

Head - 5 Office of the Cabinet of Ministers

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Office of the Cabinet of Ministers for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 Office of the Cabinet of Ministers was issued to the Chief Accounting Officer on 30 June 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Office of the Cabinet of Ministers was issued to the Accounting Officer on 27 July 2021 in terms of Section 11 (2) of the Audit Act. This report will be 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 give a true and fair view of the financial position of the Office of the Cabinet of Ministers as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. 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 the Chief Accounting Officer for the Financial Statements

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 Office of the Cabinet of Ministers is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable the preparation of annual and periodic financial statements.

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 Office of the Cabinet of Ministers 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 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 summary 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:

- 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 Office's internal control.
- Evaluate the 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.
- 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

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

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements on the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of Financial Statements with Circular Provisions

The financial statements should be prepared in terms of Guideline 06 issued by the Department of State Accounts. However, instances of non-compliance with those provisions appear below.

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Contrary to the guidelines, advances receipts and payments Rs. 185,600 in the financial performance statement were stated less than the figures in the treasury books.	I agree with the audit. The difference occurred in the audit is due to the debit and credit notes made incorrectly to this head from the accounts summery on last December 2020 of the Head No. 240 and also the correctional notes were not taken into account in the preparation of the financial statements.	Financial statements should be prepared according to the Guidelines.

1.6.2 Financial Performance Statement

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
According to the Expenditure Ledger, the personal salary and operating expenses were Rs.113,239,219, but it was Rs.116,640,236 according to the Treasury records and stood a difference of Rs.3,401,017.	I agree with the audit. According to the final Treasury printouts the exact value of personal salaries were Rs.116,640,236 and the difference occurred as this value had not been included in the expenditure ledgers of the Office.	Information should be entered accurately in financial statements.

2. Financial Review

2.1 Deposit Balances

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Action had not been taken to settle tender deposits of Rs. 70,150 exceeding 02 years as per Financial Regulation 571.	I agree with the audit. The relevant institution had been informed several times to submit the cash deposit receipt and withdraw this deposit. No action had been taken to credit in the government revenue as the institution had instructed to postpone the withdrawal of the deposit due to non-performance of corporate activities prevailing the Covid epidemic situation in the country.	Action should be taken as per Financial Regulations.

3. Operating Review

3.1 Action Plan

3.1.1 Preparation of Action Plan

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
As per Paragraph 03 of the Public Finance Circular No.02/2020, dated 28 August 2020, an action plan for the year under review had not been prepared.	I agree with the audit. Since a permanent budget for the year 2020 was presented only at the end of that year and allocations were made from time to time through the vote on account, it was not possible to prepare and submit an action plan.	Action plan should be prepared as per Circulars.

3.2 Procurement Plan

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

As per Paragraph 04 of the Public Finance Circular No.02/2020 dated 28 August 2020, a Procurement Plan for the year under review had not been prepared.

I agree with the audit. It was problematic to prepare a formal procurement plan as a permanent budget for the year 2020 was presented at the end of that year and the allocations were made from time to time through vote on account.

Procurement Plan should be prepared as per Circulars.

3.3 Assets Management

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

As per Public Finance Circular No 05/2016 dated 31 March 2016, Board of Survey reports had not been submitted to the Auditor General

I agree with the audit. The Goods Survey Boards had been appointed on 13 December 2019 to conduct the goods survey for the year 2020. The relevant final report could not be prepared on the expected dates.

The Annual Board of Survey should be completed and a copy of the report should be submitted to audit.

4. Human Resources Management

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

As of the date 31 December 2020, the approved cadre of the Office was 118 and actual cadre was 83, so there were 35 vacancies existed and inclusive of 11 senior level vacancies in it. Also, there were 30 per cent vacancies in the total staff.

I agree with the audit.

Action should be taken to fill the vacancies for essential posts.