

## **Welfare Benefits Board - 2020**

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### **1. Financial Statements**

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#### **1.1 Opinion**

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The audit of the financial statements of the Welfare Benefits Board for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 2020, 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**

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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**

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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

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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**

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### **2.1 Financial Result**

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The operating result of the year under review amounted to a deficit of Rs. 713,251 and the corresponding deficit in the preceding year amounted to Rs. 750,687. Therefore an improvement amounting to Rs. 37,436 of the financial result was observed. The reasons for the improvement were decrease of personal emoluments and other operating expenses.

## **3. Operational Review**

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### **3.1 Delays in Projects or Capital Work**

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| <b>Audit Issue</b>   | <b>Management Comment</b>  | <b>Recommendation</b>  |
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| According to the Action Plan furnished to audit, the activities scheduled to be completed up to end of the year 2020, i.e. implementation of Disaster Recovery Management System for server operations, establishment of Social Registry Information System (SRIS) and conduct of knowledge transfer session for the Board from the SRIS, introduction of an IT and security policy for internal stake holders of SRIS, conducting of surveys for total quality management system, organizing and implementation of IT audit for the SRIS is in the operation, development of a formal hardware and records disposal | Social Registry Information System (SRIS) Maintenance document submitted to procurement committee of Ministry of Finance as well as we are waiting for approvals. Social Safety Nets Project (SSNP) has already completed the Development of Data verification application. As well as Training process going on. The uncertainty arising for the covid – 19 pandemic situation may increase the challenge of timeline target. | Special attention should be given to achieve the objectives mentioned in the Welfare Benefits Board Act. |

procedure with relevant authorities related to SRIS, restructuring of organizational structure to support live operation of SRIS, and establishment of a formal communication system, had not been completed according to the plan.

### 3.2 Human Resources Management

#### Audit Issue

The actual Cardre of the Board as at 31 December 2020 was 09, compare to the approved cardre of 18. Therefore, 09 posts were existed as vacant including the Chairman post and all employees had been recruited on acting, secondment and temporarily basis. As well although the Board was established in the year 2016, the Board had failed to prepare a proper recruitment procedure even up to 31 December 2020.

#### Management Comment

Regarding Cardre approvals had discussion with Secretary to the Treasury. Furthermore, there were several discussions conducted above matter in year 2020. They will be decided Possibility of restructure of the Board.

#### Recommendation

Action should be taken to recruit the relevant officers.