

Welfare Benefits Board - 2022

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Welfare Benefits Board for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

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 evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board 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 of the Board.

1.4 Audit Scope

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 scepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the

Board, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Board has complied with applicable written law, or other general or special directions issued by the governing body of the Board;
- Whether the Board has performed according to its powers, functions and duties; and
- Whether the resources of the Board had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs.256,799 and the corresponding deficit in the preceding year amounted to Rs.265,521. Therefore, an improvement amounting to Rs.522,320 of the financial result was observed. The reason for the improvement are increase in government aid and decrease of personal emoluments.

3. Operational Review

3.1 Management inefficiencies

Audit Issue	Management Comment	Recommendation
According to Section 16(2) of the National Audit Act No. 19 of 2018, the annual performance report should be submitted to the Auditor General along with the annual financial statements, but the annual performance report for the year 2022 had not been submitted to the Auditor General by the date of February 28, 2023	As on 28th February 2023, the performance report for the year 2022 could not be prepared and submitted to the Auditor General and it was noted for further correction.	Should be taken actions according to the Audit Act

3.2 Operational inefficiencies

Audit Issue	Management Comment	Recommendation
(a) As of 2022, the Welfare Benefits Board has been established for more than 06 years but still its main role Social Safety Net Project (SSNP) and its result will integrated welfare management, formulation for IT policy, to preparation index & common criteria to identify beneficiary and recruitment of proper skilled staff had not been completed by the December 31, 2022	Agreed with the audit observations.	Should be achieved the establishment objectives of the board.
(b) The primary sustainable development purpose of the Welfare Benefit Board is to Preparation an integrated welfare management system to eradicate poverty in Sri Lanka, and to select & pay the benefits to people who are eligible for welfare benefits. But by 31 st December, 2022, the programs & system needed to accomplish those purpose had not been implemented.	Since the beginning of the year 2022, there was no commissioner and board of directors for the welfare benefits board and after the appointment of a commissioner and board of directors in July 2022, a program was prepared to select the people who are eligible to pay welfare benefits and after passed necessary act for this process. The next step was to call for applications from the public to get the benefits and on two occasions the period for accepting applications was extended. Furthermore, since this is a fully computerized process and this program could not be implemented within the specified period due to the fact that the officials had to be given the necessary training for it and some government officials left without supporting. Now this program is successfully Implementing.	Should take steps to fulfill the sustainable development objectives related to the board.

3.3 Human Resource Management

The following observations are made.

Audit Issue	Management Comment	Recommendation
(a) According to section 2 of the Welfare Benefits Act No.24 of 2002, the Welfare Benefits Board should consist of the Chairman and 4 members appointed by the Minister, but from January to July 2022, there was no Chairman and From January to October the board had carried on their activities without two board members.	It was informed that the Chairman of the Welfare Benefits Board and two members of the Board of Directors have been appointed in July 2023 and two more members appointed in September.	The provision of the Act should be followed.
(b) As per staff information on 31 st December 2022, approved posts were 17 and out of which 03 posts, 05 vacancies and 01 surplus posts.	With effect from 16.07.2018, two posts of Deputy Commissioner have been suppressed and one post of Additional Commissioner and Assistant Commissioner has been created.	Staff vacancies should be filled as necessary to carry out the work of the Board.