

Welfare Benefits Board - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Welfare Benefits Board (the 'Board') for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 material accounting policy information, 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, 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 Board as at 31 December 2024, 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 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 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 Auditor's Responsibility 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 Board'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 Board'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 Board 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.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Non Compliance with the reference to particular Standard	Management Comments	Recommendation
(a) In accordance with paragraph 21(e) of Sri Lanka Public Sector Accounting Standard 1, when an entity issues approved budget documents, it is required to present a comparison of the budgeted and actual figures either as a separate financial statement or as an additional column within the financial statements. However, the Board had not complied with this requirement.	The approved budget document has been prepared and submitted. Although a separate column comparing it with the actual figures has not been included, arrangements have been made to rectify this shortcoming from the next year onward.	Compliance should be ensured with the Sri Lanka Public Sector Accounting Standards.
(b) The return of census expenses amounting to Rs. 4,254,069 relating to the previous year had not been disclosed in the financial statements in accordance with paragraph 54 of Sri Lanka Public Sector Accounting Standard 3.	The unutilized balance from the funds provided for census activities in the year 2023 had been collected and repaid to the Department of Treasury Operations through two cheques during the year 2024, to be credited to government revenue. Since these funds relate to the previous year, they have been adjusted to the surplus/deficit of that year.	-do-

1.5.2 Accounting Policies

Audit Observation	Management Comments	Recommendation
As at 31 December 2024, liabilities amounting to Rs. 375,122,825 relating to the years 2023 and 2024 under the Aswasuma Programme of the Welfare Benefits Board had existed, but they had not been accounted for in the financial statements.	Due to a deficiency in the system, there had been an issue where funds were resented to an account to which money had already been transferred once. Since the Aswasuma allowances are paid through continuous interim imprest received from the Treasury, the accounts are prepared on a cash basis. Accordingly, only the monthly expenditure reports are submitted to the Ministry of Finance, while reports on the outstanding liabilities to be settled have also been submitted to the Ministry of Finance.	Liabilities relating to the accounting period should be accounted for in the financial statements.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 21,406,896 and the contrary deficit in the preceding year amounted to Rs. 20,751,771. Therefore an improvement amounting to Rs. 42,158,667 of the financial result was observed. The reason for the improvement was due to increased grants from the government.

2.2 Trend Analysis of major Income and Expenditure items

The variations in the main income and expenditure items during the year under review and the preceding year, along with the relevant percentages, are shown below.

Income / Expenditure	2024	2023	Increase/Decrease (Rs.)	Increase/Decrease (%)
grants from the government.	186,457,668,058	52,283,907,500	134,173,760,558	257
Personal emolument	27,168,411	10,747,499	16,420,912	153
Other operational expenditure	20,036,614	404,669,272	(384,632,658)	(95)
Benefits payment	186,389,056,137	51,889,242,500	134,499,813,637	259

- (a) In the previous year, Aswasuma benefits had been provided only for six months from July onward, whereas in the year under review, benefits were paid for 12 months from January to December. As a result, the Government grants and Aswasuma expenditure had increased by 257 percent and 259 percent respectively.

- (b) Compared to the year 2023, the approved number of staff had increased by 13 and the actual number of staff had increased by 18 in the year 2024. As a result, personal emolument expenses had increased by about 153 percent during the year under review.

3. Operational Review

According to the Extraordinary Gazette No. 2328/13 dated 21 April 2023, the Aswasuma welfare benefit payment scheme was implemented from 01 July 2023. Accordingly, details of the social groups receiving welfare beneficiaries, the proposed monthly welfare allowances, and the actual payments made to them are shown below.

(a) The social group receiving welfare benefits payments	Number of welfare beneficiaries / families	Proposed monthly welfare allowance per family unit (Rs.)
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Transitional Upto 31 st December 2023	400,000	2,500
Vulnerable Upto 31 st March 2024	400,000	5,000
Poor For 03 years from 01 st July 2023	800,000	8,500
Severely poor For 03 years from 01 st July 2023	400,000	15,000

* In a case where the number of members in a family unit is two or less than two members, only a half of the above allowance shall be paid.

- (b) Payments for differently-abled persons, chronic kidney diseases of unknown etiology (CKDu), elderly beneficiaries are made as follows.

	Social category receiving welfare benefits	Number of current beneficiaries	Approximate number of persons belonging to the family unit	Monthly welfare benefit Allowance (Rs.)
(i)	Persons with disabilities receiving support	72,000	21,000	5,000
(ii)	People receiving renal support	39,150	19,500	5,000
(iii)	People receiving Elderly support	416,667	250,000	2,000

When payments are made, the allowance mentioned above shall also be added to the allowance entitled to that under (a) above as the persons belonging to the family unit entitled to the benefits mentioned in above table are also included in a family unit receiving the benefits mentioned in (a) above,

- (c) From July to December 2023, a sum of Rs. 51,889 million had been paid as Aswasuma benefits, and for the year 2024, Rs. 145,590 million had been paid to low-income families, Rs. 9,820 million to low-income disabled persons, Rs. 20,665 million as elderly allowances, Rs. 26 million as financial benefits to persons over 100 years of age, Rs. 3,640 million as financial assistance to kidney patients, and Rs. 6,647 million as assistance for school supplies to schoolchildren. Accordingly, the total value of benefits paid from July 2023 to December 2024 amounted to Rs. 238,277 million, covering approximately 1.6 million beneficiary units.

3.1 Operational Inefficiencies

According to the Welfare Benefits Act, all necessary legal frameworks for the payment of all welfare and relief benefits, the establishment of a transparent selection process to identify beneficiaries, the formulation of procedures for the termination of such benefits, and the establishment of regulations relating to matters connected therewith or incidental thereto, were introduced under the Welfare Benefits Act No. 24 of 2002. In accordance with Section 3 of the Act, the Welfare Benefits Board was established in 2016 for the purpose of implementing the provisions of the Act.

Audit Issue	Management Comments	Recommendation
According to the performance report for the year under review, 43,703 Aswasuma beneficiaries had not received their funds due to the absence of bank accounts. As a result, it was observed that eligible beneficiaries were at risk of either receiving their entitled benefits late or losing them entirely. The Board had not established and implemented an appropriate mechanism to resolve this issue even by June 2025.	The beneficiaries who had not opened bank accounts had been personally informed on several occasions to do so. They had also been notified by a letter sent through registered post stating that bank accounts should be opened before 31 May 2025, and that the benefits of those who failed to comply without a valid reason would be considered as not required and consequently suspended. It was observed that some individuals had not opened bank accounts due to various reasons such as duplication of applications, rejection of benefits, or migration of beneficiary families abroad.	Action should be taken to provide benefits to eligible individuals in accordance with the Aswasuma Programme.

3.2 Matters of Contentious Nature

Audit Issue	Management Comment	Recommendation
Due to various reasons, the amount of Aswesuma benefit of Rs.72,013,750 and Rs.285,777,346 sent to the beneficiaries during the years 2023 and 2024 respectively had been returned. But the relevant refund amounts had not been disbursed to the beneficiaries after making necessary corrections even by 15 May 2025.	A portion of the benefits of the families whose payments had been returned had already been paid. At present, a team from the Supervision and Evaluation Division is carrying out the necessary follow-up actions in this regard.	Action should have been taken to disburse the benefits to all eligible parties within the relevant time frame.

3.3 Human Resource Management

Audit Issue	Comments of the Accounting Officer	Recommendation
Out of the 49 approved posts of the Board, 21 posts including 9 senior level posts and 3 tertiary level posts had been vacant. Action had not been taken by the Board to fill the vacancies even by 11 June 2025.	Tertiary level posts namely System Administration Officer, System Development Officer, Information Technology Officer, 3 out of 4 posts of secondary level Development Officers, three posts of primary level namely Driver and Office Assistant, had been vacant as at 31 December 2024. However, by now, recruitments have been made for three posts of System Administration Officer and Office Assistant, and recruitments have also been made for the two vacant Driver posts.	Action should be taken to recruit or restructure the staff as necessary to maintain an adequate workforce.