

## **Head 23 – Audit Service Commission**

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### **1. Financial Statements**

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#### **1.1 Opinion**

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The audit of the financial statements of the Audit Service Commission 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. In terms of 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 Audit Service Commission was issued to the Chief Accounting Officer on 28 May 2020. In terms of Section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Commission was issued on 28 August 2020 to the Chief 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, the financial statements prepared in terms of provisions of State Accounts Circular bearing No. 271/2019 of 03 December 2019 give a true and fair view of the financial position of the Audit Service Commission as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

## **1.2 Basis for Opinion**

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards is further described in the Auditor's Responsibility 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**

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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 determines 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, the Commission 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 Commission.

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 Public Service Commission 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 carried out.

## 1.4 Auditor's Responsibility for the Audit of the Financial Statements

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's 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 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

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As required by Section 6 (1) (d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings:

- (a) The financial statements of the year under review are consistent with the preceding year.
- (b) Recommendations made by me on the financial statements related to the preceding year had been implemented.

## 2. Financial Review

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### 2.1 Management of Expenditure

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting officer</b>
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(a) The full amount of Rs.3,150,000 allocated for 03 Objects was saved without utilization.	Action should be taken to use values fairly approximate to the realistic values in the preparation of annual estimates.	An amount of Rs. 500,000 had been allocated for local travelling expenses considering the requirements that might arise. There was no need to incur expenses, non-implementation of the foreign

training plan properly, not possible to incur expenditure using the amount allocated for foreign travelling expenses due to the limitation of foreign study tours in terms of the National Budget Circular No. 3/2019 and (V) of Paragraph (2) of the Budget Circular No. 04/2019 and no need to pay the contribution amount were the reasons for these savings.

- (b) An amount of Action should be Rs.12,035,106 was taken to use values saved without fairly approximate to incurring out of the realistic values in Rs.34,800,000 the preparation of allocated for 06 annual estimates. Objects. The percentage of savings related to each Object was in the range of 29 per cent to 92 per cent.
- Provisions are saved due to reasons such as non-completion of the cadre as planned, non-implementation of the National Audit Act properly, not payment of fuel and telephone allowances due to the filling of vacancies in the Post of Additional Secretary and Post of Senior Assistant Secretary at the final stage of the year.

## 2.2 Advance to Public Officers Account

Audit Observation	Recommendation	Comments of the Chief Accounting officer
When comparing the limits specified by the Appropriation Act with real values, the real debit balance was 33	Realistic values should be used in the determination of maximum and minimum limits and	The debit balance limit applied by the Commission for the year 2019 was Rs. 8,419,766 and the General Treasury has given a debit balance limit amounting to Rs. 11,000,000.

per cent out of the certain revisions Even though applications were maximum debit balance should be made received for obtaining loans up to the limit. according to the maximum debit limit specified by the requirement. Appropriation Act, it was not possible to provide loans to officers as the General Treasury had not provided adequate imprest. Even though efforts were made until the end of the year to obtain the required imprest and to provide loans, the General Treasury had not granted the required imprest.

### 3. Sustainable Development

Audit Observation	Recommendation	Comments of the Chief Accounting officer
<p>Even though sustainable development goals should be identified and the plans for the accomplishment of the goals should be included in the action plan for each year, action had not been taken to identify the sustainable development goals even during the year 2019.</p>	<p>Action should be taken to accomplish the sustainable development goals.</p>	<p>Even though sustainable development goals had not been included in the action plan for the year 2019, several goals and objectives had been accomplished through the action plan. Sustainable development goals have been included in the Action Plan of the year 2020.</p>