

Head-244 – Department of Trade and Investment Policy

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Department of Trade and Investment Policy for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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. In terms of Section 11(1) 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 Trade and Investment Policy was issued to the Accounting Officer on 30 May 2020. In terms of Section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Department was issued on 30 November 2020 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the accompanying financial statements prepared in accordance with the provisions of the State Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Department of Trade and Investment Policy as at 31 December 2019 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 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 Responsibilities of Chief Accounting Officer and Accounting Officer for the Financial Statements

Chief Accounting Officer and Accounting Officer are 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 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 annual and periodic financial statements to be prepared.

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 Department 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 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 General'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 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 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 structure and content of the financial statements containing the disclosures and the transactions and events that underlie the financial statements in an appropriate and reasonable manner.

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 Requirements

As required by Sub-section 6 (1)(d) of the National Audit Act, No.19 of 2018, I state the followings.

- (a) That the financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements furnished in the previous year had been executed.

2. Financial Review

2.1 Certifications to be made by the Accounting Officer

Audit observation -----	Recommendation -----	Comments of the Department -----
<p>The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system will be developed and maintained for the financial control of the Department in accordance to the provisions of Section 38 of the National Audit Act No. 19 of 2018 and the effectiveness of that system should be reviewed from time to time and necessary changes should be made to maintain system control accordingly. Although those reviews should be done in writing and a copy should be submitted to the Auditor General, the statements that such a review was made had not been presented to the audit.</p>	<p>Requirement to act in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018.</p>	<p>It was informed that agrees with the observations.</p>

3. Operational Review

3.1 Non-performing of Functions

Audit observation -----	Recommendation -----	Comments of the Accounting Officer -----
<p>According to the main functions of the Department, the write-off of tariffs in accordance with the provisions of Section 19 (a) of the Customs Ordinance and</p>	<p>The requirement to take action to publish in the Gazette the relevant functions for</p>	<p>It was informed that agrees with the observations and due to the Corona pandemic</p>

Government Policies, activities connected to waivers and granting of tariff concessions had been done by the Department of Trade and Investment. However, no action had been taken to table the gazette notification for the year 2019 even as at the date of the audit of 05 October 2020.

granting duty situation in the country, deductions, waivers it could not be able to and tariff concessions publish on the due date in accordance with and the necessary steps the relevant are being taken to table provisions and it before the end of government policies. December 2020.

4. Achievement of the Sustainable Development Goals

Audit observation	Recommendation	Comments of the Accounting Officer
<p>Although the Department should focus on 17 Sustainable Development Goals to be achieved during the period from 2015 to 2030, other plans including the Action Plan for 2019 had not been prepared accordingly.</p>	<p>The requirement to focus on sustainable development goals that can be achieved and work to achieve those goals expeditiously.</p>	<p>It was informed that agrees with the observations.</p>

5. Human Resource Management

Audit observation	Recommendation	Comments of the Accounting Officer
<p>There are 11 vacancies in the staff of the Department and which were 18 per cent of the Approved Cadre. It was observed that there are 02 senior-level posts in these vacancies.</p>	<p>The requirement to fill the vacancies if the existing staff vacancies are adversely affecting the existing performance or if there is no such effect, take steps to revise the Approved Cadre.</p>	<p>It was informed that 4 out of these vacancies had been filled by October 2020.</p>