

## **National Secretariat for Elders - 2023**

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### **1. Financial Statements**

#### **1.1 Opinion**

The audit of the financial statements of the National Secretariat for Elders for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, statement of changes in equity, 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 the Financial 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 Secretariat as at 31 December 2023, 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 Secretariat'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 Secretariat office or to cease operations, or has no realistic alternative but to do so.

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

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

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

### 1.5. Internal Control over the preparation of financial statements

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

### 1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to the Laws, Rules and Regulations etc.	Non-compliance	Management Comment	Recommendation
Financial Regulations 134 of the Democratic Socialist Republic of Sri Lanka	The Internal Audit unit should be independent of the control of those who are actually carrying out the financial accounting operation of the institute, although advances had been obtained by the Internal Auditor for miscellaneous payments for performing other activities.	Advice is given to that not to obtain advances for other activities in the future.	Action should be taken as per the Financial Regulations.

## 2. Financial Review

### 2.1 Financial Results

The operating results of the year under review amounted to a deficit of Rs. 16,039,452 and the corresponding deficit in the preceding year amounted to Rs.9,350,017. Therefore, a deterioration amounting to Rs.6,689,435 of the financial result was observed. The decrease in recurrent income had been mainly attributed to this deterioration.

## 3. Operating Review

### 3.1 Management Inefficiencies

Audit observation	Management Comments	Recommendation
(a) The Circuit Bungalow that consist of amounting to Rs. 51,713,000 of land and buildings, amounting to Rs. 15,381,188 of inventory assets with 6 Air Conditioned rooms located in a very attractive place at sacred city of Katharagama close to the Menik river and this place where it is possible to gain the allure of the tourists without less and no any income had been earned for 2 years. Being living in the whole upstairs and a room in the down stairs by the officers who are attached to the Elders Home was mainly attributed to the loss of income. In the audit test checks had been done within the three months of July, August and September in the year 2023 although the expenditure for consumption of electricity and water was Rs. 143,799 the Circuit Bungalow had been given for their use without charging any amount from the officers who currently live in the Circuit Bungalow.	In the period of Covid pandemic situation due to non- allocating this Circuit Bungalow for tourists and the Circuit Bungalow has also completely removed demolishing and since has been lived with their family members has been let them to reside with family members. At the date of once that Bungalow has given for the use of officers of and to that there had not been reimbursement or payment made to the water and electricity bills from the funds of Social Security Board or utilizing Government funds.	Funds received should be utilized for the welfare of the Elders and allocating the Bungalow should be made as per the provisions of the Establishment Code.
(b) The National Council for Elders had been established in	To that the draft of the National Policy for Elders	Decisions made by the National Council

accordance with the Section 2 Part 1 of the Act. The last and the year under review the audit test checks had done the important decisions to be made such as preparing a National Policy for Elders by the National Council, preparing a programme of Health Insurance, completing all the elders homes being registered as at 31 December year under review, implementing a training programme of elders hospitality service, supplying of counselling service for elders with psychotic etc. were impossible to implement up to the date of this report.

has been preparing, initial activities of the insurance programme are being made to that and decision is made to be registered all of the Elders Homes before the date of 30 September, issues had arisen regarding the institutions related to giving certificates and acceptance for implementing elders hospitality programmes and it was informed to that by the institute of Mental Health to be made the references from the Ministry, rendering for consultancy service for the elders with psychotic.

should be implementing taking actions promptly.

### 3.2 Operational Inefficiencies

Audit observation	Management Comments	Recommendation
(a) Although in terms of the provisions of Section 13(k) to introduce and implement a health insurance benefit scheme for elders was a function of the Council however, proposals had been forwarded by the members of the National Council to implement a Health Insurance Benefit Scheme for elders in 03 instance since last year a scheme of Health Insurance Benefit for Elders had not been implemented up to the date of 31 December in the year under review.	Proposals have been informed by now discussing with the Sri Lanka Insurance Corporation regarding implementation of a scheme of Health Insurance Benefit for Elders	Action should be taken In terms of the provisions of the Act.
(b) In terms of the provisions of Section 13(n) a directory of elders had not been maintained including their talents and expertise for the reference of the public.	The data base relating to that is being performed collecting information obtained by the officers who are in charge of the elders' subject in the Divisional Secretariat	In terms of the provisions of the Act a directory should be maintained.

and the Divisional Board relevant for this.

- (c) In terms of the of Section 12 of the Act the principal function of the Council shall be the promotion and protection of the welfare and the rights of elders in Sri Lanka and to assist elders to live with self-respect, independence dignity Although Rs. 2,438,715 had been incurred for that out of the Government Grant received in the year 2016 to prepare a National Policy for Elders by the National Secretariat for Elders the activities of preparing a National Policy had not been implemented even up to the 31 December in the year under review. The balance amount of Rs. 1,807,092 had been remained idle in the General Deposit account for about 07 years under review.
- National Policy is being revised again and to be forwarded preparing the final draft within 03 months.
- In terms of the provisions of the Act prompt action should be taken to preparing the National Policy for Elders.
- (d) In terms of the provisions of Section 13(f) sufficient and effective action had not been taken to prepare a data base that includes the information of the elder community to identify the number of elder citizens, district wise distribution, age structure, health condition and economic situation and to make the specific accurate and effective decisions to implement the national level projects and programmes for the activities such as ensuring the independence, protection, self - esteem, participation of elders, protection the rights in order to facilitate the providing of benefits equally in a transparent and formal manner.
- The fundamental activities of the data system to that are being processing from 01 October 2023.
- In terms of the provisions of the Act action should be taken to preparing a data base system including information of elder community.
- (e) Under section 34 of the regulations 2 (1) made by the Minister of Social Register the rest of all the elders homes have
- In terms of the Act all elders' homes should

Services there had been lapse of 11 years since the publication by Gazette notification that each individual or organization engaged in activities of establishing and maintaining any institution that expectation providing protection for elders and to that if an institution houses more than five elders and functions as a nursing home it should be registered, currently out of the 349 number of activating elders' homes, only 113 homes had been registered with the Secretariat for Elders as at 31 December in the year under review.

- (f) An amount of Rs. 17.42 million had been allocated for 09 activities to be planned to implement utilizing treasury grants during the year under review. However out of this value only Rs. 5,719,495 had been incurred for the welfare of the elders and the balance savings of Rs. 11,233,666 had been incurred for monitoring and administration activities. It was 66 percent out of total welfare expenditure.
- Expenses incurred for administration and conducting the maintenance board and to that the obtaining fund from the Social Security Board was impossible and therefore this activities this activities are also should be made by the institute and to that this money was incurred.
- Action should be taken within the limitation of funds as relevant to the objective.