

## **Head 171 –Ministry of Women, Child Affairs and Social Empowerment**

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### **1. Financial Statement**

#### **1.1 Opinion**

The audit of the financial statements of the Head 171 – Ministry of Women, Child Affairs and Social Empowerment for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. This report contains my comments and observations on the financial statements submit to the Ministry of Women, Children Affairs and Social Empowerment in accordance with Section 11(1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Ministry was issued to the Chief Accounting Officer on 08 June 2023 in terms of Section 11 (2) of the Audit Act. This report will be presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, the financial statements prepared give a true and fair view of the financial position of the Ministry of Women, Child Affairs and Social Empowerment as at 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Opinion**

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidences I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Responsibilities of the Chief Accounting Officer on Financial Statements**

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Ministry is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Ministry in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

#### **1.4 Auditor's Responsibility on Audit of Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Chief Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

## 1.5 Report on Other Legal Requirements

I declare the following matters in terms of Section 6(1)(d) of the National Audit Act No. 19 of 2018.

- (a) The financial statements are in consistent with those of the preceding year.
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

## 2. Financial Review

### 2.1 Imprest Management

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Although the imprest requirement plan for annual activities should be prepared according to paragraph (d) of the guidelines No. 12 on the preparation of the annual action plan of the public sector of the Public Finance Circular No. 02/2020 dated 28 August 2020, the Ministry had not prepared the imprest requirement plan.	Action will be taken to submit the imprest requirement plan along with the action plan to the Auditor General from the next year.	The Public Finance Circular should be followed.

### 2.2 Expenditure Management

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) As the provisions had not been allocated without properly identify and evaluate the requirements, the annual allocation for two welfare projects in the year 2022 an amount of Rs.12,935,933,873 had not been utilized.	The World Bank reimbursed the cost of allowances of the aid given to the welfare projects for the months of May, June and July and the payment of the November allowance was made on ADB aid. As such, the provision had been saved.	Allocated provisions should be utilized to the maximum and the requirement should be properly identified and provisions should be allocated.

- (b) Out of the allocation of Rs.189.5 million given under the World Bank for early childhood care and development, the allocation of Rs.144.4 million had been saved and the works of 18 contracts had stopped. That due to the huge increase in the prices of building materials, work has stopped on 18 contracts. Allocated provisions should be utilized to the maximum.
- (c) Out of the total allocation of Rs.57,890,000, the allocation of Rs.41,657,227 had been saved due to the non-utilization, provided under the Financial Regulations 66 Transfers, by the Ministry in the last quarter in relation to 7 recurrent expenditure subjects and that was ranged from 20 percent to 100 percent. As the fuel prices were speedily increased day by day due to the bad economic collapse in the country in the last quarter of the year 2022, based on the estimation of the prices, the necessary provisions were made through FR 66. Also, as the FR 66 transfers should be made through the ITMIS system and these transfers have to be made without wait till the last date of the end of the year, there had been a saving in the provisions transferred due to the expectation of the price increase. Estimates should be properly prepared and the funds allocated should be utilized to the maximum extent.
- (d) An additional allocation of Rs.912,076,000 had been obtained through supplementary estimates during the year under review, and out of that, provision of Rs.145,835,161 had been saved without utilizing for the relevant purpose. The money had been paid to the beneficiaries within a limited period, but had been saved due to various issues. Provision should not be allocated through the supplementary estimates without necessity.
- (e) Out of the amount of Rs.12,076,000 received from UNICEF in the year 2022 for the use in child development, an amount of Rs.8,976,267 had not been used for the related activities and had sent to the Treasury. Due to the non-receipt of treasury imprests, the relevant expenses were not incurred. The funds received should be used to accomplish the intended task.

### 3. Operational Review

#### 3.1 Non Execution of Functions

The following observations are made.  
(steering committee or operation committee)

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although district child and women development committee meetings should be held quarterly, committee meetings were not held in 15 districts in the first quarter, in 19 districts in the second and third quarters, and in 21 districts in the fourth quarter in the year 2022. An annual provision of Rs.930,800 had been released to the District Secretaries for conducting these committees of the 25 districts.	It has been noted to report the progress that the meetings were conducted upon the receiving of the relevant reports from the district offices.	Necessary action should be taken to conduct committee meetings and get the reports as scheduled.
(b) Although the performance report states that the operation of the 1938 telephone service will be supervised and directed by an operational committee, supervision of operations committee and operations sub-committee meetings had not conducted after 30 July 2020.	Due to the political changes in the country, the steering committee was abolished and there was no re-appointment, so the steering committee was not supervised and the steering sub-committee was not functioning.	Monitoring of operational committee and operational sub-committee meetings should be conducted.

#### 3.2 Non Achieving of Expected Outcome

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the action plan of the year 2020, an amount of Rs.4,440,423 had been spent by the ministry by the end of the year 2022 for the establishment of a digital marketing platform (E-Pola) for women entrepreneurs. Even though only 143 women were registered in this system, the marketing activities had not started even by the end of the year	At present, due to the position of Deputy Director (Information Technology) is vacant, no one is available to provide technical advices on the Lanka Women e-Market system and although the Lanka Women e-Market system is in order, the lack of information technology literacy among women entrepreneurs makes them reluctant to use a digital marketing system.	Necessary action should be taken to achieve the objectives of the project.

2022. Accordingly, the primary objective of this project could not be achieved.

### 3.3 Foreign Funded Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Although an allocation of Rs.1,895 million was provided by the annual estimates and supplementary estimates of the year under review for the construction of 20 early childhood development centers with a contract value of Rs.37,329,454 under the early childhood development project implemented under World Bank aid by the Ministry, the respective projects were not completed within the stipulated period due to non-compliance with the plan.</p>	<p>The construction of these early childhood development centers, which were agreed to be constructed in the year 2022 had to be canceled as the constructions were suspended unexpectedly by the contractors due to the rapid increase in the prices of building materials, the shortage of raw materials and the lack of fuel. If those problems had not arisen, it would have been possible to complete the construction within the scheduled period as planned.</p>	<p>Construction should be done according to the plan.</p>

### 3.4 Assets Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The Benz car worth of Rs.35,000,000 belongs to Ministry of Social Empowerment was retained in the ministry and this vehicle remained idle for a period of 08 months without running it from 12 July 2022 to 15 March 2023, the date of the audit.</p>	<p>That this car is a reserved vehicle for the Hon'ble Minister. Hence the Cabinet Minister of this Ministry is His Excellency the President, there was no necessity of giving this vehicle to the Minister. This vehicle has been temporarily assigned as the official vehicle of the Secretary.</p>	<p>Assets should be utilized with maximum efficiency.</p>

(b) Action had not been taken to transfer 60 units of goods related to 21 items of the Grama Shakthi Bureau to Saubhagya Bureau during the converting of Grama Shakthi Bureau as Saubhagya Bureau,	The relevant items belonged to the Grama Shakti Bureau were taken over to the State Ministry of Estate Housing and Community Infrastructure and certain items in the relevant letter had not been received by this Ministry.	Action should be taken to transfer assets accurately.
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### 3.5 Security by Public Officers

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Action had not been made to obtain security deposits from 13 officials who were liable to keep security in the ministry.	At present, the applications of 04 officers have been submitted to the Mutual Surety Association and letters have been sent to the officers to deposit the security money.	Action should be taken to keep the security deposit.

### 3.6 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though more than 8 years had passed since the vehicle met in an accident on 24 September 2014, action had not been taken to repair. The preliminary report regarding the accident in terms of Finance Regulations 104(3) was submitted after 2 years of the accident and the insurance claimed was submitted for after 6 years i.e. on 26 October 2020.	The information related to the accident was given to the insurance company to get the insurance compensation. That an appeal has once again been forwarded to the insurance company with the relevant information for obtaining insurance compensation on 10.04.2023.	The relevant activities should be done without delay in relation to vehicle accidents and arrangements should be made to get the insurance compensation properly.

- (b) An amount of Rs.6,817,698 had been spent for the repair of the Land Cruiser Jeep which was caught in a flood on 08 June 2015 and the amount of Rs.3,450,945 and it was informed that unpaid amount by the insurance company should be recovered from the driver according to the Money Regulation 104(4) report. But due to the payment of this amount by the Ministry in December 2021, the government had incurred a financial loss of Rs.3,450,945.
- Although the repair work of the vehicle was completed by the year 2019, due to non-payment of the outstanding amount of Rs.3,450,950/-, the vehicle had parked in the garage for a long period of time. Accordingly, a letter was again submitted to the insurance corporation as per the instructions given by the Attorney General regarding the future activities. The further work is being done on it.
- Vehicle accidents should be dealt with without delay and insurance compensation should be taken properly.
- (c) The damage to the car which was burnt beyond use on 09 May 2022 had not been valued and included in the statement of losses and damages in the financial statement of the year under review. According to the final report under Financial Regulation 104(4), although it was stated that an amount of Rs.16,500,000 could be recovered from the insurance company, it was unable to recover even till 31 May 2023.
- Sri Lanka Insurance Corporation issued the cheque bearing No. 845063 on 09.05.2023 in relation to the payment of Rs.16,500,000/-. Although the cheque was returned for the amendment of the name to the Sri Lanka Insurance Corporation, the name amended cheque has not been received yet.
- Vehicle accidents should be dealt with without delay and insurance compensation should be taken properly.
- (d) A repair estimate of Rs.8,505,997 had been given for the recovery of the jeep which had been met an accident on 10 March 2015, and the insurance company had agreed to take over the ownership of the jeep and pay Rs.4.5 million. According to the letter of the insurance company dated 09 March 2022, it was stated that the insurance company will charge
- Since the repair cost of the vehicle is high, out of the two options of compensation presented by the insurance company, the recommendation of the Directorate General of Public Finance was taken to hand over the scrap vehicle to the insurance company and get the amount of Rs.4,500,000/- to the Ministry.
- Vehicle accidents should be dealt with without delay and insurance compensation should be taken properly and those responsible for the delay should be identified and the delay charges should be collected.



a fine of 5 percent as delay charges to take over the vehicle, but a fine of 7 percent of the agreed amount was charged and only Rs.4,193,050 was paid to the ministry. In this case, the damage/loss was not valued according to the Financial Regulation 105(d) and the failure to obtain insurance compensation equal to the cost of restoring the vehicle was problematic during the audit.

### 3.7 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>The UNCRC (United Nation Convention on the Rights of the Child) data system was created with the aim of providing accurate, timely data and reports to the relevant institution to the United Nations Committee on the Rights of the Child on the progress of implementing the United Nations Convention on the Rights of the Child. Although an amount of Rs.2,350,000 was spent on preparing the data system and for its consultancy work and the data system was developed and given to the Department of Probation and Child Protective Services, this data system had not been used and remained idle and the expected objectives had not fulfilled even on 18 April 2023.</p>	<p>Awareness of the data approval officers of the relevant ministries have been done through training programs on the entering of data to the system and enforcement of the data system. However, this data system has not been able to be utilized as per the requirement.</p>	<p>The requirement should be identified and the data system should be made usable.</p>