

Head 120 – Ministry of Women & Child Affairs and Dry Zone Development

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ministry of Women & Child Affairs and Dry Zone Development for the year ended 31 December 2018 comprising the statements of financial position as at 31 December 2018 and statements 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. In terms of Sub-section 11(1) of the National Audit Act, No. 19 of 2018, the summary report including my comments and observations on the financial statements of the Ministry of Women & Child Affairs and Dry Zone Development was issued to the Accounting Officer on 31 May 2019. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Department was issued on 31 May 2019 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Ministry of Women & Child Affairs and Dry Zone Development as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified 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 qualified opinion.

1.3 Responsibility of the Chief Accounting Officer for the Financial Statements

The Chief Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-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 of the Ministry.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry of Women & Child Affairs and Dry Zone Development and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carry out.

1.4 Auditor's Responsibility for 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 summary 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 Ministries internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

As required by Sub-section 6 (d) of the National Audit Act, No. 19 of 2018, I state the followings.

- (a) As there was no requirement of preparation of financial statements by the Ministry for the preceding year, recommendations on financial statements had not been made by the Ministry.
- (b) As there was no requirement of preparation of financial statements by the Ministry for the preceding year, I could not state that the financial statements of the year under review are consistent with the preceding year.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Performance

(a) **Capital Expenses.**

The following observation is made.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
-----	-----	-----
Amounting to Rs.1,638,790 had been incurred for purchasing of office equipment contrary to the objectives of the votes No.120-02-03-20-2509 and No.120-02-04-15-2509.	Expenses which was incurred for acquisition of capital assets should be incurred under relevant provisions and the expenses incurred for the purpose of the relevant objects should be incurred by that relevant objects.	Due to the purchasing of Development programmes the relevant expenses had been incurred under this objects.

(b) **Imprest Balance**

The following observation is made.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
-----	-----	-----

Even though total imprest received from Treasury during the year under review was amounting to Rs.892,679,098, However it was stating amounting to Rs.904,671,322 in the financial performance statement and there for amounting to Rs.11,992,224 had been over stated in the financial statements.

That the imprest received from Treasury should be recorded correctly in the financial statements.

Recorded in the financial statements to correct the error done by the Treasury.

1.6.2 Non-maintenance of books and registers

The following observation is made.

Audit Observation -----	Recommendation -----	Comments of Chief Accounting Officer -----
<u>Record of Losses</u> In terms of the Financial Regulations 110 Record of Losses had not been updated.	Record of Losses should be maintained in accordance with the specimen under section 110 of the Financial Regulations.	Replies was not received.

1.6.3 Non – compliance with Laws, Rules and Regulations

The following instances of non-compliance with Laws, Rules and Regulations observed during the course of audit test checks are analyzed below.

Observation -----	Recommendation -----	Comments of Chief Accounting Officer -----
Reference to Laws, Rules, Regulations etc. -----	Value Rs. -----	Non-compliance -----
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka (i) Financial Regulations 633	6,336,399	In terms of the regulations Magazines, handouts and book Actions should be taken according to the Financial
		Replies was not received.

			bindings had been carried out by the private press without carried out by the government press.	Regulations.	
(ii)	Financial Regulations 103(1)(f)	13,902,198	Actions had not been taken to recover damages in respect of vehicle accidents in 3 instances.	Actions should be taken in terms of Financial Regulations.	Actions being taken to submit replies later.
(b)	Public Administration - Circular No.22/99 dated 08 October 1999		Two secretaries of the Ministry had been used two vehicles each during their service period.	Should be Emphasis to adhered in terms of the provisions of the Circulars.	It is a process carried out by the predecessor secretaries who are in charge of this Ministry.

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
-----	-----	-----
(a) Out of the net provisions provided for 09 objects savings had been remained ranged between 40 percent to 99 percent.	Estimated should be prepared accurately.	Not arisen requirements, political situation, administrative problems which had been in the Child Protection Authority had been reasons for this savings.

- (b) Supplementary provisions amounting to Rs. 367,500,000 had been provided for 3 objects and out of that amounting to Rs.54,741,448 had been saved with out spending by the end of the year. Estimates should be prepared accurately. Due to the such facts such as practical issues arisen in feasibility Study, taking time to identify the preschools and to obtain information, administrative problems which had been in Child Protection Authority caused the savings of the provisions.

3. Operational Review

3.1 Vision and Mission

The following observations are made.

Audit Observation

Even though the Mission of the Ministry is Formulating Executing and Regulating provisions and Policies aligned to practices of good governance to ensure the rights of Children and Women, Enforcement of Laws and policies formulated for ensuring, protecting and promoting the rights of Children and Women had not been implemented.

Recommendation

Should be aligned with the Vision and Mission.

Comments of Chief Accounting Officer

Replies was not received.

3.2 Planning

The following observation is made.

Audit Observation

The action plan had not been prepared in accordance with paragraph 03 of the Public Finance Circular No.01/2014 dated 17 February 2014, containing the updated organizational structure of the institute for the year, approved carder and the existing carder.

Recommendation

Should act in terms of the provisions of the circulars.

Comments of Chief Accounting Officer

Accurately prepared in the future.

3.3 Not obtaining the Intended Out put Level

The following observations are made.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
(a) Out of the provisions amounted to Rs. 1.5 million amounting to Rs.1,257,000 had been sent to Secretary General of Parliament in September 2018, to construct a Day Care Center a part of the “Govijana Mandiraya” and to provide necessary equipment and the money had been retained in the General Deposit Account without being used the said purpose.	Provisions should be utilized maximum efficiently.	Actions being taking to refer replies after.
(b) Provisions amounting to Rs.2 million had been provided in the year under review for 81 beneficiaries in 13 Divisional Secretariat Divisions under the alternative income generation programme for women who wish to go abroad, Of which 55 projects in 7 Divisional Secretariat Divisions were started in the last quarter.	Should be act efficiently according to the action plan.	Actions being taking to refer replies after.
(c) Provisions amounting to Rs.3 million had been provided in the year under review to provided instant relief to women and children, only benefits amounting to Rs.378,329 had been provided for 6 beneficiaries during the year under review.	Provisions should be utilized maximum efficiently by achieving the project objectives.	Beneficiaries were not applied.
(d) Even though the Honorable State Minister was resigned on 27 September 2018 vehicle on rented basis had been obtained by spending amounting to Rs.350,000 for Minister on 11 October under the object No.120-1-1-11-1409 of State Ministry.	Expenses should be incurred under correct objects.	After the registration of the State Minister the post was covered by the Minister.

- | | | |
|--|---|--|
| <p>(e) Even though amounting to Rs.22,800,000 had been provided in the Annual Estimate to promote the Right to Reproductive Health and for Strengthening the data system implementing on United Nations Population Fund, (UNFPA), Amounting to Rs. 1,098,455 had been received in the third quarter of the year 2018 and out of only amounting to Rs. 72,693 had been spent.</p> | <p>Provisions should be utilized maximum efficiently by achieving the project objectives.</p> | <p>Even though it was planned to organize District and provincial workshops, those programmes could not be conducted due to the political situation.</p> |
| <p>(f) Provisions amounting to Rs.9.56 million had been provided for 3 activities under the programme of 'Diriya Kantha' and 4 activities of National Women's Committee. Only amounting to Rs.2.22 million had been spent during the year under review and the physical progress exits up to low level in 10 percent to 40 percent.</p> | <p>Actions should be taken according to the action plan to achieve the objectives.</p> | <p>Actions being taking to refer replies after.</p> |
| <p>(g) Provisions amounting to Rs.200,000 had been provided to publish a book with the objectives of providing and understanding on how to cope with the challenges and challenges that women face in day to day life and to provide some kind of relief.</p> | <p>Actions should be taken to achieve the objectives according to the action plan.</p> | <p>Actions being taking to refer replies after.</p> |

According to the concept paper it was expected to publish the book by March 2018 and to print 1000 copies.

Even though amounting to Rs.180,550 had been spent for this activity only 350 copies had already been distributed by the audited date 20 May 2019.

3.4 Non obtaining the Intended out come

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of Chief Accounting Officer -----
(a) Provisions amounted to Rs.4 million had been provided for the project of Encouraging and Empowering Women in the field of Eco-Tourism industry, By spending amounting to Rs.1.01 million it was planned to build 2 sales outlets and only one sales outlet had been built. Although in year 2017 by spending amounting to Rs.5.47 million 2 outlet had been built and even by audited date of 08 May 2019 only one outlet had been opened.	Actions should be taken to obtain expected outputs.	Actions being taking to refer replies after.
(b) Even though it was planned to implement 08 programmes by providing provisions amounting to Rs.3 million with the objectives of providing relief to vulnerable women and their families, without carrying out those programmes amounting to Rs.0.93 million had been spent to provide sanitary facilities for 31 families.	According to the action plan provisions which was for obtained the objectives should be incurred.	Actions being taking to refer the replies after.

3.5 Management Weaknesses

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of Chief Accounting Officer -----
(a) Under the sustainable Agriculture project in years 2017/2018 provisions amounting to Rs.2.2 million had been sent to 22 Divisional Secretariats, Out of this provisions amounting to Rs.296,950 and recovered installment amounting to Rs.938,457 had been deposited in 19 Agri accounts which was opened without proper approval under the Women Federations.	Cash should not be deposit in the accounts which was not open proper approval.	Actions being taking to correct those deficiencies in future.
(b) The construction activity of public shopping market complex in Ampara District which had been completed by the Ministry of Tourism was under taken by the Ministry without any request of the divisional secretary or Ministry of Tourism and in year 2017 and 2018 amounting to Rs.5.5 million had been incurred for the constructions.	Should not be entered to the transactions without proper Authority.	Provisions had not been provided by the Ministry of Tourism.

3.6 Procurement

The following observations are made.

Audit Observations -----	Recommendation -----	Comments of Chief Accounting Officer -----
(a) Amounting to Rs.2,688,400 had been incurred to re-creation of women's song and installing of data system to implement the child right convention and deficiencies such as not keeping records, not reviewing and approving the specifications by the technical evaluation committee not appointing the technical evaluation committee and not participating a competent member relevant to the subject area had been observed during the audit test checks about the	Should be act according to the procurement guide line.	Actions should be taken to correct the shown deficiencies.

procurement procedure in terms of the section 6.3.6, 2.6.1(a) (ii) and 2.8.1(b) of the procurement guide line.

- (b) Amounting to Rs.2,437,000 had been incurred for printing of Magazines, Catering, Stage decorations and purchasing of bags for the world children’s day national celebration and in that procurement deficiencies such as not taking decisions by the procurement committee not appointing of technical evaluation committee in terms of the paragraph 2.8.1 of the procurement guide lines were observed.
- Should be act in accordance with the procurement guide lines.
- Actions being taking to correct the stated deficiencies.

3.7 Un Economical Transactions

The following observation is made.

Audit Observations	Recommendation	Comments of Chief Accounting Officer
-----	-----	-----
<p>Provisions amounting to Rs.10 million had been provided under the ‘Diriya Kantha’ object to celebrate the National Ceremony on international Women’s Day Amounting to Rs.8.78 million had been incurred for designing stages, loudspeakers & media, food and beverages, to send provisions though commitment notes to the District Secretariat Polonnaruwa for external activities. Those monies could have been spent on introducing sustainable strategies and implementing then for the resolution of serious social and economic issues faced by women.</p>	<p>Funds should be utilized efficiently and effectively</p>	<p>Replies not received</p>

3.8 Asset Management

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of Chief Accounting Officer -----
(a) The vehicle which was assigned in year 2015 to the Hon. State Minister of Ministry of Women & Child Affairs had met with an accident in the same year and according to the investigation report in the event of this accident happened the vehicle had been driven by a personal driver of a member of parliament. The investigation report confirmed that the Ministry had not been aware of the use of the vehicle by another member of parliament.	Assets belongs to the government should be used proper Authority.	Relevant case is pending in the court.
(b) Seventeen vehicles belonging to the Ministry had been released informally to the external parties.	Carrying out transfer in formal manner or take actions as suitable.	The transfers are carrying out immediately.
(c) In a land which had not been formally taken over by the ministry at Biyagama had been build in year 2001 by incurring amounting to Rs.25 million and even audited date 20 May 2019 that land had not been taken over.	Actions should be done to taken over/ hand over	Ongoing the handing over
(d) Formal Action had not been taken to take over 13 vehicles which was own to other Ministries but using by this Ministry.	Action should be take to take over	Ongoing the handing over