

Disaster Management Centre - 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Disaster Management Centre for the year ended 31 December 2022 comprising statement of financial position as at 31 December 2022, the statement of financial performance, statement of changes in equity 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 reported to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Disaster Management Centre as at 31 December 2022, and financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 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 qualified 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 Disaster Management Centre 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 Disaster Management Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Disaster Management Centre financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Disaster Management Center 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 Centre.

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 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 Center'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 Center 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 Disaster Management Center and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Disaster Management Center has complied with applicable written law, or other general or special directions issued by the governing body of the the Disaster Management Center;
- Whether the Center has performed according to its powers, functions and duties;
- Whether the resources of the Center had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standard

Non-compliance with reference to the standard	Comment of the Management	Recommendation
As on December 31, 2022 fully depreciated assets of Rs.364.3 million were still use. The useful life of these assets had not been reviewed and dealt with in accordance with Sri Lanka Public Sector Accounting Standard No. 03.	If the asset fully depreciated but that asset in a usable condition, the asset should be re -valued and recognized as an asset. Also, if the asset cannot be used, it should be clearly identified and removed from the asset register.	Action should be taken as per the Accounting Standard.

2. Financial Review

2.1 Financial Result

Operating result of the year under review was deficiency of Rs.44.58 million and the corresponding deficiency of the preceding year was Rs.45.72 million Accordingly, it was observed an improvement of Rs.1.14 million in the financial result.

3. Operating Review

3.1 Management Inefficiencies

Audit Observations	Comments of the Management	Recommendations
(a) In the year 2010, the Main office building of the Disaster Management Centre had been constructed by incurring a Rs.1,034.39 million. More than 12 years have passed since the construction, action had not been taken to obtain the legal ownership of the Land up to now.	Not commented	Action should be taken to take over the ownership of the building and the Land to the centre legally.
(b) The amendment of the Sri Lanka Disaster Management Act No. 13 of 2005 was started in 2008 and was approved by the Interim Management Committee, but the relevant amendments were not submitted for the approval of the cabinet until December 31, 2022.	Not commented	Action should be taken to obtain the approval of the Parliament by making amendments to the Act.
(c) National Disaster Management emergency Plan had not been prepared by 31 December 2022 under review of cabinet.	Not commented	National Disaster Management emergency Plan should be prepared promptly.
(d) preparation activities of the Human Resources Policy had not been completed even up to 30 March 2023	Not commented	Human Resources Policy should be prepared promptly

3.2 Human Resource Management

Audit Observation -----	Comment of the Management -----	Recommendation -----
Even approved carder of the Centre was 465 as at 31 December 2022, it was revealed that the since staff employed in service was 288 vacancies of 177 was remained. Out of the vacancies 26 vacancies was senior level, 138 vacancies was secondary level, 05 vacancies was tertiary level and 08 vacancies was primary level.	Not commented	Action should be taken to revised the approved carder to fulfil the vacancies prevailed in the staff.