

Head 216 - Report of the Auditor General on the Department of Social Services - Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Department of Social Services. The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Management and Accountability

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Audit Scope

The audit of the Department of Social Services –Head 216 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Director of the Department of Social Services on 19 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the Department of Social Services for the year ended 31 December 2017 revealed in audit appear in Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.8 of this report. It was observed that the accountability as the Chief Accounting Officer and the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions specified in the Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non-compliance of the Accounting Officer to the Provision	Reference to the Paragraph of the report Containing Observations
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Financial Regulations		

128 (1) (a)	The work of his department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorised and that an endeavour is made to complete the programme of work laid down for the year and / or attain the targets specified.	1. Non-maintenance of registers and books 2.7 2. Delays in the execution of Projects 2.1.1
128 (1) (e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions.	2.2 (b) Conduct of Annual Boards of Survey

128 (1) (g)	Returns showing the progress of collection of dues to Government are rendered regularly to the Chief Accounting Officer	In relation to Advances to Public Officers Account	2.6
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2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Nonperformance of Functions

Delays in the Execution of Projects

An agreement was entered in January 2017 for the construction of a Child Guidance Centre in Kottawa under an estimated cost of Rs. 25 Million and such construction should have been finalized as at 31 December in the year under review. However, a sum of Rs. 16 Million had been granted to the Department of Buildings for construction activities. Nevertheless, construction activities had not been finalized until the date of 18 October 2018.

2.2 Asset Management

The following observations are made.

(a) Irregular use of Assets not vested

Arrangements had not been made to vest lands of 22 Hectares totaling to 08 Vocational Training Centres governed under the Department even by 30 June 2018.

(b) Conduct of Annual Boards of Survey

Action had not been taken in terms of the FR 102 and FR 108 pertaining to a surplus of 38 units of 16 items and a deficit of 289 units of 16 items of goods revealed at the Board of Survey carried out in the Head Office of the Department which had been depicted in the reports of the Boards of Survey related to year 2017 and in a vocational training institution.

2.3 Commitments and Liabilities

Commitments of Rs.7.05 Million had been made exceeding provisions of Rs. 384.18 Million by Rs. 4.79 Million made for 19 Objects in contrary to paragraph 02 (a) of the State Accounts Circular No.255/2017 of 27 April 2017.

2.4 Management Weaknesses

The following matters were observed in the Audit test checks.

- (a) It was stated by the Department of Management Services that duties had to be performed by the Posts of the Officers in charge of Stations for the Posts that were suppressed in approving posts on the date of 10 March 2011. However, two officers had been appointed for acting in the posts that had been abolished by the Department of Social Services and an allowance of Rs. 441,766 had been paid for them from May 2011 up to February 2017.
- (b) Action had not been taken even by the end of the year under review to release savings pass books amounting to Rs. 186,491 belonged to minor children of 6 officers who were dead while on duty.

2.5 Utilization of Provisions made available by Parliament for the Performance of Functions

Information on provisions made for the Department during the period of 02 years ended 31 December 2017, utilization and savings thereof and audit observations thereon are given below.

Year	Type of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of the Net Provision
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		Rs. Millions	Rs. Millions	Rs. Millions	
2016	Recurrent	446.33	434.92	11.40	2.56
	Capital	50.10	48.89	1.21	2.42
	Total	496.43	483.82	12.61	2.54
2017	Recurrent	520.72	483.92	36.82	7.06
	Capital	180.31	101.66	78.63	43.61
	Total	701.03	585.58	115.45	16.47

Appropriation Account

The following observations are made.

(a) **Excess Provisions**

Excess provision totalling Rs. 285.404 Million had been made for 42 Objects and as such, the savings were in the range of 10 per cent to 90 per cent of the net provisions made relating to the respective Objects, after the utilization of provisions totalling Rs. 212.139 Million only.

(b) **Non-utilization of Provisions Made**

Supplementary provisions of Rs. 25 Million had been obtained for the payment of trainee allowance of the voluntary vocational training institutions. Nevertheless, a sum of Rs. 22.59 Million or 90 per cent had not been utilized at the closure of the year under review.

2.6 Advances to Public Officers Account

Limits authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account under Item No.216 of the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
20.00	19.07	15.00	15.17	95.00	53.36

Failure to Recover the Outstanding Balances

According to the reconciliation statement made available to Audit, the total of the balances outstanding as at that date amounting to Rs. 574,813 excluding the loan balances of the officers transferred out and the outstanding balances had existed for a period of 01 year to 11 years. Nevertheless, following up activities on the recovery of loan balances remained at a poor level.

2.7 Non-maintenance of Registers and Books

The Department had not maintained the following registers.

Type of Register	Relevant Regulation
(a) Inventories	F.R. 751
(b) A register of cheques and money orders received	F.R. 451
(c) Register of Counterfoil Books	F.R. 341

2.8

Human Resources Management

Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The position on the approved cadre, actual cadre, vacancies and excess as at 31 December 2017 for the performance of the functions of the Department, appears below. A sum of Rs. 334.78 million had been spent by the Department for the category of personal emoluments for the year under review. Accordingly, the per capita expenditure had been Rs. 473,518.

Category of Employees	of Approved Cadre	Actual Cadre	Vacancies
(i) Senior Level	10	07	03
(ii) Tertiary Level	117	110	07
(iii) Secondary Level	521	471	50
(iv) Primary Level	116	108	08
(v) Casual / Contract	18	11	07
	782	707	75

A female social service officer of the Department had served in the National Secretariat for Elders from 02 April 2015 up to the end of the year under review and action had not been taken to reimburse a gross salary of Rs. 507,310 paid to the officer in the year under review.