

Head - 403 State Ministry of Women and Child Development, Pre-School and Primary Education, School Infrastructure and Education Services

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the State Ministry of Women and Child Development, Pre-School and Primary Education, School Infrastructure and Education Services for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 read in conjunction with provisions of the National Audit Act No. 19 of 2018. The summary report including my comments and observations on the financial statements of the State Ministry of Women and Child Development, Pre-School and Primary Education, School Infrastructure and Education Services was issued to the Accounting Officer on 30 June 2021 in terms of Sub-section 11 (1) of the National Audit Act No. 19 of 2018. The Detailed Annual Management Audit Report relevant to the State Ministry in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 21 October 2021. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of State Ministry of Women and Child Development, Pre-School and Primary Education, School Infrastructure and Education Services as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. 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 evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Accounting Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the State 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the State Ministry exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the 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 exercise 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 the State Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in accordance with Section 6 (1) (d) of National Audit Act, No. 19 of 2018.

As the State Ministry of Women and Child Development, Pre-School and Primary Education, School Infrastructure and Education Services was a new State Ministry established during the year under review, there was no need to prepare financial statements for the previous year.

1.6. Comments on the Financial Statements

1.6.1 Statement of financial performance

Recurrent Expenditure

Audit Observation	Comments of the Accounting Officer	Recommendation
As per the financial performance statement the total recurrent expenditure was stated as Rs.19,012,387,668 and as per the expenditure statement submitted with the financial statements it was stated as Rs.18,938,014,708.	The total value had changed due to a typographical error in retrieving the total.	The financial statements should be prepared accurately.

1.6.2 Property, Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
The statement of non-financial assets included in the financial statements for the year under review stated that the balance as at 31 December 2020 as Rs.346,766,528 and as per Treasury printouts the balance was shown as Rs. 558,107,895,as such, there was a difference of Rs.211,341,367 in the non-financial assets and the plant and equipment reserve in the financial statement.	Action will be taken to incorporate the correctly adjusted non-financial asset balance into the financial statements by CIGAS program in the future.	Correct account balances should be included in the financial statements.

1.6.3 Advance Accounts Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Although as per the advance account submitted with the financial statements, the receipts and payments in the advance account of the public officers were Rs. 20,034,214 and Rs. 24,222,031 respectively, those values in the financial performance report were shown as RS. 24,222,031 and Rs. 20,034,214 respectively.	----- The control account of the Ministry is prepared after comparing the CIGAS computer data and the Treasury copies, at the end of each month. Therefore, the value of the receipt of the advance account and the value of the receipt will vary according to the CIGAS computers of the Ministry.	----- Advance receipts and payments should be recorded accurately.

1.6.4 Imprest Balance

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) As per the financial performance statement, the treasury imprest was stated as Rs.988,762,787 and as per the imprest account submitted with the financial statements the imprest receipt from the Treasury was shown as 1,323,306,069 and this amount in the cash flow statement shown as Rs. 1,001,193,283.	There was a recording error in the CIGAS programme.	Correct imprest value should be included in financial statements.
(b) The imprest balance as at 31 December 2020, which was remitted but not found in the treasury books, was Rs. 23,575,842 and it was not stated under the cash or cash equivalents and under the imprest balance in the statement of financial position.	Observations are correct.	-do-

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| (c) | Although Rs. 4,964,680 should be debited to the Imprest Adjustment Account as expenses incurred by the Ministry under the Head 253, a sum of Rs. 5,009,883 had debited and, as such, the imprest adjustment account had been over debited by Rs. 45,203. | -do- | Imprest adjustments should be done correctly. |
| (d) | Due to the debit of Rs. 12,430,496, funds received to the Imprest Adjustment Account from the Ministry of Social Security, and settled to the Treasury, the Imprest Adjustment Account had been over debited by Rs. 12,430,496. | -Do- | -Do- |

1.6.5 Not maintained of Books and Records

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) As per the Treasury Circular No. 842 dated 19 December 1978 and Financial Regulation 502 (2), the Fixed Assets register had not been updated.	It is computerized and maintained.	The fixed assets register should be maintained in accordance with the provisions of Circulars and financial Regulations.
(b) The security register containing the information of the officers and employees who are required to keep security in accordance with the Financial Regulation 891 (1) had not been maintained.	Action will be taken to maintain the security register in the future.	Security register regarding the officers who have to keep security should be maintained as per the financial regulations.
(c) Vehicle register had not been maintained in terms of Financial Regulation 1647 (e).	A vehicle register is currently being maintained and action will be taken to maintain the register from 2021 onwards in accordance with the financial regulations.	A vehicle register should be maintained in accordance with the financial regulations.

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| (d) | Attendance records of the Technical Evaluation Committees had not been maintained as per the Government Procurement Guidelines. | Will be maintained in the future. | An attendance register should be maintained by the Secretary of the Committee in terms of Guidelines 2.11.2 of the Government Procurement Guidelines |
| (e) | A counterfoil register had not been maintained in accordance with the provisions of Financial Regulation 341. | Will be maintained in the future. | A counterfoil register should be maintained in accordance with the financial regulations. |

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The total allocation of Rs. 50,630,000 provided for 18 subjects had saved and it was observed that the savings ranged from 25 percent to 99 percent of the net provision made for 25 subjects.	Due to reasons such as, lack of maintenance requirements, caused the Corona epidemic to have a minimum number of staff, the office was closed and no purchasing requirements.	Accurate estimates should be prepared.
(b) The provision of Rs. 1,000,000 transferred under FR 66 for 03 subjects was totally saved.	Due to the reasons such as, non-receipt of imprest, Saving without spending provision, and inability to make procurements.	The requirements should be correctly identified and make transfer provisions under FR 66.

2.2 Obligation in Liabilities and Commitments

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The value of the liability statement submitted along with the financial statements for 48 subjects was Rs.203,427,211, but the value of liabilities reported to the Treasury was Rs. 458,968,760 and there was a difference of Rs. 255,541,549 between the Ministry books and the Treasury books..	That a letter was sent inquiring from the Director General of State Accounts.	Obligations and liabilities should be correctly identified and stated in the accounts.
(b) In accordance with paragraph 2 (c) of the State Accounts Circular No. 255/2017 dated 27 April 2017, liabilities and obligations amounting to Rs.978,578,500 had been committed for the 11 subjects of the year under review without paying attention to the budgetary provisions of the coming year.	The reasons were, due to the inclusion of a complex scope under the Ministry which was under the Ministry of Education, the Ministry was unable to supervise due to lack of experience in working in these areas and all the obligations were reported in the first months of the year 2021 which could not be controlled to the Ministry.	-do-
(c) Exceeding the remaining provisions of Rs. 103,286,753 in 15 subjects, liabilities and obligations amounting to Rs. 92,581,599 had been committed.	-do-	-do-

2.3 Non-compliance to laws, rules and regulations

The following observations are made.

	Reference to laws, rules, regulations	Non compliance	Management comment	Recommendation
(a)	Public Administration Circular No. 02/2018 dated 24 January 2018	A human resource development plan had not been prepared.	Preparation works is in progress.	Should act in accordance with the circular provisions.
(b)	Public Administration Circular No. 05/2018 dated 06 February 2018 amended by Circular No. 05/2018 (1) dated 24 January 2018	The Citizens / Client Charter had not been prepared by the institute in accordance with the Citizens / Clients Charter.	-do-	Should act in accordance with the circular provisions.

3. Operational Review

3.1 Vision and Mission

Audit Observation	Comment of the Accounting Officer	Recommendation
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Although the mission of the Ministry is to formulate and execute programmes for providing and enhancing legal, institutional and human resource services and infrastructure for the economic, social and educational empowerment of women and children considering national priorities and requirements along with international standards, laws and policies formulated to ensure, protect and promote the rights of children and women have not been enforced and implemented.	The National Child Protection Authority (NCPA) has taken appropriate action to address complaints reported to the Authority regarding violations of compulsory education, while focusing on providing the necessary facilities for the educational empowerment of children.	Policies need to be enforced and implemented in order to implement the mission.

3.2 Planning

Audit Observation	Comment of the Accounting Officer	Recommendation
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In accordance with paragraph 03 of the Public Finance Circular No. 2014/01 dated 17 February 2014, the action plan had not been prepared including updated Organizational Structure of the institute for the year under review, details regarding to the approved cadre and actual cadre.	The cadre of the Ministry has been included in the 2021 Action Plan but the organizational structure of 2021 could not be prepared at the beginning of the year due to changes in the scope and function of the Ministry.	Should comply with the provisions of the Circular.

3.3 Non Performing Duties

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) A provision of Rs. 7,820,000 had been allocated during the year under review for the construction and provide equipment for the children and women units of the Police, strengthening day care and community nursing centers, developing and implementing a network of national preschool curricula, and Planning and developing information educational communication material programs to prevent sexual exploitation of children in coastal areas, but those functions had not been performed.	Children in need of assistance in coastal areas have been identified through Field Officers and referred them to the agencies which can be provide assistants and have coordinated the sources of financial assistance services.	Functions should be performed in accordance with the action plan.

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| <p>(b) A provision of Rs. 5,000 million had been allocated without proper planning for the procurement of 195,148 tablets for A / L teachers and students provide at free of charge through the Procurement Plan of the Ministry of Education for the year 2017 and bids had been called under national competitive procurement method. This procurement was delayed due to weaknesses of the Committee and the weaknesses in the bid evaluation and an agreement was entered on 30 September 2019 at a cost of Rs. 3,008 million to supply 96,919 tablets to schools under the first phase, but the tablets had not been procured even by September 2021.</p> | <p>.No answer was made</p> | <p>The planned tasks should be completed efficiently on time.</p> |
| <p>(c) An allocation of Rs. 78,400,000 had been made during the year under review to upgrade 16 sports schools but only 11 schools had completed this work incurring the full allocation.</p> | <p>The work to be done has been decided according to the priority of the work and the estimated value received and action will be taken to carry out the works in the remaining schools with the annual allocations.</p> | <p>Functions should be planned and estimates need to be properly prepared.</p> |

3.4 Procurements

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
The Ministry had not complied with paragraphs 6.2.2, 6.3.1 (c) and 6.3.6 of the Procurement Guidelines in the procurement process for the creation of a Digital Marketing Platform for	It has been instructed to make arrangements to inform the relevant applicants to submit bids along with additional copies in accordance with the Procurement Guidelines in	Should comply with the Procurement Guidelines and action should be taken to complete the planned works on time.

Women Entrepreneurs at a cost of Rs. 3,500,000. Although the project was supposed to be completed by 31 December 2020, had not been completed even by 27 April 2021.

3.5 Assets Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Although a women's hostel had been built in Biyagama in 2001 at a cost of Rs. 25 million, the relevant land had not been formally acquired even by 27 August 2020, the date of the audit.	Action is being taken to acquire.	Acquisition activities should be done expeditiously.
(b) Proper action had not been taken to take over 05 vehicles belonging to other Ministries used by the Ministry.	Action is being taken to acquire.	Acquisition activities should be done expeditiously.

3.6 Performance of Foreign Funded Projects

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) 15 computers had been purchased at a cost of Rs. 5,077,552 during the year under review under the project implemented by SAARC Fund Grants, to develop the IT system related to strengthening the Women's Telephone Service 1938 implemented by the Ministry. However, due to the software system not being developed, these computers were not in use until 30 April 2021, the date of the audit.	Due to the inconvenience caused and the limited number of officers due to health care practices, the system could not be fully implemented.	Functions to be carried by foreign funded projects should be implemented as planned.

- (b) The World Bank has approved the purchase of 1400 thermometers during the year under review from the Fund for the Early Childhood Development Project, which is being implemented with World Bank loan assistance. Procurement was done under direct procurement on urgent need and 4,500 thermometers Rs. 16,400 per unit were purchased at a cost of Rs. 73,800,000. Although the procurement was done under emergency procurement in a backdrop where pre-schools were closed all over the island, there were delays in receiving and delivering the goods.
- Further, The project had incurred a loss of Rs. 45,675,000 due to the procurement of 7000 thermometers under the competitive prices at Rs. 6,250 per unit procured from the directly procured company at the end of the year under review.
- Prices were lower due to procurement at competitive prices.
- Funds of the projects implemented under loan assistance should be spent in the most efficient, productive and economically advantageous manner.

3.7 Management Inefficiencies

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) A sum of Rs. 5,461,979 had been spent for repairs of a building having an exceptional architectural value which is considered as an archeological monument constructed on the premises of Richmond College, Galle in the year 2016. Although the Department of Archeology was informed of the need for repairs to the building, which is considered to be an archeological monument, it was observed that the building was in danger of collapsing.	Action has been taken to complete this work in collaboration with the Southern Provincial Department of Engineering.	Special attention should be paid to the repair of the building as it is a building of exceptional architectural value which is considered as an archeological monument.