estimates for the year 2010 for the implementation of the Programme for the Supply of a Glass of Fresh Milk to the undernourished Children between the ages of 2 to 5 years with a view to improving their nourishment. Out of the 323 Divisional Secretariat Divisions of the Island, the Programme had not been implemented in 131 Divisions and the entire provision of Rs.42,124,376 allocated to those Division had been saved. The Ministry had failed to implement the Programme successfully as the provision had been made available to the Divisional Secretariats without carrying out a proper study and evaluation.

(c) Vanitha Shakthi Banks

The Ministry had maintained 59 Vanaita Shakthi Bank Associations to fulfill the minor cash needs for income generation programme aimed at strengthening the economy of the women burdened with poverty and safeguarding them from informal financial clutches. The following observations are made in that connection.

- (i) None of these 59 Vanitha Shakthi Bank Associations had been registered under the Finance Companies Act, No. 78 of 1988 or the Banking Act, No. 30 of 1988.
- (ii) The Bank Associations did not have constitutions.

- (iii) The financial responsibilities of the Bank Associations had been assigned entirely to a staff deployed on voluntary basis and there was no permanent general basis relating to appointment of the Bank Staff and the payment of salaries.
- (iv) Even though there were 59 Bank Associations, the Inspectors of the Department of Co-operatives had audited only 08 Associations in the year 2010.
- (v) According to audit test checks carried out, a voluntary officer deployed in the Wariyapola Vanitha Shakthi Bank had defrauded a sum of Rs.2,656,500 from the depositors by issuing fake fixed deposit certificates and savings passbooks. In addition, no legal action had been taken up to date in connection with a cash fraud of Rs.295,792 committed at the Nikaweratiya North Vanitha Shakthi Bank.
- (vi) The Secretaries of the Vanitha Shakthi Banks at Wariyapola and Padeniya had fraudulently obtained the bank deposits amounting to Rs.250,000 and Rs.90,000 respectively by introducing applications for members' and non-members' loans using fictitious names.
- (vii) Due to the loss of confidence of the members, the Bank Associations are facing a severe financial risk as a result of the inability to pay back the members' deposits and investments in shares.
- (viii) The Ministry had not taken any appropriate course of action up to date to safeguard the membership funds or to continue the programme any further.

1:7 Deficiencies in the Maintenance of Bank Accounts

Balances for Adjustment

The information revealed at an analysis of the Bank Reconciliation Statements prepared for December 2010 is given below.

| Particulars of Adjustments | Over 06 Months less | Over 01 year less than 03 | Total |
|----------------------------|------------------------|------------------------------|-------|
|----------------------------|------------------------|------------------------------|-------|

| | than 01 year | years | |
|--|--------------|-----------|-----------|
| | Rs. | Rs. | Rs. |
| Unrealised Deposits | 49,881 | -- | 49,881 |
| Cheques issued but not presented for Payment | 1,542,178 | -- | 1,542,178 |
| Unidentified Debits | -- | 287,352 | 287,352 |
| Unidentified Credits | -- | 1,302,585 | 1,302,585 |

The following observation is made in this connection.

Adequate steps in terms of Financial Regulations 395 and 396 had been taken in connection with the above balances.

1:8 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2010 had been as follows.

| Category of Employees | Approved Cadre | Actual Cadre | Number of Vacancies |
|-----------------------|----------------|--------------|---------------------|
| (i) Senior Level | 09 | 09 | -- |
| (ii) Tertiary Level | 17 | 10 | 07 |
| (iii) Secondary Level | 633 | 551 | 82 |
| (iv) Primary Level | 58 | 53 | 05 |
| Total | 717 | 623 | 94 |

2. Appropriation Head 217 - Department of Probation and Child Care Services

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Department of Probation and Child Care Services for the year ended 31 December 2010 were carried out in pursuance of provisions of 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 Commissioner of the Department on 01 August 2011. 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 Statement 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 on the Accounts and Reconciliation Statements

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 other major observations appearing in paragraphs 2:4 to 2:9 herein, the Appropriation Account and the Reconciliation Statement of the Department of Probation and Child Care Services have been prepared satisfactorily.

(a) General Deposit Account

Action in terms of Financial Regulation 571 had not been taken either to credit Government revenue or settle a sum of Rs. 160,000 received as assistance for the Workshop on the Children's Day and a sum of Rs. 9,200 received under the Foster Parents Scheme remaining since the year 2009.

2:4 Assets Management

(a) Idle Assets

It was observed during audit test checks that the following assets had been idling.

| Category of Assets | Number of Units or Quantity | Period |
|---|--------------------------------|----------|
| ----- Motor Vehicle | 01 | 04 years |
| Computer Tables | 04 | 03 years |
| Electrical Equipment and Furniture and Equipment | 49 | 03 years |

- (b) The Board of Survey Reports for the year 2010 had not been furnished to the Auditor General before 05 March 2011 by finalizing the Board of Survey for the year before 15 January 2011 in terms of Financial Regulations 756 and 757(2) and the Public Finance Circular No. PF/441 of 09 December 2009 and No. 422 of 30 July 2006.

2:5 Performance

(a) Key Functions not Executed Adequately

- (i) Even though the submission of ideas and proposals to the Ministry for the formulation of the National Policies is one of the key functions of the Department, it had not been so done up to date.
- (ii) The amendments to the Orphanages Ordinance and Children and Young Persons Ordinance had not been finalized.
- (iii) A sum of Rs.2,664,136 received from 31 donors during the period January to December 2010 had been retained in the Sevana Sarana General Deposit Account up to the end of the year under review. No action had been taken either to provide protection under the Sevana Sarana Foster Parent Scheme or to identify children who need such protection .

2:6 Operating Inefficiencies

Even though letters calling for information on the operation of all the Children’s Homes in the Island were addressed to the Provincial Commissioners of the 09 Provinces on 08 October 2010, only the information relating to 05 Provinces was received in audit up to 31 October 2011.

Even though taking necessary action for the protection of orphaned, abandoned and destitute children is one of the key functions of the Department, the following problems had arisen due to the absence of the proper supervision of the Children’s Homes.

(a) Non-registration of Children’s Homes

In terms of Section 2 of the Orphanages Ordinance No. 22 of 1941 the establishment or maintenance of orphanages should not be done without registration. Nevertheless according to the information furnished, the number of unregistered orphanages in 04 Provinces and the number of children housed therein as at the end of the year 2010 had been as follows.

| Province ----- | Number of Orphanages ----- | Number of Children ----- |
|-------------------|----------------------------------|--------------------------------|
| Western | 28 | 175 |
| North Western | 15 | 518 |
| Central | 13 | 285 |
| Eastern | 10 | 221 |
| | ---- | ----- |
| Total | 65 | 1,199 |
| | === | ===== |

(b) Lack of Counselling

Even though a permanent Counsellor should be resident to provide counseling to the orphaned, abandoned, destitute and abused children in orphanages, counsellors had not been appointed to provide counseling to 5,640 children residing in 176 Orphanages in 12 Districts.

(c) Lack of Education for Children in Orphanages

According to the standards introduced for upgrading the status of the Voluntary Orphanages, arrangements should be made to admit each child over 06 years of age to a recognized school, to admit each child over 03 years to the nearest Pre-school and for conducting classes for their benefit, no education whatsoever had been provided to 267 children residing in 54 orphanages in 13 districts.

(d) Co-ordination Problems of Orphanages within Provinces

Even though holding meetings with the participation of officers of the National Department of Probation and Child Care Services and the officers of the Provincial Departments of Probation and Child Care Services is essential for discussing the problems prevailing in the Provincial Orphanages and for the review of action taken on such problems, 06 such meetings relating to 03 Provinces only had been held by the end of the year under review.

(e) Admission of Children Exceeding the Maximum Capacity

Contrary to the standards introduced for upgrading the status of services of the Voluntary Orphanages, 15 orphanages in 05 Provinces had admitted children exceeding the maximum capacity as shown below.

| Province | Number of Orphanages | Maximum of Number of Children | Number of Children Admitted | Number of Children exceeding the Maximum |
|---------------|----------------------|-------------------------------|-----------------------------|--|
| ----- | ----- | ----- | ----- | ----- |
| Sabaragamuwa | 03 | 58 | 79 | 21 |
| Central | 02 | 37 | 69 | 32 |
| North Western | 06 | 213 | 298 | 85 |
| Eastern | 02 | 75 | 112 | 37 |
| Western | 03 | 176 | 214 | 38 |

(f) Poor Supervision by Probation Officers

According to Section 29 of the Child Development Centres of the Western Provincial Department of Probation and Child Care Services Statute, No. 01 of 2008, the Child Development Centres should be subjected to direct supervision of the Probation officers. Nevertheless, the Probation Officers had not paid even one visit in the year 2010 to 27 unregistered and 07 registered orphanages in the Western Province.

(g) Duties of Children's Rights Promotion Officers

According to the List of Duties of the Children's Rights Promotion Officers of the Department of Probation and Child Care Services, they should provide awareness of misuse and abuse of children, referring for rehabilitation and take action to improve the education and health of the children. Nevertheless, it was observed that the following orphanages had not been supervised.

| Province | Number of Orphanages | Number of Supervision Visits |
|---------------|----------------------|------------------------------|
| ----- | ----- | ----- |
| Central | 15 | Nil |
| North Western | 04 | 01 |
| Eastern | 03 | 02 |

(h) Failure to Maintain Files Properly

According to the general standards introduced for the upgrading of the status of services of the orphanages, separate files on each child along with the report of the Probation Officer should be maintained. Nevertheless, separate files with the reports of the Probation Office had not been maintained for 156 children residing in 08 orphanages in the Central Province and 213 children residing in 06 orphanages in the Eastern Province.

(i) Maintenance of Orphanages Contrary to Departmental Standards

Two orphanages with 36 resident children had been maintained as an unregistered orphanage and Hostel in the Kandy District, Central Province contrary to the general standards introduced for upgrading the status of services of orphanages.

- (j) The National Child Protection Authority which had carried out a survey of the orphanages had reported that the following problems had arisen due to the absence of a proper supervision over the orphanages.
- i. Dirty surroundings of orphanages
 - ii. Lack of protection for children
 - iii. Maintenance of Orphanages in substandard buildings
 - iv. Children becoming victims of communicable diseases. and rapid spread of communicable diseases.
 - v. Poor status of referring children for education
 - vi. Non-provision of adequate counseling to children
 - vii. Prevalence of conflicts between children themselves, between children and Matrons and between Matrons themselves.
 - viii. Problems relating to the pride of children
 - ix. Use of children for activities outside orphanage premises
 - x. Disposal of public donations
 - xi. Problems on children's nutrition

2:7 Management Weaknesses

A lethargic attitude had been shown by the authorities concerned in the implementations of the following directives of the Committee on Public Accounts in connection with the Department.

| Reference to Auditor General's Report | Related Subject | Directive of the Committee on Public Accounts and the Date of Meeting |
|---------------------------------------|-------------------------------|---|
| <u>Year</u> | <u>Paragraph</u> | |
| 2004 | 4.2 Paraththa Training Centre | 22 November 2004 To submit a report within 06 months regarding the non-performance of duties by the Centre |
| 2004 | 7.2 House Rent | 22 November 2004 To submit a report within 06 months on the payment of rent amounting to Rs.806,400 for a house not used. |

2:8 Human Resources Management

 Approved Cadre and Vacancies

The position of the cadre as at 31 December 2010 had been as follows.

| Category of Employees | Approved cadre | Actual Cadre | Member of Vacancies |
|-----------------------|----------------|--------------|---------------------|
| ----- | ----- | ----- | ----- |
| (i) Senior Level | 05 | 02 | 03 |
| (ii) Tertiary Level | 273 | 245 | 28 |
| (iii) Secondary Level | 72 | 58 | 14 |
| (iv) Primary Level | 15 | 14 | 01 |
| | ---- | ---- | ---- |
| Total | 365 | 319 | 46 |
| | ==== | ==== | ==== |

2:9 Internal Control

(a) Internal Audit

An Internal Audit Unit had not been established in the Department in terms of the Public Finance Circular No. PF/PE/7 of 15 March 2000 and the Treasury Circular No. 1/A1/2001/01 of 25 January 2001.

(b) Implementation of the Audit and Management Committee

The meetings of the Audit and Management Committee had not been held in terms of paragraph 01 of the Treasury Circular No. 1A1/2000/01 of 12 June 2000.