

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

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### **1. Financial Statements**

#### **Qualified Opinion**

The audit of the financial statements of Ministry of Women & Child Affairs and Dry Zone Development for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 summarized reports on the financial statements of the Ministry of Women & Child Affairs and Dry Zone Development to be submitted in terms of the paragraph 11(1) of the National Audit Act No.19 of 2018 which contained my comments and observations had been submitted to the Chief Accounting Officer on 24 June 2020. The detailed management report of Ministry of Women & Child Affairs and Dry Zone Development to be submitted in terms of the paragraph 11(2) of the National Audit Act No.19 of 2018 had been submitted to the Accounting Officer on 12 October 2020. This report in pursuance of provisions in Article 154 (6) of the Constitution read in conjunction with paragraph 10 of the National Audit Act No.19 of 2018 is presented to the Parliament.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the accompanying financial statements which was prepared in terms of the public finance circular No.271/2019 dated 03 December 2019 give a true and fair view of the financial position of Ministry of Women & Child Affairs and Dry Zone Development as at 31 December 2019 and of its financial performance and its 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 Responsibilities of Chief Accounting Officer for the Financial Statements**

Management 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 paragraph 38 of the National Audit Act, No.19 of 2018 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.

As per Section 16(1) of the National Audit Act No.19 of 2018, Ministry of Women & Child Affairs and Dry Zone Development 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.

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 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 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 Standard, 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 internal control of the Ministry.
- 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 in a manner that achieves fair presentation.

I communicate with the Chief 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 (i)(d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings.

- (a) Financial Statements are consistent with the previous year
- (b) The recommendations on financial statements for the previous year made by me had not been implemented as per the observations shown in paragraph 1.6.3 of this report.

**1.6 Comments on Financial Statements**

**1.6.1 Statement of Financial Statements**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of Chief Accounting Officer</b>
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According to the Ministry books other receipts were amounted to Rs.41,611,755 and it was stated as amounted to Rs.41,498,755 in the financial statements.	Financial statements should be prepared accurately.	Stated that instructions had been given to officers to rectify.

## 1.6.2 Statement of Financial Position

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The following observations are made.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of Chief Accounting Officer</b>
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(a) According to the treasury prints the balance of advance account was amounted to Rs.72,623,444 and according to the Ministry books it was stated as amounted to Rs. 72,468,359 and the difference was not adjusted in the imprest adjustment account.	Should look in to the reasons for the changes between the Ministry books and the treasury prints and should adjust in the imprest adjustment account.	It was rectified from the monthly summery of February 2020.
(b) The balance to be reimbursed from the commission of elections amounted to Rs.548,508 and the imprest balance as at 31 December 2019 which was remitted but not indicated in the treasury books amounted to Rs.2,014,743 had not been shown under the statement of financial position as current liability and under current assets as cash and cash equivalent respectively.	Transactions should be entered under correct accounting headings.	Agreed with the observation. Actions been taken to enter in the statement of financial position in future.

### 1.6.3 Statement of Cash Flow

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The following observations are made.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of Chief Accounting Officer</b>
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(a) Even though the sum of personal emoluments and operating expenses incurred during the year under review was amounted to Rs.851,017,115 and it was stated as amounted to Rs.870,265,396 in the statement of cash flow.	Cash flow statements should be prepared by reflecting accurately all cash flows.	Action will be taken to prepared and submit cash flow statement in correct format.
(b) The value of subsidies and transfers had been under stated by amounted to Rs.82,900 in the statement of cash flow.	Cash flow statements should be prepared by reflecting accurately all cash flows.	Action will be taken to prepared and submit cash flow statement in correct format.
(c) According to ACA-5 format values of advances received in cash and paid was amounted to Rs.24,323,842 and Rs.33,196,349 respectively and those values had not been included in the cash flow statement.	Cash flow statements should be prepared by reflecting accurately all cash flows.	Action will be taken to prepared and submit cash flow statement in correct format.
(d) Value of construction or acquisition of capital assets and acquisition of other investments had been understated by amounted to Rs.46,799 in the statement of cash flow.	Cash flow statements should be prepared by reflecting accurately all cash flows.	Action will be taken to prepared and submit cash flow statement in correct format.

#### 1.6.4 Not Maintaining Registers and books

Audit observation -----	Recommendation -----	Comments of Chief Accounting Officer -----
Register of securities ----- In accordance with the Financial Regulations 891(1) a register of security containing the names of the officers and the workers who required to keep security had not been maintained.	A security register should be maintain containing officers who required to keep security in accordance with the Financial Regulations 891(1)	Actions should be taken in future in this regard.

#### 1.6.5 Non Compliance with Laws, Rules and Regulations

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of Chief Accounting Officer -----
Reference to Laws, Rules and Regulations -----	Value Rs. -----	Non-compliance -----
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka  103(1)(f)	13,902,198	No actions had been taken in terms of the Financial Regulations. to recover the damages in respect of motor vehicle accidents occurred in 3 occasions in years 2015 and 2017.
		Actions should be taken in terms of the Financial Regulations.
		That actions been taken to recover losses.

(b) Management Services  
Circular No.01/2016  
dated 24 March 2016

(i) Paragraphs 2.2.4  
and 2.2.5

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Even though the recruitment of the Project Director and other staff should have been done by publishing notices or calling by news paper advertisement within a reasonable period of time and recruitment should be done though a formal structured interview but this methodology was not followed.

Actions should be taken in terms of Circular

The appointments had been provided only for the approved positions according to the written order of the Minister.

(ii) Paragraph 2.2.8 1,216,245

Although the secretary to the Ministry had to ensure that no one over the age 65 was employed as a member of the project staff, However two officers over the age of 65 were employed and paid salaries and wages.

Actions should be taken in terms of Circular

The appointments had been provided only for the approved positions according to the written order of the Minister.

(c) Right to Information  
Act No.12 of 2016  
section 9(1)(a)

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The role of Ministers to inform the public about initiating a project had not been performed.

Actions should be taken in terms of the Act.

That the Audit Query is correct.

## 2. Financial Review

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### 2.1 Expenditure Management

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Chief Accounting Officer</b>
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(a) The entire net provision amounting to Rs.2,850,000 made available for 4 capital expenditure objects had been saved.	Estimates should be prepared accurately.	That these provisions have been saved due to not arisen the expenses and utilized the office equipment efficiently and economically.
(b) Out of the net provisions made for 8 recurrent expenditure objects savings had been remained ranged between 33 percent to 73 percent.	- do -	Not arisen the machinery requirements, efficient utilization, political instability in year 2019 had been caused for the savings of these provisions.
(c) Out of the net provisions made for 11 capital expenditure objects savings had been remained ranged from 30 percent to 83 percent.	- do -	Not arisen the requirements of rehabilitation of buildings of Ministry office and efficient use of machinery and office equipment caused for the savings of these provisions.



## 2.2 Deposit Balances

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<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of Chief Accounting Officer</b>
----- Deposit balance amounting to Rs.20,000,000 existing since the year 2017 in the treasury prints and no actions had been taken to settle it.	----- Actions should be taken to settle the deposit balance existing since year 2017.	----- A letter was referred on 11 July 2018 to the department of public accounts.

## 3 Operational Review

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### 3.1 Vision and Mission

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<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of Chief Accounting Officer</b>
----- 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 right of children and women.	----- Should be act in accordance with the vision and mission.	----- The Ministry is one of the major stakeholders in the welfare of women and the children in the state mechanism and will continue to implement policies and programmes that are of national importance.

### 3.2 Planning

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of Chief Accounting Officer</b>
Action plan had not been prepared including the updated organization structure to the relevant year, approved cadre and details of the existing cadre in terms of the paragraph 03 of the Public Finance Circular No.01/2014 dated 17 February 2014.	Actions should be taken in terms of the provisions of the circulars.	Should be prepared in future.

### 3.3 Not Obtaining the Expected Output

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Chief Accounting Officer</b>
(a) Out of the provision amounted to Rs.331,000,000 provided for dry zone development project only amounted to Rs.67,372,000 or 20 percent had been incurred at the end of the year under review. This project was handed over to the Ministry of Mahaweli Agriculture Irrigation and rural Development on 19 December 2019 and on that date the progress of the construction of water treatment plant 10 percent and the progress of 05 agricultural roads construction projects were between 5 percent to 20 percent.	Should be achieved the expected output level.	During the implementation of the dry zone development project in year 2019 when the situation arisen where non compliance with government financial regulations and procurement procedure and it was not possible to achieve the targeted high progress as it had to spend unexpected time to rectify them.

- (b) Provision amounting to Rs.4,250,000 had been made available during the year under review for the implementation of such activities strengthening the 1938 women Toll Free Help Line, strengthening support services for effective implementation, raising public awareness and amounting to Rs.1,572,873 had been spent during the year under review. The information technology infrastructure activity included in the action plan had not been completed during the year under review and it was planned to implement 3 meeting of stakeholders and 4 programmes such as awareness raising training for the family councilors, training of police officers, case management training. However, only one stakeholders meeting and 2 programmes had been conducted.
- Planned activities should implement in accordance with the action plan.
- Although purchase of new technology was approved in the action plan, the purchase was delayed due to delays in the procurement process. Conducting one training programme for officers and organized to train the officers of the women and children unit of the Divisional Secretariats through them. The programme could not be held on the day it was organized due to the attendance of trained officers for postal voting and election duties in the presidential election 2020.
- (c) Cheque amounting to Rs.1,850,000 was received on 29 October 2019 to implement the programmes for the year under review in terms of the agreement entered with the United Nation Development Programme on 11 September 2019. Due to not allocating the provisions from budget estimates to the relevant expenditure object of this programme the cheque was returned to the treasury. It was failed to implement the action plan for the year under review due to the authority to spent the money was received on 24 December 2019.
- Provisions should be allocated from budget estimates to implement activities included in the action plan.
- Due to not available provisions in the budget estimate in year 2019 supplementary allocation requested on 11 November 2019. Supplementary allocation was received on 19 December.

- (d) Provision amounting to Rs.400,000,000 had been provided for 217 Divisional Secretariats for the programme of providing morning meal with the objectives of improving the nutritional statues of the preschool children and to provide little economic benefit to poor families and to implement the programme from January to December. District Secretariats had informed that there was still preschools with under weight children and by the end of the year actions had not been taken to provide the remaining allocation of Rs.68,172,480. Further, the programme is not implementing to all preschools in areas where there are more under weight children and which has created a problem with the trend of children going to preschools where the programme is being implemented.
- Should be paid attention to achieve the planned objectives.
- Taking a reasonable period to obtain the recommendation from the medical officer in Health, delay in receiving imprest from treasury.

### 3.4 Procurement

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The following observations are made.

Audit Observation -----	Recommendation -----	Comments of Chief Accounting Officer -----
(a) Contrary to the paragraph 2.6.1(a)(ii), 2.8.1(b), 3.4.2(a), 5.4.10, 6.2.2, 6.3.6, 7.11.1, 8.12.3(a) of the National Procurement Guideline amounting to Rs.1,633,200 had been incurred to create a video about early childhood learning circles, world children day magazines, invitations and obtain translation services.	Procurement for the annual world children's day celebrations should be well planned and should implement in accordance with the procurement guide line.	There were only a limited number of weeks to obtain the services needed for world children's day celebration. Therefore it was planned to call for bids from the registered institutions of the Ministry and submit the lowest bids for the approval of the secretary to the ministry and obtain the relevant services.

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| <p>(b) Under the expenditure object of Diriya Kantha amounting to Rs.1,568,715 had been incurred to purchase a video camera which was not included in the procurement plan and it was observed that the procurement was contrary to the objectives of the said expenditure object.</p> | <p>The procurement should be done in accordance with objectives of the relevant expenditure object according to the procurement plan.</p> | <p>Inability to include in the procurement plan due to a mistake, request for immediate delivery of equipment including video camera, need to expedite the purchase of a video camera and related equipment to cover the media coverage of international women's day.</p> |
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### 3.5 Uneconomical Transactions

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The following observations are made.

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of Chief Accounting Officer</b> -----
<p>(a) A sum of Rs.6,580,000 had been allocated to Children Secretariat, Department of Probation and Child Care Services, National Child Protection authority for the celebration of world children's day and out of only amounting to Rs.4,052,700 had been spent on gifts for children, transport, food and to conduct programmes locally. Amounted to Rs.2,502,165 had been spent such activities stage, decorations, invitation cards and souvenirs of the national festival. It should have been paid attention to utilize those funds to resolution the serious social and economic issues faced by the children.</p>	<p>Funds should be utilized efficiently and effectivenessly.</p>	<p>Replies were not received.</p>
<p>(b) Including amounting to Rs.10 million which was provided under the expenditure object of Diriya Kantha provided for the celebration of international women's day and children's day in the action plan prepared for the year under review amounting to Rs.19.41 million had been spent only for international women's day celebration expenses such as food accommodation, transport, facilities, fuel, advertisement and stage. These funds could have been</p>	<p>Funds should be utilized efficiently and effectivenessly.</p>	<p>A number of events are organized annually by other sectors in each of the respective expenditure objects in conjunction with the international women's day celebrations, as the expenditure</p>

spent on introducing sustainable strategies and implementing them for the resolution of serious social and economic issues faced by the women.

incurred on those programmes were also included to this expenditure and the total expenditure were reported as amounted to Rs.19.412 million.

### 3.6 Asset Management

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of Chief Accounting Officer -----
(a) A motor vehicle which was assigned to the Honorable State Minister of women and Child Affairs met with an accident in year 2015 while driving a driver of an another member of parliament. The investigation report had confirmed that the Ministry was not aware in this regard.	Government own assets should be used with due authority.	The relevant case is being heard in court.
(b) Seventeen of vehicles of the Ministry had been given to external parties informally.	Transfers should be made.	Transfers will be done quickly.
(c) Use as un transferred assets -----		
The following observations are made.		
i. A sum of Rs.25 million had been incurred to build a women hostel in the year 2001 at Biyagama without being transferred of land formally by the Ministry and the land had not been transferred up to the date of audited on 27 August 2020.	Action should be taken to formally take over or transfer.	The hand over is on going.
ii. No formal action had been taken to take over 13 vehicles belonging to other Ministries used by the Ministry.	Proper transfer should be done.	The hand over is on going.