

1.1 Disclaimer Opinion

The audit of the financial statements of the Office on Missing Persons for the six months ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance for the six months then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and the Finance Act No. 38 of 1971 . My comments and observations which I consider should be report to Parliament appear in this report.

I do not express an opinion on the financial statements of the Office. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Disclaimer Opinion

My opinion is disclaimed based on the matters described in Paragraph 1.5 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 have not been able to obtain sufficient appropriate audit evidence to provide a basis for disclaimer of the opinion .

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Office’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office’s financial reporting process.

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.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My responsibility is to conduct an audit of the Office's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section, I was not able to obtain sufficient appropriate to provide a basis for an audit opinion on these financial statements.

1.5 Financial Statements

1.5.1 Internal Control over the Preparation of Financial Statements.

Fund is required to "devise and maintain" a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with management's general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with management's general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The audit observations with regard to maintenance of key accounting records such as General Ledger, Journal and Journal vouchers, payment vouchers etc. may include under these headings.

1.5.2 Accounting Deficiencies

The following observations are made.

Audit Observations	Comments of the Management	Recommendation
-----	-----	-----
(a) Although a complete set of financial statements should be provided consisting of all components with the objective of providing useful information in order to decision making in the public sector in terms of Paragraph 21 of the Public Sector Accounting Standard No.01, the statement of changes in net assets / equity and the cash flow statement for the year under review had not been presented.	Officers were advised to prepare the cash flow statements with the financial statements from the year 2019 .	Actions should be taken to prepare financial statements so that all the information provided in the Accounting Standards is submitted.

- (b) A total of Rs. 34,339,366 had been incurred as the recurrent expenditure amounting Rs. 24,727,255 and the capital expenditure amounting Rs. 9,612,111 by the State Ministry of National Integrated and Reconciliation during the year 2018 in order to Office of the Missing Persons. However, although that expenditure had been shown in the financial statements of the Office of the Missing Persons as Rs. 30,450,000, the required explanations for the difference of Rs. 3,889,366 were not submitted to the audit.
- The Office of Missing Persons has commenced the accounting activities from 01/07/2018 and only a sum of Rs. 30,450,000 incurred by this Institution has been entered in the financial statements of this Office. However, this office does not have any description with regard to the recurrent expenditure amounting Rs. 24,727,255 and the capital expenditure amounting Rs. 9,612,111 which was said that this Office had done by the Ministries before 01.07.2018 and since these expenses were not incurred by this Office, those are not included in the financial statements of the Office of Missing Persons.
- Actions should be taken to include all recurrent and capital grants in the Financial Statements which are provided to the Office through the Ministry from the Treasury.
- (c) A sum of Rs. 228,647 payable with regard to the year under review had not been stated in the financial statements. Similarly, a sum of Rs. 150,750 incurred for the staff training during the year under review had been stated as deferred expenses under fixed assets of the statement of financial position in the financial statements .
- It has been taken in to notes that the relevant expenditure to be taken in to accounts correctly as recurrent expenditure of the year in future years and to write off these expenses in the year 2019 .
- Arrangements should be made to take the expenses properly into accounts.
- (d) The value of 05 laptops which were handed over by the United Nations Organization valued at Rs. 990,000 had not been stated in the financial statements.
- It was noted that the relevant assets to be taken into accounts in the year 2019.
- Actions should be taken to accurately account for the assets and to include those assets in the Register of Assets.

- (e) A number of 127 office equipment, 07 UPS, 07 printing machines, 01 photocopying machine and 01 fax machine had been provided by the Ministry to this Office during the year under review. However, the actions had not been taken to obtain the value of those assets from the Ministry and account for.
- The necessary arrangements -do- have been made to obtain relevant information from the Ministry and to account for it.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following observations are made.

References to Laws, Rules, Regulations, etc.	Non-compliance	Comments of the Management	Recommendation
(a) Paragraph 6.5.1 of the Public Enterprises Circular No. 12/2003 dated 02 June 2003	Although the Public Financial statements for the year 2018 should be submitted within 60 days of the end of the accounting year, it had been submitted on 04 September 2019.	Six months have passed since the commencement of the accounting activities of our Institution as at 31.12.2018 . The situation has occurred due to a lack of trained staff and such delays can be avoided in future as permanent staff is being recruited by now .	Actions should be taken in terms of Circulars.
(b) Section 3.1.6 of the Public Finance Circular No. 05/2016 dated 31March 2016	Although the Board of Survey reports for the year 2018 should be forwarded to the Auditor General with a	This situation has arisen due to shortage of officers with knowledge and experience to be appointed to the Board of Survey.	-do-

copy to the Chief Accounting Officer before 17 March 2019 , the Board of Survey reports had not been submitted even by 31 May 2019 . Such a situation can be prevented in future as permanent staff is being recruited. The fixed asset survey for the year 2018 has been completed by now.

2. Financial Review

Financial Results

A deficit of Rs. 2,076,345 was observed in operating results for the six months of the year under review .

3. Operating Review

Human Resource Management

Audit Observations	Comments of the Management	Recommendation
<p>Although the number of approved cadre as at 31 December 2018 was 28, the actual cadre of 22 were recruited on contract basis and the number of vacancies were 06 .</p>	<p>Even though it was delayed to get the approval for the Scheme of Recruitment from the Department of Management Services, as the office activities had to be commenced soon, the recruitments were done on contract basis with the approval of the Department of Management Services.</p>	<p>Arrangements should be made to recruit permanent staff.</p>