1.1 Qualified Opinion

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The audit of the financial statements of the Welfare Benefits Board for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income 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, 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 2019, 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 Boardor 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

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.

1.5 Financial Statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Non Compliance with the reference to particular Standard	Management Comment	Recommendation
Ningto two non court of the total	No Comments	A stion should be taken to
Ninety two per cent of the total property, plant and equipment	No Comments	Action should be taken to depreciate the assets as per
amounting to Rs.3.7 million of the		the Standard.
board had not been depreciated		
over their useful life in terms of Sri		
Lanka Public Sector Accounting Standard 7.		
Standard 7.		

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.66,685 and the corresponding deficit in the preceding year amounted to Rs.353,195. Therefore, an improvement amounting to Rs.286,510 of the financial result was observed. The reasons for the improvement were decrease of personal emoluments and other operating costs.

3. Operational Review

3.1 Under – Utilization of Funds

Audit Issue

Sums of Rs.15 million and Rs. 2

million had been provided for

recurrent and capital expenditure

of the board for the year under

review. Only 52 per cent of the recurrent, expenditure had been utilized during the year under

Since the activities were not achieved as planned, the capital expenditure could not be incurred as expected

Management Comment

Recommendation

Actions should be taken to utilize the allocated funds for the expected programmes.

3.2 Delays in Work

review.

Audit Issue

Establishment of Social Registry Information System (SRIS) and Welfare Integrated Management System, preparation Disaster of Recovery Plan for SRIS. preparation of Welfare Benefits Scheme, drafting Regulations Welfare Benefits Act and establishment of Website for Welfare Benefits Board were scheduled to be performed during the year under review. However, those targets had not been achieved during the year under review.

Management Comment

These activities are prepared for implementation.

Recommendation

Special attention should be given to achieve the objectives mentioned in the Welfare Benefits Act.

4. Human Resources Management

Audit Issue

Actual Cardre as at 31 December 2019 was only 08 out of 18 approved cadre. Therefore, 10 posts were vacant including the Chairman post. As well, all deployed employees had been recruited on temporarily basis. Although the Board had been established in 2016, the Board had failed to prepare a proper recruitment procedure even as at 31 December 2019. Thus, it is observed in audit that the above situation had adversely affected to the performance of the Board.

Management Comment

Agreed

Recommendation

Action should be taken to recruit the relevant officers.