

## **Head 157 – Ministry of National Integration, Official Languages, Social Progress and Hindu Religious Affairs**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Ministry of National Integration, Official Languages, Social Progress and Hindu Religious Affairs 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 Summary Report containing my comments and observations on the financial statements of the Ministry of National Integration, Official Languages, Social Progress and Hindu Religious Affairs was issued to the Chief Accounting Officer on 18 June 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry was issued to the Chief Accounting Officer on 12 August 2020 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared in accordance with the provisions of State Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the Ministry of National Integration, Official Languages, Social Progress and Hindu Religious Affairs as at 31 December 2019 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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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 opinion.

#### **1.3 Responsibilities of Chief Accounting Officer on Financial Statements**

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Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer.

As per 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.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Ministry in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

#### **1.4 Auditor's Responsibility on Audit of 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 skepticism throughout the audit. I also furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control of the Ministry, obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluated the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Chief Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

## 1.5 Report on Other Legal Requirements

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I declare the following matters in terms of Section 6 (1) (d) and Section 38 of the National Audit Act No. 19 of 2018 .

- (a) The financial statements are in consistent with those of the preceding year,
- (b) The recommendations made by me regarding the financial statements furnished for the preceding year had been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1. Lack of Evidence for Audit

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#### Audit Observation

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The debit notes related to the ascertaining of the recurrent and capital expenditure incurred in respect of provisions made to District Secretariats and the Divisional Secretariats during the year under review amounted to Rs.98.19 million and Rs.928.68 million respectively were not furnished to audit.

#### Recommendation

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Actions should be taken to obtain debit notes from the offices in relation with the expenditures made from the provisions.

#### Comments of the Chief Accounting Officer

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All the receiving debit notes are filed and although the debit notes have not been received from those offices at certain times, the reconciliation of the expenditure reports sent by them and the monthly account summary are being carried out.

### 1.6.2 Certifications to be made by the Chief Accounting Officer

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#### Audit Observation

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Even though the Chief Accounting Officer should ensure that an

#### Recommendation

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Actions should be taken in terms of Section 38 of

#### Comments of the Chief Accounting Officer

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It is informed that the necessary actions will be

effective internal control system for the financial control exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out in terms and such reviews should be made in writing and submitted a copy to the Auditor General in terms of the provisions of Section 38 of the National Audit Act No.19 of 2018, the statements that such reviews were made had not been furnished to audit.

the National Audit Act No. 19 of 2018 .

taken to prepare a written Review Report from the year 2020 and submit to audit.

### 1.6.3 Non-compliance with Laws, Rules and Regulations

Instances of non - compliances with provisions in Laws, Rules and Regulations observed during the course of audit test checks are analyzed below.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
Reference to Laws, Rules and Regulations		
(a) Financial Regulation 156(7) of Financial Regulation of the Democratic Socialist Republic of Sri Lanka	Out of an advance of Rs. 1,808,043 issued to 50 officers the savings of Rs.1,093,070 ranging from 50 per cent to 100 per cent had been reimbursed in cash.	Arrangements should be made in terms of Financial Regulations. It is informed that although the estimation was carried out systematically, the money has been saved because of the arrangements were made by managing the expenditure.

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| (b) Paragraph (ii) (b) of the Cabinet Memorandum No. MF/122/C/2019/319 dated on 22 August 2019 | Although a complete Guideline should be prepared to issue an Certificate of Absence in cancellation of death certificates issued for missing persons, such a Guideline had not been prepared. | Arrangements should be made in accordance with the Memorandum of Cabinet of Ministers. | The document consisting of information on the preparation of a complete Guidelines has been prepared for the issuance of an Certificate of Absence. |
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## 2. Financial Review

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### 2.1 Imprest Management

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#### Audit Observation

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A difference of Rs.2232.67 million was observed in between the imprest that should be applied as planned and the imprest applied and a difference of Rs.899.20 million was observed in between the imprest applied and the imprest received.

#### Recommendation

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The imprests should be asked for as planned.

#### Comments of the Chief Accounting Officer

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The full amount requested from the Treasury is not provided and the amount given is incurred only for essential activities while managing expenses.

### 2.2 Expenditure Management

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The following observations are made.

#### Audit Observation

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- (a) A provision of Rs.1,388.52 million had been obtained from supplementary estimates as well for the

#### Recommendation

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The annual estimates on expenditure objects should be prepared in a way of

#### Comments of the Chief Accounting Officer

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Provisions for expenditure objects has been saved as per the the Circular 5/2019 of the Department of National Budget and as a

annual provision of Rs.2,574 million for 02 capital expenditure objects. Nevertheless, even after the curtailment as per the Circular 5/2019 of the Department of National Budget, 60 per cent or a sum of Rs.841.52 million equal to that and 77 per cent or a sum of Rs.1204.24 million equal to that respectively out of the net provision had been saved without utilization.

fulfilling the provisions in Financial Regulation 50.

result of not conducting language and coexistence programmes due to the Easter attack.

(b) The total net provision amounted to Rs.122 million made available for 7 capital expenditure objects had been saved without utilization.

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This saving has been made according to the Department of National Budget Circular 5/2019 for the expenditure object 2002 .

(c) Out of the net provision made available for 30 recurrent expenditure objects totaled to Rs.1,060.64 million, as the utilization of a total of Rs. 395.36 million only, a sum of Rs. 665.28 million had been saved. That savings had ranged from 15 per cent to 98 per cent from the net provision made available.

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The provisions in expenditure objects have been saved due to the abolition of the Office of the Deputy Minister, failure to conduct planned programmes because of the Easter Attack occurred in the year 2019, limitations in Foreign Travels and not making salary conversions for National Integration Coordinating Officers.

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| <p>(d) Due to only a total of Rs.262.99 million was utilized out of the net provision totaled to Rs.727 million made available for 12 capital expenditure objects a sum of Rs.464 million had been saved. This saving had ranged from 40 per cent to 99.67 per cent out of the total net provision made available.</p> | <p>-do-</p> | <p>Provisions have been saved in capital expenditure objects as per the Easter Attack, Expenditure Management and the Circular No.5/2019 of Department of National Budget.</p> |
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### 2.3 Commitments and Liabilities Entered Into

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
<p>(a) The value of liabilities stated under the CIGAS programme as at 31 December 2019 was Rs.810.58 million and thus the value stated in the financial statements was Rs. 788.54 million, the difference had been Rs. 22.03 million. Because this was a liability of the year 2018, arrangements had not been made to settle that liability during the year under review.</p>	<p>Arrangements should be made in respect of commitments and liabilities in accordance with the provisions of the State Accounts Circular.</p>	<p>Only the commitments and liabilities issued in relation with the year 2019 have been stated in the financial statement removing the values of the year 2018 .</p>

(b) The value of liabilities payable of the National Institute of Language Education and Training Office of Missing Persons and Official Languages Commission had been understated by a sum of Rs.2.15 million in the financial statements 2019 .

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Only the details of commitments and liabilities provided in written form by those institutions in the preparation of financial statements have been included in the financial statements.

## 2.4 Settlement of Loan Advances of Public Officers

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### **Audit Observation**

### **Recommendation**

### **Comments of the Chief Accounting Officer**

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Actions had not been taken even in the year under review to recover a total of Rs.235,320 recoverable from 03 interdicted officers for more than 05 years and the loan balance of Rs.229,415 recoverable from an officer for more than 01 year .

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Steps should be taken to settle the loan balances

Cases have been filed in the District Courts to recover the loans of two employees.



### 3. Operating Review

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#### 3.1 Failure to Obtain the Desired Output Level

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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<p>(a) A sum of Rs.2.88 million and a sum of Rs.5.29 million had been incurred for the public well and plumbing system respectively in order to provide water to the residents of Malmaduwawa village by the Office for National Unity and Reconciliation in the years 2017, 2018 and 2019 . Even though a sum of Rs.446,576 had been incurred in the year 2019 as well for deepening the well to increase the water level of the public well from which the water is obtained, the activity of supplying of piped water line had not been accomplished as expected.</p>	<p>The institution should act to accomplish the desired objectives.</p>	<p>Although a sum of Rs.446,576 out of Rs. one million has been spent, the task could not be accomplished.</p>
<p>(b) A sum of Rs.300 million had been granted from the Indian Government for the construction of 3000 rain water tanks in Jaffna District within 3 years. Nevertheless, only 489 tanks had been</p>	<p>Actions should be taken to accomplish the desired progress.</p>	<p>Agree with the observation.</p>

constructed, equivalent to 16 per cent of the desired output level by 31 December 2019 due to the contractors had abandoned the ongoing works. Further, a sum of Rs.51.95 million had been spent for that and it could not be able to obtain the desired progress.

### 3.2 Other Observations

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
<p>-----</p> <p>Out of the provision made under the employee training expenditure object amounting to 27 million , a sum of Rs.7 million had been incurred for Basa wadamu-Hada Dinamu Radio programme of Department of Official Languages which was not relevant to this object , Competitive Examination for Recruitment of National Integration Coordinators and producing of the Spoken Tamil Book into videos with conversations.</p>	<p>-----</p> <p>Provisions should be made for the relevant activities.</p>	<p>-----</p> <p>Since the programmes started under the additional provisions in the year 2018 were implemented in the year 2019 as well, these provisions have been made.</p>

### 3.3 Uneconomic Transactions

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#### Audit Observation

A sum of Rs.4.7 million had been spent for prize giving for the evaluation of 3185 students who had passed the second language in G.C.E (O/L) in the year under review and a sum of Rs.17.8 million had been spent for the ceremony held in parallel to that.

#### Recommendation

Arrangements should be made in thrifty and efficiently in terms of Financial Regulations

#### Comments of the Chief Accounting Officer

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All the expenses have been incurred in thrifty and efficiently in accordance with Financial Regulations and Procurement Guidelines.

### 3.4 Management Inefficiencies

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The following observations are made.

#### Audit Observation

- (a) Even though the Ministry had prepared a Medieval Language Plan to implement the Official Language Concept for the period of 2015-2017, it had not been put into action.

#### Recommendation

The Plans should be prepared and put them into action to implement the concept of official language.

#### Comments of the Chief Accounting Officer

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Update the Language Plan with regard to the 2020-2022 period and it is to be implemented with the assistance of the Canadian Project which is being implemented under the Ministry.

- (b) Even though a sum of Rs. 1.2 million had been spent to translate only 36 forms into Sinhala and Tamil which are directly used by the public, these

The information entered into the website should be able to download as required.

The 36 Formats mentioned here have been translated into trilingual and the page layout has also been completed and has been entered into the website as well by now.

translated forms could not be able to download from the website.

#### **4. Human Resources Management**

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##### **Audit Observation**

##### **Recommendation**

##### **Comments of the Chief Accounting Officer**

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There had been 211 vacancies as at 31 December 2019 .

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Recruitments for essential posts should be expedited.

The Secretary to the Ministry of Public Administration has been informed with regard to the vacancies in the posts of Staff Officers as well as vacancies in other posts and actions have been taken to fill the existing vacancies in those posts.