

## Head 233 – Department of Government Analyst

---

### 1. Financial Statements

---

#### 1.1 Qualified Opinion

---

The audit of the financial statements of the Department of Government Analyst 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 Department of Government Analyst was issued to the Accounting Officer on 02 July 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 18 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 financial position of the Department 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

---

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 and the Accounting Officer on Financial Statements**

---

The Chief Accounting Officer and the Accounting Officer are responsible for 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 .

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Department 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 Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Department 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**

---

My objective is to express a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the Summary Report of the Auditor General 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 Department’s internal control , 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 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

-----

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

- (a) The financial statements are in consistent with the previous year
- (b) The recommendations made by me regarding the financial statements related to the preceding year had been implemented.

### 1.6 Comments on Financial Statements

-----

#### 1.6.1 Statement of Financial Performance

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
-----	-----	-----
Even though a sum of Rs.57,831,661 had been stated as purchases of furniture and office equipment and plant and	The total cost incurred during the year under review for purchase of office equipment and plant and machinery	The value of the assets stated in the statement of non-financial assets is accurate. Because of an error in uploading

machinery during the year under review, under the acquisition of capital assets, there was a difference of Rs.2,600,525 since the purchases of those assets in the year under review had been stated as Rs.55,231,136 in the statement of non-financial assets (Form ACA-6) .

should be correctly added to the relevant assets balance.

individual information about purchasing of assets to the computer system, details of assets purchased in December shows less value when shown in the Treasury Format.

## 1.6.2 Statement of Financial Position

-----  
The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
-----	-----	-----
<p>(a) The balance of furniture as at 31 December 2019 had been stated in the statement of non-financial assets as Rs. 180,536,027 and since that value had been stated as Rs.179,204,431 in the Treasury Format (Format SA 82) for non-financial assets, there was a difference of Rs.1,331,596 .</p>	<p>The differences between the balances in the Treasury Formats and the balances in the financial statements should be identified and the necessary corrections should be made.</p>	<p>The value stated in the statement of non-financial assets is accurate. Because of an error in uploading individual information about purchasing of assets to the computer system, details of assets purchased in December show less value when shown in the Treasury Format.</p>
<p>(b) Although the individual asset balance value should be reconciled with the main ledger balance related to non-</p>	<p>Arrangements should be made in terms of the Circular.</p>	<p>Due to an error in the automatic numbering of fixed assets in Treasury computers, as the same asset number</p>

financial assets in terms of Paragraph 3.3 of State Accounts Circular No. 271/2019 dated 03 December 2019 , there was a difference of Rs.1,111,061,554 in 06 asset balances.

was stated on several asset items, those items in the Treasury computer programme could not be removed. Therefore, this change has happened.

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

Observation		Recommendation	Comments of the Accounting Officer
Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(i) Financial Regulation 104 (I) (a)	The total compensation amount related to 18 vehicle accidents during the year under review was Rs. 1,808,594 and actions had not been taken in respect of those accidents in terms of Financial Regulations.	Arrangements should be made in terms of Financial Regulations to be aware of its responsible parties, loss and cause of the accident immediately after the accident occurred.	Out of 18 vehicle accidents that occurred in the year 2019, investigations have been conducted for 07 accidents so far. Investigations are being carried out regarding the remained 11 accidents.

## 2. Financial Review

-----

### 2.1 Expenditure Management

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Despite the instructions had been given to maintain proper expenditure control systems regarding electricity, water, telephone services, fuel purchases and other contract services by Ministry of Finance Circulars No. 03/2019 dated 08 April 2019 and 04/2019 dated 17 June 2019, exceeding annual provisions as well for fuel and electricity, a sum of Rs.19,929 and Rs.1,589,929 had been incurred respectively.	Maintaining a system for expenditure control in accordance with the circulars should be carried out by every accounting officer.	Fuel expenses could be able to control to this extent by deploying only for essential travels such as appearing in cases pending in courts island wide and compulsory inspection on crime spots. Further, this Department consists of 10 laboratories and laboratories with refrigerators and equipment functioning laboratories at night as well out of that had to be activated for 24 hours at the prescribed temperature. These expenses could be kept within this range by deactivating other equipment and non-essential equipment.

## 2.2 Commitments and Liabilities Entered Into

---

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>It had been entered into liabilities amounting to Rs.848,488 with regard to one expenditure object exceeding the provision limit made available for the financial year in contrary to Financial Regulation 94(1) .</p>	<p>It should not enter into any expense or commitment in contrary to Financial Regulation 94(1) .</p>	<p>These liabilities have been entered into considering the requirements.</p>

## 2.3 Unreconciled Advance Balances

---

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>The difference of Rs. 20,659 remained in between debt balance receivable as per Treasury Books as at 31 December 2018 for Advance Account furnished in ACA 5 Format in Financial Statements and the that balance in Departmental Books had not been corrected even by 31 December 2019 .</p>	<p>Necessary corrections should be made looking into differences in Advance 'B' account .</p>	<p>Even though the Director General of Public Finance has been informed to get the approval to write off this difference from the books on 07 May 2018 through the Secretary to the Ministry of Justice, write offs from the books have not been made .</p>

### 3. Operating Review

-----

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

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>-----</p> <p>Out of the records called for the purpose of obtaining expert records for cases from various sections of the Department, 11,687 could not be delivered by 31 December 2018 and 43,229 reports had been called by the Courts during the year under review. However, 40,745 records had been submitted to the Courts during the year under review and 14,171 records could not be provided. Accordingly, the number of records that could not be provided had been increased by 18 per cent whilst compared with the preceding year.</p>	<p>-----</p> <p>A methodology should be identified and implemented to increase the number of records release as compared to the trend of increasing annual cases and providing case records.</p>	<p>-----</p> <p>Actions will be taken to minimize the delay in issuing records through obtaining approval for 31 new Assistant Analyst posts and taking actions to recruit to those posts and by working on weekend holidays.</p>

#### 3.2 Losses and Damages

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>-----</p> <p>It had been reported in Note No. (i) of the Annual Financial Statements for the year 2018 that there was a recoverable loss of Rs. 2,229,111 which had</p>	<p>-----</p> <p>Recoveries or write offs from the loss balances relevant to previous years and the carrying forward balances should be</p>	<p>-----</p> <p>It is informed that the necessary steps will be taken to check the documents and remove from the books. The loss occurred by the</p>



occurred to the properties in the year 2003 and a loss of Rs. 466,462 due to vehicle accidents of the year 2018. However, details of the above losses had not been included in the financial statements for the year under review and the details of recovery of those losses or actions taken for the removal from books could not be ascertained from the Register of Losses and Damages maintained by the Department.

included in annual financial statements.

vehicle accident has been covered by The insurance company by now.

#### 4. Human Resources Management

-----

##### **Audit Observation**

-----

There were 55 vacancies at Senior and Tertiary level as at 31 December 2019, in the approved cadre to perform the role of the Department and it was 40 per cent of the approved cadre. It is observed in audit that the failure to fill those vacancies has directly affected the performance of the Department. However, actions were being taken to issue a gazette notification for new recruitments relating to those posts.

##### **Recommendation**

-----

Recruitment of Staff relevant to the senior level posts which are essential for the effective performance of the objectives and main functions of the organization should be considered as a precedence duty.

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

-----

Actions are being taken to fill those vacancies.