

## **Head 236 – Department of Official Languages**

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### **1. Financial Statements**

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#### **1.1 Audit Opinion**

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The audit of the financial statements of the Department of Official Languages 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 Official Languages was issued to the 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 Accounting Officer on 20 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, 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 Department of Official Languages as at 31 December 2019 and its financial performance and Statement of 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 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 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 and Accounting Officer.

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 Chief Accounting Officer and 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**

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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 Department, 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

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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 Non-maintenance of Registers and Books

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The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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#### (a) Security Register

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A Security Register containing information of officers for whom it is required to give security and including the information of the employees had not been maintained as per Financial Regulation 891(1).	A Security Register has to be maintain including the information for whom it is required to give security mentioned in the Financial Regulation 891(1).	Instructions had been given to relevant officers to maintain in future.
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#### (b) Electrical equipment Register

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A Register containing information about electrical equipment of the Institution had not been prepared in accordance with Financial Regulation 454 (2).	A Register containing information about the electrical equipment of the institution should be maintained in terms of Financial Regulation 454 (2).	Instructions had been given to relevant officers to maintain in future.
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(c) **Leave Register**

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No action had been taken to update the leave register in terms of section 1.7 of Chapter XII of the Establishment Code.

Leave register should be updated in terms of Section 1.7 of Chapter XII of the Establishment Code.

Leave Register of 2019 has been completed about 80 percent and instructions had been given to relevant officers to update the remaining deficiencies.

**1.6.2 Certification has to be done by the Accounting Officer**

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Although the certification on the following matter has to be done by the Accounting Officer as per the provision in the Section 38 of the National Audit Act No.19 of 2018 but action had not been taken accordingly.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Even though the Chief Accounting Officer and Accounting Officer should ensure that an effective internal control system for the financial control exists in the Department of Official Languages 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 and such reviews should be made in written and submitted a copy to the Auditor General, such reviews had not been done.	----- Actions should be taken in terms of Section 38 of the National Audit Act No. 19 of 2018.	----- I have noted to submit the relevant reviews from 2020 to the Auditor General.

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

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Reference to Laws, Rules and Regulations	Observation		Recommendation	Comments of the Accounting Officer
	Value Rs.	Non-compliance		
(a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka Financial Regulations 115	3,601,922	Payments due for printing in previous years had not been made in accordance with Financial regulations when making payments in 2019.	Action should be taken in accordance with Financial regulations.	A sum of Rs. 3,587,242 payments have not been made in accordance with Financial Regulation 115 in the year 2019 and the invoice of Rs. 14,680 for the year 2018 has not been paid so far.

## 2. Financial Review

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### 2.1 Imprest Management

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Audit Observation	Recommendation	Comments of the Accounting Officer
A difference of Rs. 119 million was observed in between the imprest that should be applied as planned and imprest applied by the department during the year under review and it was an increase of 85 percent of the imprest of should be applied as planned. Also a difference of Rs. 134 million was observed in between the imprest applied and the imprest received and it was a decrease of 52 percent of the imprest applied.	The imprest should be planned and the imprest should be applied as planned properly.	I state that there was no amount of cash has been requested beyond the approved limit and the received amount from the Treasury is less than the requested amount.

## 2.2 Entering in to Liabilities and Commitments

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) Although the statement of liabilities and commitments under Note No. (iii) in terms of paragraph 3.4 of state Accounts Circular No. 271/2019 dated 03 December 2019 should be compared with the liabilities issued by the Treasury, a sum of Rs. 6,694,255 liabilities stated in the Financial Statements of the Department could not be compared with the statement of liabilities issued by the Treasury.	The statement of liabilities and commitments should be compared with the liabilities issued by the Treasury in accordance with the circular.	The statement of liabilities issued by the Treasury appeared to be inaccurate and a sum of Rs. 6,694,255 liabilities have been included in the financial statements according to the registers of department due to non-providing the information for comparison according to Expenditure heads.
(b) The value of liabilities had been overstated by Rs. 2,319,656 due to stating Rs. 3,761,139 liabilities instead of Rs.1,441,483 liabilities for the year then ended of expenditure object 2001 for building and constructions.	The value of the liabilities should be accounted correctly.	I will ensure that such omissions do not occur in the future and instructions had been given to the relevant officers in that regard.

**3. Operational Review**  
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**3.1 Failure to obtain the expected benefits**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Although a sum of Rs. 7,240,000 was spent for preparation of two Sinhala-Tamil and Tamil-Sinhala translation software in the years 2016 and 2017, no Sinhala-Tamil translation was done using that software even during the year under review.	Designed Software for translation purposes should be used in maximum.	The work of this translation software is not completed hundred percent currently. The accuracy of the software depends on the amount of data entered. The software does not provide 100 percent accurate translation compared to the amount of data currently entered. Therefore it needs to be checked and edited again by a translator. The translators in this department are using this software at that level currently.

**3.2 Procurement**  
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The following observations are made.

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
(a) A sum of Rs. 1.56 million had been spent for Basa Wadamu – Hada Dinamu Speaking Language Program. It had not been done according to the guidelines 3.2 of the procurement guideline of 2006 in selecting an advertising company.	Competitive bids should be made in accordance with the Procurement Guidelines.	We did not have the opportunity to select the lowest bidder due to there were not a few institutions that coordinating this program with the Broadcasting Corporation.

- (b) Although a sum of Rs. 665,000 had been spent on printing posters of the awareness programme to the candidates of second language exam for the above program, it had not been done as per the guidelines 6.3.6. All members of bid opening committee should be signed in accordance with the Procurement Guidelines. Instructions had been given to the relevant officers to ensure that such omissions do not occur in future.

#### 4. Good Governance

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##### 4.1 Internal Audit

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Audit Observation	Recommendation	Comments of the Accounting Officer
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An internal audit unit had not been established by the Department in terms of Financial Regulation 133 and 1 paragraph of the Management Audit Circular No.DMA/2009(1) dated 09 June 2009.	Action should be taken in terms of the circular.	Although the post of Chief Internal Auditor has been approved, no officer has been appointed so far. I state that action will be taken to establish an Internal Audit Unit as soon as an officer is appointed to that post.

#### 5. Human Resources Management

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The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The number of vacancies was 45 as at 31 December 2019.	Action should be taken to fill the vacancies for essential posts.	I state that arrangements and requests have been made to recruit officers for the vacancies that have arisen in the Department under the Departmental Recruitment and for other vacancies under the relevant services.

- (b) A human Resource Development plan had not been prepared for the year 2019 including at least 12 hours of training opportunities for each member of the staff as per paragraph 6.1 of public Administration circular No: 2018/02 dated 24 January 2018.
- A human resource development plan should be prepared.
- The officers were directed for training according to the notification given to the department by training institutions and obtaining training requirements from the officers of the department.