

Annual Report - 2018



Welfare Benefits Board
Ministry of Finance and Mass Media

Content

➤ **Acronyms**

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Acronyms

- WBB – Welfare Benefits Board
- WB Act – Welfare Benefits Act No 24 of 2002 of the Democratic Republic of Sri Lanka
- WB – World Bank
- DMS – Department of Management Services
- SSNP – Social Safety Nets Project
- PMU – Project Management Unit of the Ministry of Finance
- ITC – Information Communication Technology
- IWMS – Integrated Welfare Management System
- SRIS – Social Registry Information System
- WBS – Welfare Benefit Scheme
- ICTA – Information Communication Technology Agency
- SRU – Social Registry Unit

1. Introduction

This third annual report presents performance of the Welfare Benefits Board for the financial year 2018. The Welfare Benefits Board (WBB) was established in July 2016 in terms of Section 3 of Welfare Benefits Act No. 24 of 2002, which came into operation again on 15th February 2016 under the Extraordinary Gazette Notification No. 1952/22 of 02nd February 2016 of the Democratic Socialist Republic of Sri Lanka. The Board comprises Chairman and four members who were appointed in July 2016 for a three-year term by the Minister in charge of the subject of finance in consultation with the Constitutional Council as per Section 2 of WB Act.

The main objectives of the Act will be as follows.

- To provide the legal framework for the payment of all welfare benefits
- To set out a transparent process for identification the recipients of benefits
- Provisions for termination of such benefits

The Act also empowers WBB to perform the following main functions for the realization of the aforesaid objects;

- To exercise, perform and discharge powers, duties and functions conferred on or assigned to it, by the Act.
- To delegate powers to any of District Secretary, Divisional Secretary or Grama Niladhari or public officer any power, duty or function vested in the Board.
- Establishment of Welfare Benefit Schemes.
- Develop the criteria for eligibility.
- Specify the financial allocation in terms of a Scheme.
- Specify the date of commencement of the Scheme.
- Specify the financial or other benefits to be granted.
- State the period for which persons are entitled to receive benefits.

1.1 Mission and its Environment

Mission

The mission of the Welfare Benefits Board was identified and developed in relation to meet the objectives of Act, the Social Safety Nets Project and emerging needs for reform of the Sri Lanka welfare sector. Thus, the Mission statement will be as follows.

“Develop and implement a coherent welfare benefits management system for all targeted benefits schemes ensuring transparency and equity in selecting beneficiaries”.

Although WBB came in to being before the commencement of SSNP, its establishment is one of the requirements as per Project Appraisal Document (PAD) and a result, WBB had to align its plan to the objectives of SSNP. It is also observed that the Ministry of Finance had negotiated SSNP for some time and the need for setting up the WBB had been one of the requirements under SSNP and hence the Ministry was proactive to expedite work taking action to make the Welfare Benefits Act before the commencement of SSNP.

The Board Meetings:

The Board comprised the following.

- Mr. S. Ranugge - Chairman
- Mr. A.R. Desapriya - Member
- Mr. Sarath Edirisinghe - Member
- Mr. Tissa Nanayakkara - Member
- Mr. Sunil Hettiarachchi - Member

There were three Board meetings during this period. Only four Board members were present at the meeting and but Mr.Hettiarachchi was absent in the all meetings of the year. Hon Minister was informed of Mr.Hettiarachchi's continuous absence from the Board meeting and asked to appoint another member as per provisions of the Welfare Benefits Act.

2. Action Plan for 2018

Introduction:

The following action plan adopted by the board and the progress of the implementation is presented in the section under performance.

Theme 1: Capacity Building of Welfare Benefits Board					
The Purpose:	The Welfare Benefits Board was set up a year and a half ago with a core staff to kick off its activities. The staff was borrowed from the Ministry of Finance as the recruitment would take time according to the government recruitment procedures. Two advertisements were published last year to two deputy directors but it was not successful as the applicants did not process required qualifications. This is to be filled this year. Further human resource requirements need to be assessed depending on the need at populating of the Social registry during this year as stated in SSNP document. Four IT officers were recruited last year to manage the Social Registry Unit (SRU) of WBB. They are getting hand on training from the technical staff of the SRIS development team.				
Theme Objective:	Strengthening the capacity of the Welfare Benefits Board to carry out its activities mandated in the WB Act.				
		Indicator	Timeframe	Responsibility	Remarks
Theme Outcome:		Well-equipped Welfare Board	June 2018	Chairman	
Theme Output:	<ul style="list-style-type: none"> Two Deputy Commissioners at work Other identified posts are filled 	Completion of staff recruitments	June 2018	Chairman	
Theme Activities:	1.1. Head hunt to recruit two deputy directors from SLAS with assistance from Secretary/Ministry of Public Administration or on contract basis		31/03/2018	Chairman	The timeframe will change depending on the time taken by other authorities. <i>Progress of the activities are given in theme 01 of item 3. Performance</i>
	1.2. Get necessary approval from the relevant authorities		30/04/2018		
	1.3. Identify the staff requirements when populating SRIS at DS level with entry of current data and designing Welfare Benefit Schemes (WBS)		31/03/2018		
	1.4. Get approval from relevant authorities		31/05/2018		
	1.5. Start and complete recruitments		31/07/2018		

Theme 2: Operationalize the Integrated Social Registry Information System (SRIS)

The Purpose:	Development of SRIS has been entrusted to Information Communication Technology Agency (ICTA) last year and the system is to be handed over to WBB at the end of March 2018. SRIS is the electronic data base through which registration and selection of beneficiaries, payment of benefits, grievance handling and monitoring and evaluation are to be carried out.				
Theme Objective:	To Establish a Social Registry and an integrated MIS of one stop shop for welfare programs.				
		Indicator	Timeframe	Responsibility	Remarks
Theme Outcome:	A well-functioning integrates MIS system for the management of all welfare programs (SRIS)				This depends on the availability of the system after completion by ICTA
Theme Output:	SRIS is populated with current data of four welfare programs of the Ministry of Social Empowerment and Welfare	Integrated MIS system	31/03/2018	ICTA	Provided MoSEW cooperates with WBB for use of Samurdhi survey data for SRIS
Theme Activities:	2.1. Train the SRU staff with necessary technical skills to operate SRIS		31/03/2018	WBB, ICTA, SSNP and Software developers	<i>Progress of the activities are given in theme 02 of item 3. Performance</i>
	2.2. Train the MIS staff at DS Offices		31/05/2018	SRU & SSNP	
	2.3. Populate SRIS with current beneficiary data		31/12/2018	WBB, SSNP & MIS	
	2.4. Delegation of powers to District Secretaries and Divisional Secretaries		Sept. 2018	WBB	
	2.5. Establish Selection Committees and Appeal Committees		Oct. 2018	WBB	
	2.6. Training for members of Selection and Appeal Committees.		Nov.-Dec. 2018	WBB/SSNP	

Theme 3: Disaster Recovery Plan for SRIS					
The Purpose:	SRIS is going to be the main data base of welfare programs through which all management related activities are carried out. If there is a breakdown in the system there should be arrangement for a backup. For this SSNP will hire a consultant to develop a disaster recovery plan to assist WBB.				
Theme Objective:	Assist SSNP to develop a disaster recovery Plan.				
		Indicator	Timeframe	Responsibility	Remarks
Theme Outcome:	Smooth functioning of the management of welfare programs by WBB				
Theme Output:	Backup system is in place				
Theme Activities:	3.1. Review TOR		31/01/2018	WBB, ICTA, SSNP	<i>Progress of the activities are given in theme 03 of item 3. Performance</i>
	3.2. Assist SSNP in procurement		31/01/2018	WBB	
	3.3. Review the final draft of the consultant		30/04/2018	WBB, SSNP, ICTA	
	3.4. Implement the plan through SSNP		31/12/2018	WBB	

Theme 4: Welfare benefit Schemes					
The Purpose:	WB Act requires to develop transparent criteria for selection beneficiaries for all welfare programs (WBS). Initially, four WBS will be developed for Samurdhi, elderly, disabled and KDUs.				
Theme Objective:	Developing WBS				
		Indicator	Timeframe	Responsibility	Remarks
Theme Outcome:	WBB is ready for selection of beneficiaries	Approved WBS Selection of beneficiaries	April – June 2018	WBS, MoSEW, & SSNP	<i>Progress of the activities are given in theme 4 of item 3. Performance</i>
Theme Output:	Four WBS are developed and approval of the authority is Obtained	Four WBS	April – June 2018	WBS, MoSEW, & SSNP	

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Theme Activities:	4.1. Review the findings of the Pilot Survey	April 2018	WBB	This depends on the cooperation of MoSEW
	4.2. Develop Welfare Scheme (WBS)	May 2018	WBS, MoSEW, SSNP	
	4.3. Concurrence of Ministers for WBS	June 2018	WBB and MoSEW	
	4.4. Cabinet Approval for WBS	June 2018	WBB, MF and MoSEW	
	4.5. Publish in Gazette and Present in Parliament	July 2018	WBB & MF	

Theme 5: Drafting Regulations for WB Act

The Purpose:	The regulations are required to give legal effects to operationalize management of welfare programs according the Act. The Act provides for framing regulations under Section 27.				
Theme Objective:	Drafting regulations.				
		Indicator	Timeframe	Responsibility	Remarks
Theme Outcome:	Smooth Implementation of the Provisions of the WB Act	Implementation of WBS	December 2018	WBB and Other stakeholders	
Theme Output:	Regulations are in place	Regulations	June 2018	WBB	
Theme Activities:	5.1. Review of regulations drafted by Consultant		March 2018	WBB	<i>Progress of the activities are shown in Theme 5 of 3. Performance</i>
	5.2. Final draft by Legal Draftsman		May 2018	WBB/MF	
	5.3. Gazette by the Minister		June 2018	WBB/MF	
	5.4. Present to Parliament		August 2018	WBB/MF	

Theme 6: Website for WBB

The Purpose:	All the stakeholders of WBB should be given access to information on its programs/activities for transparency. WBB will have to communicate with the public about it program.
Theme Objective:	Give public access to information on WBB work

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		Indicator	Timeframe	Responsibility	Remarks
Theme Outcome:	People have access to WBB information online	Public access to WBB information	March 2018	WBB	
Theme Output:	Website is developed and launched	Website	March 2018	WBB	
Theme Activities:	6.1. Development of Website		15/01/2018	SRU	<i>Progress of the activities are given in Theme 6 of Item 3. Performance</i>
	6.2. Obtain Domain from ICTA		28/02/2018	WBB	
	6.3. Launch		March 2018	WBB	

Note:

The activities of the Welfare benefits Board are to be implemented through a network of government agencies involved in welfare management at national and local levels. The national level agencies are the members of the steering committee of the Social Safety nets project. Cooperation and commitment of those agencies is a crucial factor for the successful implementation WBB programs. Moreover, WBB is supported in its programs by SSNP and its activities are complementary to what is planned above for 2018. Such activities are reflected in the common work plan – 2018 of SSNP.

3. Progress Review

Theme 1: Capacity Building of the Welfare Benefits Board

It was planned to recruit two deputy commissioners before June 2017 and accordingly, a newspaper advertisement calling for applications from the qualified applicants was published twice in 2017 but no qualified applications were received in response the advertisements. Hence, an attempt was made to get two officers from the Sri Lanka Administrative service and a request was made to the Secretary to the Ministry of Public Administration in our letter dated 23rd January 2018. We have not been able to have two officers on secondment basis as there was no response to our request because compensation package was not attractive for them to join the Welfare Benefits Board.

Since there was no possibility for recruitments of two deputy commissioners and in view of the workload that may come with the ensuing Integrated Welfare Management Program the Board was working on, it was decided to change the cadre requirements and another request was made to the Department of Management Services to create cadre positions as follows;

- a. Two Additional Commissioners
- b. Two Assistant Commissioners (instead of two deputy commissioners already approved)

However, the Department of Management Services approved only one Additional Commissioner and one Assistant Commissioner Posts in their letter dated 16 July 2018.

With regard to the recruitment of Help Desk Operators it was decided to recruit them when the Integrated Social Registry Information System (SRIS) is in operation. SRIS was to be developed and handed over to the Welfare Benefits Board by the Information Communication Technology Agency (ICTA) in May 2018 but it was not done till end of the year under consideration. It was expected to recruit these officers in 2018. Since there was a delay in having the SRIS in place the recruitment of helpdesk officers was delayed as they had no work to perform once recruitments were done.

On receiving the approval for the revised cadre positions a Schemes of Recruitment for the additional commissioner and the assistant commissioner were submitted again to the Department of Management Services according to specimen forms. However, approval for the recruitments was not received till the end the year.

Theme 2: Integrated Social Registry Information System

The Information Communication Technology Agency (ICTA) was expected to develop SRIS for the Welfare Benefits Board under the World Bank funded Social Safety Nets Project (SSNP) and according to the procurement agreement between ICTA and the developers (KPMG and IIL) the completed system was to be handed over to WBB in May 2018. However, ICTA had not been able to deliver the final product till the end of the year. Only part of the system was developed part of SRIS i.e. registration of welfare beneficiaries, management of roles of the officers in the system, application of selection criteria with the formula was ready to be accepted by the WBB. What was developed was not to the satisfaction of the technical team of Social Registry Unit (SRU) and SSNP. ICTA and the developers at a stakeholder meeting in October 2018 wanted more time till 30th November 2018 to complete the entire system. However, they could not meet the deadline and at the end of the year they had completed only partly and components of reporting tools and grievance handling were to be done at the end of the year. What's more, WBB and SSNP monitored the progress of the development with ICTA and the developers in almost every other week but the progress was very unsatisfactory hindering all the activities of the Welfare Benefits Board and SSNP.

The staff of the Social Registry Information Units of all Divisional Secretariats was trained with regard to welfare beneficiary application registration under SRIS by the technical staff of SRU and SSNP. It was done on district basis and the cost was borne by the SSNP. The workshop duration was two days and the participants were given hand on training using the SRIS. The developers had developed that part of the SRIS.

Theme 3: Disaster Recovery Plan for SRIS

This was handed over to a consultancy firm by SSNP and they have commenced work and WBB has extended its support to the consultants. However, the delay in development and completion of SRIS has affected adversely in developing the disaster recovery plan as well.

Theme 4: Welfare benefit Schemes

The Survey on Testing Beneficiary Selection Methods, which was commissioned last year by the World Bank on behalf of the Welfare Benefits Board could not be completed by the end of that year

because the field work was stopped during the local government election period. The final report of the survey firm was presented to WBB in April 2018. The findings ranked three testing methods i.e. Proxy Means Testing (PMT), Multi-Deprivational Score (MDS) and Community Based Testing as first, second and third respectively. The findings of the survey were shared with the Department of Census and Statistics (DCS) and other stakeholders. DCS had reservation on the survey findings on the basis of the sampling errors and they did not agree with the conclusion of the survey. However, MDS was found to be the second-best selection method according to the survey. Moreover, the project appraisal document requires WBB to obtain technical advice in developing selection method for beneficiaries from DCS. Since there is a conceptual difference over PMT and MDS and several stakeholders favored MDS method it was decided to further refine the selection method more transparent and objective. Finally, a selection method for identifying the beneficiaries was developed with six criteria and 22 indicators and a formula for calculation with technical assistance from DCS. The criteria and indicators were validated at three workshops in Colombo, (national), Gampaha (urban) and Anguankolapelessa (rural) in the Habantota district.

Action was taken to develop welfare benefit payment schemes for the programs of Samurdhi, the elderly, the disabled and the kidney patients. Several consultations were held to get the input for development of the selection criteria. The selection methodology for Samurdhi beneficiaries included the criteria of beneficiary families such as education, health, economic level, assets, housing condition and family demography. Each criterion has a set of indicators and a criterion is weighted with zero (0) (not qualified for benefits) and one (1) (qualified) and eligibility for benefits was calculated on a formula to arrive at a poverty score ranging from zero to hundred. The poverty score will be the basis to qualify for other three programs with additional program specific criteria such as age, level of disability and medical certificates for kidney patients. Qualified beneficiaries will be decided based on the cutoff point of the score by the WBB. The Department of Census and Statistics developed the formula for calculation based on the selection criteria. Selection is to be done through SRIS. A copy of the selection methodologies given in the Annex 1.

Theme 5: Regulations under Welfare Benefits Act.

Regulations were drafted under Section 27 of the Welfare Benefit Act by the Welfare Benefits Board for the establishment of an electronic database at the office of the Welfare Benefits Board linking to all the divisional secretariats, which are field operation units of the welfare programs. The information unit of the divisional secretariat is called Welfare Benefit Unit. The application

procedure, establishment of selection and appeal committees, qualifications for their appointments, responsibilities of such committees, procedures to be followed by the Selection Committee in verifying the accuracy of information of the application of the applicant are explained in the draft regulations. Role of the divisional and district secretaries with regards the enrollment of beneficiaries and handling appeals/complaints are in the draft regulations. A World Banked funded consultant prepared the initial draft, which was further refined with input from the Department of Legal Affairs of the Ministry of Finance and Mass Media.

Approval of the Cabinet of Ministers was sought in October 2018 but it did not take place due to the political situation that prevailed at the end of the year.

Theme 6: Website for WBB

The website for the Welfare Benefits Board and SSNP was developed by the technical team of Social Registry unit and IT staff of the SSNP. The Board planned to launch it and Social Registry Information System in December 2018. It was decided to have a national event for this with the participation of all District and Divisional Secretaries and other stakeholders relating social protection programs. The date as December 5th for the event given by the Minister of Finance and Mass Media and reservation for the venue was done at BMICH. The procurement procedure was followed and the department procurement committee approved the budget for RS 3,159,000/- for the event.

However, due to the political situation that prevailed in November and December 2018, the event was cancelled on the advice of the Ministry.

4. Challenges

The delay in getting the Social Registry Information System developed as envisaged and the involvement of multi-stakeholders in carrying out the Integrated Welfare Management System as planned in the social Safety Nets Project have adversely affected the performance of the Welfare Benefits Board. WBB was expected that ICTA would deliver the well-functioning SRIS in the middle of the last year. However, WBB was not a party to the procurement agreement that ICTA has entered with the developers. The delivery of the system was delayed by eight months but ICTA had not taken any action against the developer for their failure. WBB wanted to run the selection formula with the Samurdhi survey data with a view to testing the system. The Department of Samurdhi Development finally agreed to share the data with WBB for this purpose the developers wanted an additional payment for the job saying that it is outside their Terms of Reference. WBB did not want to pay any additional payment as it was part of the system development according to the PAD.

The Welfare Benefit Board has been able to finalize the selection method with criteria and the regulations under the Welfare Benefits Act. But the political situation that prevailed at the end of the year hindered getting the approval of the Cabinet of Ministers.

5. Financial Performance

Statement of Financial Performance

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2018

Description	Note	2018	2017
			Restated
Revenue			
Government Grant	1	8,703,637	3,250,522
Expenses			
Personal Emoluments	2	7,572,743	2,292,434
Other Operating Expenses	3	1,484,089	1,030,479
		9,056,832	3,322,912
Surplus/(Deficit) For the year		- 353,195.00	- 72,390.08

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**WELFARE BENEFIT BOARD
MINISTRY OF FINANCE & MASS MEDIA**

Statement of Financial Position for the year ended 31st December 2018

		2018	2017
	Note	Rs.	Restated Rs.
COMPONENT 01			
Non current assets			
Property Plant & Equipments	04	4,259,199.33	4,515,623.93
Current assets			
Receivables	05	50,000.00	-
		4,309,199.33	4,515,623.93
FINANCED BY			
Net asset/Equity			
PPE Reserve		4,584,793.00	4,584,793.00
Accumulated Surplus /(Deficit)		- 425,585.15	- 72,390.08
Total Net assets/Equity		4,159,207.85	4,512,402.92
Current liabilities			
Accrued Expenses	06	149,991.48	3,221.01
		4,309,199.33	4,515,623.93

Members of the Welfare Benefits Board are responsible for the preparation and presentation of these financial statements.


These financial statements were approved by the Board signed on their behalf



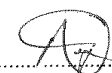
 Chairman
 Welfare Benefit Board



 Member
 Welfare Benefit Board



 Member
 Welfare Benefit Board



 Accountant
 Welfare Benefit Board



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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2018

	Property Plant & Equipment Reserve	Accumulated Surplus/(Deficit)	Total
Balance as at 01/01/2016	-	-	-
PPE reserve	3,773,670.00		
Surplus /(Deficit) for the year	-	-	-
Balance as at 31/12/2016	3,773,670.00	-	-
	Property Plant & Equipment Reserve	Accumulated Surplus/(Deficit)	Total
Balance as at 01/01/2017	3,773,670.00		3,773,670.00
PPE Reserve for the year	811,123.00		
Surplus /(Deficit) for the year	-	(72,390.08)	(72,390.08)
Balance as at 31/03/2017	4,584,793.00	(72,390.08)	3,701,279.92
	Property Plant & Equipment Reserve	Accumulated Surplus/(Deficit)	Total
Balance as at 01/01/2018	4,584,793.00	(72,390.08)	4,512,402.92
Surplus /(Deficit) for the year	-	(353,195.00)	(353,195.00)
Balance as at 31/03/2018	4,584,793.00	(425,585.08)	4,159,207.92

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2018

	2018	
	Rs.	Cts
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus or /(Deficit) during the year	(353,195.00)	
Incremental Operating Cost	-	
<u>Adjustment for:</u>		
<u>Depreciation</u>	256,424.60	
Operating profit before working capital change	(96,770.40)	
(Increase)/Decrease in trade & other payable	146,770.47	
(Increase)/Decrease in Receivables	(50,000.00)	
Net cash generated from operating activities	0.07	
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	-	
Net cash (used in) investing activities	-	
CASH FLOW FROM FINANCING ACTIVITIES		
Lease Paid	-	
Net cash used in financing activities	-	
Net increase in Cash and Cash Equivalents during the Year	0.07	
Cash and Cash Equivalents at the Beginning of the Year	-	
Cash and Cash Equivalents at the End of the Year	0.07	

Analysis of Cash and Cash Equivalents at the end of the Year

The Accounting Policies and Notes annexed form an integral part of these
Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

01.GENERAL

- 1.1 Welfare Benefits Board (WBB) was established in July 2016 in terms of Section 3 of Welfare Benefits Act No.24 of 2002, which into operation again on 15th February 2016 under the Extraordinary Gazette Notification No.1952/22 of the Democratic Socialist Republic of Sri Lanka.
- 1.2 The Board comprises Chairman and four members who are appointed in July 2016 for a three –year term by the minister in charge of the subject of finance in consultation with the Constitutional Council as per Section 2 of WBB Act.
- 1.3 Welfare Benefits Board is located at Ist floor New Building in the Ministry of Finance & Mass Media,the Secretariat , Colombo - 01.

1.4 . Objectives of the Welfare Benefits Board

- The main objective to provide framework for the payment of all welfare benefits.
- To set out a transparent process for identification the recipients of benefits
- Provisions for termination of such benefits

The WBB Act also empowers WBB to perform the following main functions for the realization of the aforesaid objects,

- To exercise, perform and discharge powers, duties and functions conferred on or assigned to it by the Act.
- To delegate powers to any of District Secretary, Divisional secretary or Grama Niladari or public Officer any power duty or function vested in the Board.
- Establishment of welfare Benefit schemes.
- Develop the criteria for eligibility
- Specify the financial allocation in terms of a Scheme
- Specify the date of commencement of the Scheme
- Specify the financial or other benefits to be granted
- State the period for which persons are entailed to receive benefits

1.5. Financial Statement

The WBB presents herewith the Financial Statements for the period ended 31st December 2018.

02. Basis of Preparation Financial Statement

The Financial Statements of Welfare Benefit Board comprise of the Statement of Financial position, Statement of Cash Flows, Comprehensive Income Statement, List of non – current Assets of the WBB, Notes to the Financial Statement. These Financial Statement are prepared in accordance with the Sri Lanka Accounting Standards and the financial regulation of the government.

2.1 Financial & Presentation Currency

The financial statements are presented in Sri Lanka Rupees.

2.2 Going Concern

WBB planned policies set out below have applies the going concern assumption which is an appropriate method to the Welfare Benefits.

2.3 The accounting policies set out below have been applied for preparing financial statements and WBB expects to apply it consistently to all three years' periods presented in these financial statements, unless stated otherwise.

- **Statement of Financial Position**

All office equipment is initially recorded at cost. The cost of equipment is the cost of acquisition with VAT incurred at the purchasing.

- **Comprehensive Income Statements**

- (a) Revenue Recognition**

Imprest Received from Government treated as a Revenue

- (b) Expenditure Recognition**

Expenses are recognized in the statement of expenditure as Administrative & General Expenses, Welfare Benefits expenses communication expenditure WBB All expenditure incurred in the running of the WBB have been charged to the statement of expenditure.

(c) Depreciation

No Depreciation has provided for the assets transferred from the ministry of finance & Mass media. Depreciation calculated only the assets that have purchased by the Welfare Benefits Board.

Depreciation on the assets are calculated using straight line basis over their estimated lives as follows.

Furniture & Office Equipment	20%
Machinery	33.33%

(d) Taxation

The PAYE tax is based on the Table 01 if Inland Revenue Act.

6. Auditor General's Report



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

TRE/B/WBB/11/18/15

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

06 June 2019

The Chairman
Welfare Benefit Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Welfare Benefit Board for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Welfare Benefit Board for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2018, 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

As per paragraph 69 of the Sri Lanka Public Sector Accounting Standard - 7 depreciation of an asset should be begun when it is available for use. However the assets given by the Ministry of Finance and accounted for as assets of the Board valued at Rs. 3,773,670 had not been depreciated.

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 intends to liquidate the Boarder 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, 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 Responsibilities 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 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 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 include specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- To state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;



- To state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018;
- To state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018;
- To state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018;

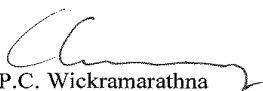
03. Other Audit Observations

(a) Performance

The programmes such as the Social Registry Information System (SRIS), Disaster Recovery plan for SRIS, Welfare benefits scheme and web site for Welfare Benefits Board scheduled to be implemented during the year under review. However, such programme had not been implemented. The Chairman of the Board informed me that due to the unavoidable circumstances and uncertain political situations prevailed in the country the programmes could not be able to implement.

(b) Under Utilization of Funds

Even though a provision amount in to Rs. 4,000,000 had been provided for capital expenditure for the year under review, only sum of Rs. 250,000 or 6 per cent had been utilized out of the total provision.


W.P.C. Wickramarathna

Auditor General

7. Explanation on the matters as per the Audit Report

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The Ministry of Finance & Mass Media,
Colombo 01, Sri Lanka

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Your No. }

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திகதி }
Date }

07.06.2019

Deputy Auditor general,
National Audit Office.

Report of the Auditor General on the Financial Statements and Other legal and Regulatory Requirements of the Welfare Benefit Board for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No.19 of 2018.

This is the further explanation on the above matter as per the audit report you forward me on 04th June 2019. (explanations have done in the same number as in the previous report.)

1.2 Basis for Opinion

(a) Sri Lanka Public Sector Accounting Standard - 7

On temporary basis assets are given by the Ministry. Since the useful life time can't be estimated properly, the assets given by the Ministry were not depreciated.

(b). (i)/(ii) Completed General Ledger and journal entry attached.

2.(a) Performance.

(a) Social Registry Information System - couldn't achieved since the IWMS was not completed and handed over the WBB in time by ICTA.

(b) Disaster Recovery plan for SRIS. - This is a main activity to be performed by Social Safety Net Project during 2018. WBB had to give Assistance SSNP to develop a disaster recovery Plan.

(C) Welfare Benefit Scheme - Welfare Benefit scheme with selection criteria were submitted for approval of the cabinet of ministers in October 2018. but no decision was made at that time due to the political situation that prevailed at the time.

(D) Website for Welfare Benefit Board.-this couldn't be done in December 2018 as planned since the launch planned in December at BMICH and cancel due to the political situation in the country.

(b) Under Utilization of Funds

It was planned to launch the welfare Benefit scheme and the web-site in December, 2018 at BMICH. The estimated cost was Rs.3,159,000.00.It was cancelled at the last minute due to reasons given above. Therefore, the activities were not achieved as planned, the capital expenditure could not be incurred as expected.

S.Ranugge

Chairman/WBB

Chairman/Commissioner: 071-8349100
077-7223878

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