

Head 236 – Department of Official Languages

The audit of the financial statements of the Department of Official Languages for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 to be 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 Department of Official Languages was issued to the Accounting Officer on 31 May 2019 in terms of Section 11(1) of the National Audit Act No.19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 13 June 2019 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of Provisions in Article 154(6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act No.19 of 2018.

In my opinion, the financial statements give a true and fair view of the financial position of the Department of Official Language as at 31 December 2018, 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 Unqualified 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 qualified opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer in relating to 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 the provisions in Section 38 of the National Audit Act No.19 of 2018 and for the determination of the internal control that 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 Department 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 Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department 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 Responsibilities 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 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 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 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.
- It had been included that structure and contained of the financial statements are based transactions and events appropriate and fairly included when presenting the financial statements as a whole.
- 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, 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 Regulatory Requirements

I express the following matters in accordance with Section 6(d) and Section 38 of National Audit Act No.19 of 2018.

- (a) Since there was no need for the preparation of financial statements for the preceding year, it could not be stated that the financial statements presented was consistent with the preceding year.
- (b) Since there was no requirement for the Department to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

1.6 Comments on Financial Statements

1.6.1 Cash Flow Statement

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
The income of Rs.93,680 received from disposed of goods during the year under review had not shown in the Cash Flow Statement under investment activities while it had been shown as fees, surcharges, fines and licence income.	Financial Statements should be prepare as per specific format.	Instructions had been given to the officers not to happen such deficiencies in future.

1.6.2 Non-maintenance of Registers and Books

It was observed following some registers had not been maintained by the Department of Official Languages and some registers had not been maintained regularly and updated manner.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Security Register		
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 a Security Register.
(b) Vehicle Log Books		
Vehicle Log Books had not been updated as per the Financial Regulation 1645 (a).	Vehicle Log Book maintain for every vehicle has to be updated as per the regulation mention in the Financial Regulation 1645(a).	Instructions had been given to relevant officers to update the Vehicle Log Books.

(c) Leave Register

Even though a Leave Register had been maintained as per the Section 1.7 of the paragraph XII of the Establishment Code it had not been updated.

Action has to be taken to maintain the Leave Register as per the section 1.7 of the paragraph XII of the Establishment Code.

Instructions had been given to the officers to correct the short comings in the Leave Register and action is being taken at now to correct the Leave Register.

1.6.3 Certification has to be done by the Accounting Officer

Although the certifications on the following matters 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 done like that.

Audit Observation

Recommendation

Comments of the Chief Accounting Officer

(a) Arranging a internal control system and the certification has to be made by the Accounting Officer whether that system is in operation and the successfulness of that system should be periodically reviewed and any necessary changes has to be done to make the systems in fruitfully for the financial control of the Department of Official Languages. That reviews has to be done in written and a copy of that has to be send to the Auditor General, as such reviews has been done and relevant statements had not been presented to audit.

Action has be done as per the Section 38 of the National Audit Act No.19 of 2018.

The financial statements had been presented as per the Treasury Format and action will be taken to minimize these short comings.

(b) Although certification has to be made by the Accounting Officer there are existing a fruitful methodology for the implementation of the internal audit task in

Action has to be taken as per the provision in the Section 38 of the National Audit Act No.19 of 2018.

Internal Audit Unit could not be establish because of the officers had not been given by the Ministry of Public Administration.

appropriately that requirement had not been fulfilled as per the observations mentioned in the paragraph 4.1 of the report.

1.6.4 Non-compliance with the Laws, Rules and Regulations

The non-compliance with provisions of Laws, Rules and Regulations that were observed at audit test checks are analysed below.

Reference to Laws, Rules and Regulations	Non-compliance	Recommendation	Comments of the Chief Accounting Officer
(a) Paragraph 3.1.6 of the Public Finance Circular No.5/2016 dated 31 March 2016.	Although Board of Survey Reports for the year 2018 has to be presented to the Auditor General on 17 March 2019, that reports had been presented on 10 June 2019, but make the Survey on books in the stores and had not been included into that report.	Do the function of Board of Survey on due date as per provision of the circular, action should be take to send that reports to the relevant parties	Even though Board of Survey activities had been completed even as at 12 March 2019, there are delay in function of the disposal activities and final report will be present to the Auditor General in quickly.
(b) Paragraph 3.1 of the circular of the National Library and Documentation Services Board circular No.2004/ 33/1 (Revised on 2016) dated 22 December 2016, relevant to the combined services Circular No.1/2016 dated 13 March 2006.	Annual Board of Survey on 6415 Library Books had not been conducted and value of that Library Books had not been shown under the non-financial assets also in the financial statements of the	Action should be take as per the circular in connection with Library Books and that value should be included in the financial statements.	Action had not been taken to appoint a Survey Board on function of the Board of Survey on Books as at 30 June 2019 and instructions had been given to the officers calculate the value and include it into the financial statements of

year 2018.

the year 2019.

2. Financial Review

2.1 Revenue Management

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
Although estimated sales charges and other receipts was Rs.61.5 million but actual revenue was only Rs.37.86 million or 61 per cent of the estimated revenue.	In the preparation of revenue estimates as much as possible collected revenue has to be estimated.	The reasons for the decrease of estimated revenue had been reduced in participation for the courses and postpone of enlist of students for the month of December.

2.2 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
(a) Making Excess Provisions Even though provision of a recurrent object amounting to Rs.300,000 had been transferred to another object by Financial Regulation 66, a sum of Rs.51,149 equivalent to 51 per cent had been saved on that object.	Action had not been taken to make excess provisions by the annual estimates.	Instructions had been given to the officers to prepare estimate not to appear such situations in future.
(b) Even though, a sum of Rs.500,000 in a capital object had been transferred to a another object, a sum of Rs.1.92 million equivalent to 55 per cent had been saved.	Action had not been taken to make excess provisions by the annual estimates.	The reason for the save the allocate provision, delay in selecting a suitable supplier for the preparation of computer software on measurement of language efficiency while agreement had been entered with a suitable supplier in the year 2019.

2.3 Utilisation of Provisions given by the Other Ministries and Departments

 The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Out of the provisions amounting to Rs.18.54 million given to the Department by the Ministry of National Co-existence Dialogue and Official Languages in the year 2018 for 8 activities, provisions amounting to Rs.5.37 million had not been utilized.	Action has to be take to fulfil the activity without delay where the provision had been made.	Although provisions amounting to Rs.24,048,388 had been gave for 9 activities by the Ministry out of that a sum of Rs.5.5 million had been taken over back to the Ministry on the reason of expenditure had not been incurred as expected.
(b) Plans had been made to fulfil the activities of “Converting the Spoken Tamil into Audio Book” during the year 2018 by expending a sum of Rs.300,000 from the provisions of Ministry, any activities had not been done during the year under review.	Action has to be take to fulfil the activity without delay where the provision had been made.	This activity could not be able to fulfil in the reason of a supplier had not been presented.

3. Operational Review

3.1 Procurement

 The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
-----	-----	-----
Without calling for competitive biddings in terms of Guideline 3.2.1 of the Procurement Guideline 8,000 Books value amounting to Rs.585,200 had been printed at high price from the institution related printed activities had been done in the previous year.	Activities has to be done as per the regulations of the Procurement Guideline.	Procurement guideline could not be fulfil in practically within the limited period in the reason of that problematic situation the printing activities had been done by the printed activities done in the previous year’s institution.

3.2 Uneconomic Transactions

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
Although a sum of Rs.7.24 million had been spent for the preparation of Sinhala, Tamil and Tamil-Sinhala translation 2 Softwares, but Sinhala – Tamil translation activities had been done only 529 pages, while any Tamil-Sinhala translation activities had not been done.	Utilisation of the software prepared for the translation activities perform in maximum.	Computer Software of Sinhala-Tamil/ Tamil-Sinhala has been planned for activities such as translation of normal official letters.

4. Good Governance

4.1 Internal Audit

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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.	This observation had been pointed out in the previous years also action should be take in terms of the circular.	Request had been made from the Ministry of Public Administration to give officers for the internal audit staff and that task had been carried out by the Internal Audit Unit of the Ministry.

4.2 Audit and Management Committee

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
Audit and Management Committee Meetings had not been held for the year 2018 by the Department of Official	Action should be take to hold the committee meetings in terms of the circular.	Action will be taken to hold the audit and management committee meetings with establishment of the internal audit unit.

Languages in terms of paragraph 06 of the Management and Audit Circular No.DMA/2009(1) dated 09 June 2009.

5. Human Resources Management

The following observation is made.

Audit Observation

Out of the 216 actual staff as at end of the year under review there were 50 number of vacancies. Out of that there were 34 number of vacancies in tertiary level.

Recommendation

Make the enlistment of staff for the essential posts in quickly and is there are excess cadre take necessary steps on discussion with the General Treasury.

Comments of the Chief Accounting Officer

Request had been made from the Ministry of Public Administration and Disaster Management as to get officers for the vacant posts and action will be take to enlistments made in primary level in departmental level.