

## **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 2023 comprising the statement of financial position as at 31 December 2023 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 containing my comments and observations on the financial statements of Ministry of Women, Child Affairs and Social Empowerment was issued to the Chief Accounting Officer on 30 May 2024 in terms of 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 31 May 2024 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 2023 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 Expenditure Management

The following observations are made.

	<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a)	A total allocation of Rs.49,501,000 had been obtained from supplementary estimates for two subjects by the Ministry during the year under review and out of that allocation amounting to Rs.30,767,473 had been saved without using for the relevant purposes. It was in the range of 58 percent to 100 percent.	That, programs had to be revised due to insufficient time and provisions were saved.	Accurate estimates should be prepared and promptly applied to relevant functions.
(b)	The provision of Rs.23,915,000 had been allocated in the annual estimates for 5 subjects deviation from the provisions set out in the Financial Regulations 50 of the Democratic Socialist Republic of Sri Lanka. Out of that, provisions of Rs.23,915,000 had not been utilized. Also, the total allocation of 7 expenditure subjects had been transferred through F.R 66 to other expenditure subjects.	Limitation of expenditure, delay in receipt of funds, provisions were received for not requested subjects, sparingly usage and lack of requirements during the period were the reasons for the savings.	Estimates should be prepared by following financial regulations and with proper forecasting.
(c)	Through the annual budget estimates of the Ministry, out of Rs.35,145,000 given as capital grants to the National Child Protection Authority, Rs.34,447,244 had been spent by the authority on recurrent expenses, but had been accounted as capital expenses of the ministry.	That the expenses of the National Child Protection Authority will be appropriately allocated in preparing the budget estimates for the year 2025.	The authority should be made aware that according to the financial regulations, the capital allocation under the budget estimates cannot be spent on recurrent expenses.

### 3. Operational Review

#### 3.1 Management Inefficiencies

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Receivable balances of Rs.455,330 and Rs.1,731,541 were due from three deceased officers and seven retired officers respectively and a sum of Rs.611,006 was receivable from 05 officers who left the service in the year under review. Accordingly, action had not been taken to recover a total amounting to Rs.2,797,877.	Action will be taken to recover the receivable balances.	Prompt action should be taken to recover the receivable balances.

#### 3.2 Non Achieving of Expected Outcome

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Formulation of the National Policy for Child Day Care Facilities in Sri Lanka and regulation of Child Care Centers were the main functions of the Ministry, but the National Policy for Child Day Care Facilities in Sri Lanka had not been prepared even during the year under review.	The revised proposals will be included and the policy is being prepared in the year 2024.	Action should be taken to prepare and implement the national policy for child day care facilities.
(b) Out of 59 'Vanita Shakti' Small Finance branches, 29 branches with a total of Rs.49,071,128 were inactive as on 31 December 2022, and the accounts balances information of 07 branches had not been available with the Bureau.	That all relevant information has been collected for the liquidation of the 29 inactive branches.	Action should be taken to bring the inactive branches to operational level or liquidate.
(c) A total sum of Rs.3,701,156 had been spent by the Ministry as Rs.1,600,000 and Rs.2,101,156 for the capital and administrative expenses respectively for the Vanitha Shakti small financial branches. But the audit revealed that the administration, accounting, lending and loan recovery of those branches are not actively being done at present.	It has been reported that only 11 branches are in active status, and actions are being taken to obtain relevant updated account information as on 31 December 2023 and to conduct an appropriate audit.	Action should be taken to conduct an internal audit to obtain up-to-date accounting information.

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| (d) | The Lanka Women E-market website had been launched on 08 March 2022 at a cost of Rs.4,458,063 with the aim of uplifting the living conditions and economic empowerment of entrepreneurial women. Although 2 years have passed since the launch of this website, due to the failure of the digital marketing platform due to the lack of technical support and insufficient responsibility in the implementation of the system from the relevant departments of the Ministry, the expenditure incurred was idle. | That from the year 2023 only registration of women entrepreneurs has been commenced here systematically.  | The purpose of creating the website should be fulfilled by providing the necessary facilities. |
| (e) | In addition to the approved cadre of the Rural Development Training and Research Institute, which was a division under the Ministry, 16 Development Officers had been employed and a sum of Rs.8,000,000 had been paid as salaries and wages in the year under review.  | That the cadre of the Rural Development Training and Research Institute has been referred to the Department of Management Services for revision.  | Only officers related to the approved cadre should be recruited.                               |
| (f) | According to the Cabinet decision dated 29 March 2017, 3618 Grama Shakti Samiti were established for poverty alleviation and out of that 2067, i.e. 57 percent, were inactive and funds in that micro financial accounts of those societies amounting to Rs. 635,705,116 was idle.  | Actions are being taken with the Department of the Registrar of Companies to confirm the activation of a total of 3696 registered societies and the actions of transferring government funds from inactive societies to active societies are being implemented at the district and regional levels. | Money deposited in microfinance accounts should be spent for the relevant purposes.            |

### 3.3 Foreign Funded Projects

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Although the completion date of the Toll-Free Helplines for Women and Children project initiated by the SAARC Development Fund grant agreement dated 06 November 2017 was extended to 03 April 2024, its progress was only 30 percent at the end of the year under review.	Although the basic period of the project was 2017-2020, it could not be implemented in that period due to non-availability of funds in the last quarter of 2018, Covid epidemic situation, economic crisis, non-availability of funds properly.	The funds of the projects implemented under loan assistance should be utilized with maximum efficiency.

### 3.4 Losses and Damages

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Losses of Rs.5,257,895 had been occurred in 2 vehicle accidents before 5 years but action has not been taken to recover the even in the year under review.	According to the Public Finance Circular No.01/2020of the Public Finance Department, actions have been taken to submit Rs.3,450,945 for write off and action has been taken to pay the remaining amount not covered by the insurance compensation by the Ministry.	Actions should be taken to recover damages from the relevant responsible officials.