

Head 21- Auditor General's Department

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Auditor General's Department for the year ended 31 July 2018 comprising the statement of financial position for the period of 07 months as at the end of 31 July 2018 and the statement of financial performance and cash flow statement for the period from 01 July 2018 to 31 July 2018, 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. A Summary Report including my comments and observations on the financial statements was issued to the Chief Accounting Officer on 09 August 2019. This report is furnished to Parliament in terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Auditor General's Department as at 31 July 2018 and of its financial performance and its cash flows for a period of 07 months from the year ended 31 July 2018 in accordance with Generally Accepted Accounting Principles.

1.2 Basis for 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 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 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 a part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism 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 Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 achieve 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.

1.4 Comments on Financial Statements

1.4.1 Non- compliance of Financial Statements with the provisions of the Circulars

Even though the financial statements should be prepared in terms of the Public Accounts Circular No.267/2018 of 21 November 2018, an instance where it had been deviated from that requirement appear below.

Audit Issue	Recommendation	Comment of the Chief Accounting Officer
The value of property, plant and equipment amounting to Rs.126,209,724 stated in the statement of financial position had not been reconciled with Treasury Accounts Books.	Reconciliations should be made between the property, plant and equipment stated in the statement of financial position with the values in the Treasury Accounts Books.	Reconciliations had been made by 31 August 2019.

2. Financial Review

2.1 Advances to Public Officers' Account B

The following observations are made.

Audit Issue	Recommendation	Comment of the Chief Accounting Officer
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Action had not been taken to settle the loan balances valued at Rs.1,016,009 that remains outstanding relating to 17 Officers, which remains from over 01 year, by 31 July 2018.	The relevant loan balances should be settled expeditiously.	Requests had been made to the Director General of Public Finance for the writing-off of the loan balances amounting to Rs.127,327 belonging to 05 Officers, out of those loan balances. All loan balances of the retired Officers had been settled and action is being taken to recover the remaining loan balances.

3. Operational Review

3.1 Procurements

The following observations are made.

Audit Issue	Recommendation	Comment of the Chief Accounting Officer
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Information relating to the following 03 years had not been included in the Procurement Plan prepared by the Department.	Action should be taken in terms of Section 4.2.1(b) of the Government Procurement Guidelines.	Action is being taken to include information for the following 03 years in the Procurement Plan prepared for the forthcoming years.