

Head 333 – Comptroller General’s Office

1 Financial Statements

1.1 Opinion

The audit of the financial statements of the Comptroller General’s Office 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 statements 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 including my comments and observations on the financial statements of the Comptroller General’s Office was issued to the Accounting Officer on 11 June 2021 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report relating to the Office was issued to the Accounting Officer on 12 May 2021 in terms of Section 11 (2) of the Audit Act. This report will be presented in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the financial statements of the Comptroller General’s Office give a true and fair view of the financial position of the Office as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). 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 Responsibility of the Chief Accounting Officer and Accounting Officer for the Financial Statements

The 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 provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management 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 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 Office.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Office 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.

1.4 Auditor's Responsibility for the Audit of 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 the audit 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:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 Accounting Officer regarding, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

1.5 Report on Other Legal and Regulatory Requirements

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

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

2. Financial Review

2.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Observation	Comments of the Accounting Officer	Recommendation
Guideline 06 issued by the Department of State Accounts in compliance with paragraph 10:1 of the Public Finance Circular No.02/2020	Even though expenditure on personal emoluments should be indicated as Rs.29,708,387 and expenditure incurred for other Expenditure Heads, as Rs. 167,344 under the expenditure of the cash flow statement, a sum of Rs.29,875,732 had been indicated as expenditure on personal emoluments without taking action accordingly.	It had been informed that a sum of Rs.167,344 had been paid as election allowances of officers of this office, and payments had been made through imprests relating to this office and as there was a cash outflow of Rs.167,344, it has been included in the cash flow statement, thus resulting in the said difference.	Payments should be indicated separately in terms of the relevant Guideline.

2.2 Issuance and Settlement of Advances

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Even though the recovery of advances during the year had been Rs.2,164,817, that value had been indicated as Rs.1,311,927 in the cash flow statement, thus understating the cash inflow by Rs.852,890.	The value of recovery of advances during the year had been Rs.2,164,817, and out the said value, a sum of Rs.1,311,927 had been recovered in cash and a sum of Rs.852,890 has been recovered through cross entries and as there was no cash inflow, it had been informed that the said value has not been included in the cash flow statement.	According to the Guideline, the cash flow statement should be prepared based on gross values.

(b)	Even though the payment of advances during the year had been Rs.1,957,777, that value had been indicated as Rs.1,499,501 in the cash flow statement, thus understating the cash outflow by Rs.458,276.	The value of payment of advances during the year had been Rs.1,957,777, and out of the said value, a sum of Rs.1,499,501 had been paid in cash and a sum of Rs.458,276 has been debited to the Advance Account through cross entries as advance loans to officers of this office and as there was no cash outflow, it had been informed that the said value has not been included in the cash flow statement.	-do-
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3. Operating Review

3.1 Non-achievement of Expected Level of Output

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
The output of developing a new software to create a centralized database for reporting all non-financial assets belonging to the Government, had ranged between 50 per cent and 74 per cent.	The relevant software should be developed under the ITMIS Project and several discussions were held by making many requests to expedite the said activity and expedition of the said activity is beyond the control of this Office.	It is necessary to achieve the expected targets set out in the Action Plan, to the maximum.

4. Human Resource Management

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
Out of the total approved cadre, 07 representing 19 vacancies existed by 31 December 2020 and of those vacancies, 03 were in the posts of senior level.	Out of 03 vacancies in the senior level, duties of one post of the Assistant Director is covered on acting basis and inadequate office space has attributed to failure in filling vacancies of officers in secondary and tertiary levels. Moreover, action has been taken to suppress 03 vacancies of posts in the primary level which were identified as manageable and pointed out by audit queries previously.	In case the vacancies existing in the staff in this manner, will adversely affect the performance of the Department, it is necessary to take action either to fill those vacancies or to revise the approved cadre.