

Head 1 –President Office

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the President Office 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. The summary report containing my comments and observations on the financial statements of the President Office was issued to the Chief Accounting Officer on 26 June 2020 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Office was issued to the Accounting Officer on 23 March 2021 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled 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 prepared in accordance with the Public Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the financial position of the president office as at 31 December 2019, 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 (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 the Chief Accounting Officer and the 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 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 President Office 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 President Office 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 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 and its materiality depends on the influence on economic decisions taken by users 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:

- 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 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 Requirements

I express the following matters in terms of Section 6 (1) (d) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) Actions had not been taken to comply with the audit observation pointed out in my report for the previous year which had been included in the paragraph 1.6.3 (a) of this report.

1.6 Comments on Financial statements

1.6.1 Reconciliation Statement on the Advances to Public Officers Account

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The debit balances which should be recovered over a period more than 5 years from 3 retired officers deployed in the President office amounting to Rs. 341,094 had not been recovered even up to 31 December 2019.	Necessary actions are being taken to settle loan balances.	Actions should be taken to settle the outstanding loan balances.

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| (b) | The total balance as at 27 April 2021 relating to loans which should be recovered from 3 officers who had been interdicted during the year 2017 and 2018 was Rs. 363,017. | Loan balances are being recovered from guarantors. | Actions should be taken to settle the outstanding loan balances. |
| (c) | The total balances of loan amounting to Rs. 974,813 which should be recovered from 12 officers who deployed in the President office and had vacated posts in the years 2015, 2017, 2018 and 2019 had not been recovered even up to 27 April 2021. | It is informed that actions will be taken to inquire from the Director General of Pensions and take further action and to recover from guarantors. | Actions should be taken to settle the outstanding loan balances. |

1.6.2 Non-maintenance of Registers and Books

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) According to the Financial Regulation 454(1), inventory registers had not been maintained for the year 2019 by 3 sections viz President Media Special Unit, New Media Unit and Web Site Administration Section.	Actions were taken to maintain inventory books in the media section separately since the year 2020.	Actions should be taken as per the financial Regulations.
(b) The souvenirs and gifts received by the President from various countries, which were kept in the stores and the library of the President House in Fort, had not been documented.	A list will be prepared by the Board of Survey for the year 2020 for souvenirs and gifts	A proper register should be maintained.

1.6.3 Non - compliance with Laws Rules and Regulations

Audit observation				Comments of the Chief Accounting Officer	Recommendation
Reference Laws, Rules and Regulations	to and	Amount	Non compliance		
		Rs.			
(a)	Article 149 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.	295,266,140	Actions had not been taken according to the Constitution in connection with the revenue of the Nelum Pokuna (Lotus Pond) Theatre implemented under the President Office up to the end of the year 2019. The said income had been retained in a general deposit account since the commencement up to now and expenses had been incurred from that income.	Provisions were not made for the Nelum pokuna Theater by the General Treasury and the revenue from Nelum Pokuna was retained in a general deposit account and expenditure relating to that was incurred from that account. There was a possibility to credit the revenue from the Nelum Pokuna Theater to a revenue head if provisions were made by the General Treasury.	Actions should be taken as per the Constitution.

(b) Section 10 (2) of the Value Added Tax Act No. 20 of 2016

Registration for Value Added Tax (VAT) should be obtained by each person who engages in a taxable activity and the supply of taxable goods and services are up to Rs. 3 million per quarter or if it exceeds Rs. 12 million per year. However It had been more than 08 years since the commencement of the Nelum Pokuna Theater which was activated under the office and even though VAT had been recovered, actions had not been taken to obtain the registration of VAT and to remit that money.

As the Nelum Pokuna Theater was not registered as a separate institution, there was no need to obtain registration for VAT.

Actions should be taken as per the Act.

2. Financial Review

2.1 Management of Expenditure

2.1.1 Making Over Provisions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The total provision made for 2 expenditure codes for the year amounting to Rs. 118,767,000 had been completely saved.	Provisions were saved due to the facts that Provisions had been made for one expenditure code under a new expenditure code as “Non-Cabinet Ministry of Economic Reforms and Public Supplies” since May 2019 and the approval had not been received for the fund which should be received from the International Fund of Agriculture Development (IFAD) for the “Small Business Partnership Program” which was scheduled to be implemented under the other Expenditure Code.	Actions should be taken as per the Financial Regulation 50.
(b) Because over provisions had been made for 33 expenditure codes, savings had been remained in a range from 45 per cent to 94 per cent as at the end of the year under review from the provisions made after utilization of provisions of such expenditure codes.	The reason for this situation was compulsory savings from budget estimates, insufficient imprests, and gazette of development programs under other institutions as per the Gazette Notification No. 2153/12 dated 10.12.2019 and halting of projects which were not initiated as per the letter of the Secretary to the Treasury.	Actions should be taken as per the Financial Regulation 50.

2.2 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the paragraph 2 (c) of the Public Accounts Circular No. 255/2017 dated 27 April 2017, even though liabilities could not be brought to the coming year because the liabilities should be settled within the year, as mentioned in No.(iii) of notes to the financial statements, the Office had incurred liabilities of Rs.1,093,497,793.	These liabilities had incurred on the provisions released under the projects implemented under the office. Due to non-receiving of imprests as at 31. 12. 2019, these imprests had to be included under No. iii of the financial statements.	Actions should be taken as per the Circulars.
(b) According to the Financial Regulations 94.1, liabilities cannot be incurred without provisions. However liabilities had been incurred for Rs. 21,292,097 exceeding the total savings remained after utilization of the net provision made under 4 expenditure codes amounting to Rs. 216,854 by Rs 21,075,243	Liabilities were incurred considering as expenses defined under the Financial Regulations 94/2.	Actions should be taken as per the Financial Regulations.

3. Operational Review

3.1 Non-achievement of expected Output Level

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The savings of provisions of 5 special projects implemented under the President Office over a period more than 11 years were in a range of 26 per cent to 55 per cent.	Special projects were assigned under other Ministries by the Gazette notification No. 12/2153 dated 2019.12.10.	Actions should be taken to fulfill the expected objectives.

(b) The following observations are made in the audit examination carried out relating to the provisions made by the President Office for each project mentioned above and the progress thereon during the years under review in connection with Nuwaraeliya district which had been selected on sample basis.

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| <p>(i) Provision of Rs. 21,950,910 had been made by the President Office during the year for implementing 4 projects out of 07 which had been presented by District Agriculture Division of Nuwaraeliya district and out of that only one project had been implemented. Provision of Rs. 7,124,713 made for the rest of the projects had been remitted as per the letter of the Secretary to the Treasury No. BD/GPS/155/09/01/HA dated 20 November 2019 due to not being commenced the projects.</p> | <p>A considerable period of time was taken for selection and training of beneficiaries for approved 4 projects and according to the letter of the Secretary to the Treasury No. BD/GPS/155/09/01/HA dated 20 November 2019 projects which were not commenced had to be terminated.</p> | <p>Actions should be taken to fulfill the expected objectives</p> |
| <p>(ii) Provision of Rs. 2,927,775 had been issued by the President Office to District Secretariat offices on 25 September 2019 to implement a project relating to Nai Miris cultivation under the Government and 50 per cent contribution of beneficiaries in Kothmale and Ambagamuwa Divisional Secretariat Divisions. Selection of specific beneficiaries which should be carried out in January 2019 had been delayed up to 28 October 2019. Subsequently the provision had been remitted and the project had been abandoned due to the facts that project activities not being commenced</p> | <p>A considerable period of time was taken for construction of poly tunnel and selection and training of beneficiaries for Nai Miris cultivation and according to the letter of the Secretary to the Treasury No. BD/GPS/155/09/01/HA dated 20 November 2019 projects which were not commenced had to be terminated.</p> | <p>Actions should be taken to fulfill the expected objectives</p> |

obtaining the 50 per cent contribution of beneficiaries and procurement not being done for construction of poly tunnel.

- (c) Six projects out of 15 which had been scheduled to be commenced in the year 2018 on the provisions made to the district for Gramashakthi People's Movement had been abandoned as at the end of the year under review. The targets and physical progress of the active projects are as follows.

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| <p>(i) Sewing machines had been provided incurring Rs. 1,559,687 to 35 beneficiaries engaged in the garment industry and lived in the Pudaluoya South Grama Niladhari Division in the Kotmale Divisional Secretariat Division. Although some contribution of the revenue received by beneficiaries had been granted by other projects for the development of relevant societies, a mechanism had not been prepared to obtain the contribution of beneficiaries for the development of the society from the income of this project.</p> | <p>This project is being implemented successfully and it was reported that recovering of instalments is being carried out insufficiently. Divisional Secretariat of Kothmale had informed that he will take actions in this regard and it will be able to use for the development of the society.</p> | <p>Actions should be taken to fulfill the expected objectives.</p> |
| <p>(ii) A project had been commenced with the objective of improving the quality of life of the community lived in Poramadulla Grama Niladharee Division of Hanguranketha Divisional Secretariat Division through Promotion of flax production. A sum of Rs. 2,589,602 had been incurred for implementing of this project. Although the flax production machine had been purchased on 12 March 2019 incurring Rs. 120,000, the flax</p> | <p>It was reported that 45 job opportunities has been created so far, even though there were some setbacks in moving away from the traditional methodology of introducing the flax project and using the machine introduced for the project.</p> | <p>Actions should be taken to fulfill the expected objectives.</p> |

seeding had been planted in October 2019. Currently flax fibers in the surrounding areas had been used for the production and most of people who had engaged in the industry had produced flax fiber in traditional way because extra money had to be incurred for the machine in production of flax fiber using the machine. Accordingly only a sum of Rs. 2,505 had been earned from the machine as income from March to December 2019.

- (d) The Gramashakthi Janatha Societies had been established in selected Grama Niladhari Divisions under the Gramashakthi People's movement with the objective of sustainable development to eradicate absolute poverty in Sri Lanka by the year 2030. Fifteen societies had been established in the year 2018 under the first stage and 45 societies had been established under the second stage in the year 2019 in 5 Divisional secretariat Divisions of Nuwaraeliya district.

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| (i) | <p>In considering the objectives, policies, ideals and principles of the Gramashakthi People's movement, majority of the population lived in the division should be held the membership of the Gramashakthi People's movement for implementation of the benefit of the majority. However, the consistency of the rural community pay for the programme was low as the number of societies which held</p> | <p>Even though the objective of the Gramashakthi project was that actions to be taken as the majority of the division was benefited, it was reported that the consistency of the rural people for the programme was low</p> | <p>Actions should be taken to fulfill the expected objectives.</p> |
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the membership in a range of 0.75 per cent to 43 per cent was 49 compared with the total population of 5 divisional Secretariat offices.

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| (ii) | Out of the provision of Rs. 3,500,000 made for 7 societies during the year 2018 as Rs. 500,000 per society, any amount had not been utilized even up to 16 January 2020 for livelihood development activities. | Even though these funds had been allocated for granting loans on the requirement on concessional interest rates for commencing projects, anyone was not applied for loans up to now. These funds were deposited by Societies in a public bank. | Actions should be taken to fulfill the expected objectives. |
| (iii) | A sum of Rs. 300,000 had been allocated for a society for the Capacity Building Fund and out of the total provision of Rs. 600,000 made for 2 Gramashakthi societies; any amount had not been utilized. The total utilization of 7 societies was in a range of 1 per cent to 22 per cent of the total provision and the utilization of funds was weak. | It was informed that the funds allocated for capacity development will be utilized when the need of the society arises. | Actions should be taken to fulfill the expected objectives. |
| (iv) | According to the second chapter of the handbook "The Path of the Gramashakthi People's movement as the Executive Council of the Gramashakthi Janatha societies has a huge responsibility to fulfill on behalf of the community, it was stated that 07 permanent committees should be established to assist the Executive Council of the Society to carry out those functions efficiently and promptly in rural development. Out of the 15 societies in the first phase, 14 societies had not established a youth circle and 10 societies had not established a capacity building and communication committee. Out of the 41 societies registered under | The constitution of the Gramashakthi People's movement is extremely complex and there were issues to establish all the circles and maintain those circles actively. However it was mentioned that the Gramashakthi People's movement could be implemented in Nuwaraeliya District at a considerable level of success. | Actions should be taken to fulfill the expected objectives. |

the second phase, the Skills Development and Communication Committee of 08 societies and the youth circle of 05 societies had not been established.

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| <p>(v) It is an important step to focus poor people strengthening by forming small groups of 5-6 members as the first link in a larger organizational pattern of more women participation and Gramashakthi People's Movement. Out of the 14 societies in the first phase, clusters had not been established by 05 societies and Out of the 41 societies in the second phase, small groups had not been established by 22 societies and clusters had not been established by 30 societies.</p> | <p>In the future, actions will be taken to summon all Economic Development Officers in charge of the divisions relating to the Gramashakthi People's Movement and to Investigate such small groups and establishment of clusters and small groups and clusters which are not yet active, especially those that have no direct contribution to uplift the rural economy. It is also stated that steps will be taken to make them function.</p> | <p>Actions should be taken to fulfill the expected objectives.</p> |
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3.2 Asset Management

The following observations are made

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(i) The physical existence of 129 units of 45 inventory items which had been included in the inventory book maintained relating to the President House had not been confirmed by the inventory survey carried out in the year 2019. As observed in the physical verification carried out by audit in this regard, it was not revealed that these inventories were physically existed in the premises and actions had not been taken as per the Financial Regulations in this regard. Further 32 units of total of 15 items which had not been included in</p>	<p>Actions will be taken as per the financial regulations according to the matters revealed after the investigation carried out in connection with the inventories which are not revealed that they are physically existed in the President House Fort</p>	<p>Asset management should be formalized.</p>

inventory books had been included in the Board of Survey report for the year 2019 with an inventory book number and a balance according to the inventory book.

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| (ii) | Inventories kept under the custody of in charge of the garden had not been included in the inventory book of the in charge of the bungalow. Even though this had been pointed out by the Board of survey report for the year 2018, actions had not been taken even up to the date of audit in this regard. | The inventory book of the in charge of bungalow will be corrected as to be included all inventories in the inventory survey in the year 2020. Actions will be taken to make the correction under an officer of the Board of Survey in the annual inventory survey done in the year 2020. | Asset management should be formalized. |
| (iii) | According to the information issued by the In Charge of the Bungalow , 24 units of 12 inventory items of the President House Fort had been issued to the requirement of President's Official Residents Mahagamasekara Mawatha. When issuing these inventories to the President Official Residents Mahagamasekara Mawatha even though these inventories should be included into the inventory books using good issuing notes, written evidence had not been submitted to prove that actions had been taken accordingly and adjustments had not been made in the inventory books of the Fort Bungalow in this regard. | The following inventories has been proved in writing to handed over to the Former president Official Residents
Treadmill -
01
Weight Scale (electric)-
01
AC(18000BTU/43000BTU)-
01
ACPanasonic
(15000BTU/43000BTU)
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Actions were taken to obtain relevant proofs by informing the private secretary to the former President that other inventories had been received. | Asset management should be formalized. |
| (iv) | According to the records of the President Secretariat office instances were observed in audit that inventories issued to the name of the President House had been taken by the officers who had taken over them to various places without including them to the inventory of the President House. | Further actions will be taken according to the matters revealed after an initial investigation carried out for the deficiencies taken place in connection with handing over the inventories to the relevant places by the officers who had taken over them. | Asset management should be formalized. |

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| (v) | Proposals made by the inventory survey report of the survey carried out in the year 2018, had not been implemented and such adjustments had not been included in the inventory books. | In addition to the survey carried out by a special Board of Survey regarding the inventories of the Fort President House, an investigation had been carried out by the National Audit Office. Accordingly actions will be taken to make corrections for the deficiencies of inventory books pointed by audit. | Asset management should be formalized. |
| (vi) | Issuing notes had been issued for inventories out of the computer system and instances were observed that inventories had been issued without mentioning the type of the relevant inventory and the serial number or written by hand. | Although in an emergency and essential instances, temporary issuing orders can be issued and subsequently, a formal issuing order should be issued. | Asset management should be formalized. |
| (vii) | In most cases, approval had not been given by the authorization officer (chief accountant) for the relevant orders of issuance of inventories issued to the President House from the stores of the Presidential Secretariat office and only the signature of the issuing officer had been used. | Prior to the issuing order the application form will be approved by an authorized officer. | Asset management should be formalized. |
| (viii) | Even though gate passes should be used, when issuing goods out of the President Office, there were instances of which goods had been issued to the Fort President House without having gate passes. | In some instances goods purchased were handed over directly to the relevant places out of the premises of the President House without bringing to the premises of the president office. Therefore in such instances gate passes were not used. | Asset management should be formalized. |
| (ix) | Instances were observed that the name of the officer, signature and date had not been obtained when receiving goods. | For now actions were taken to obtain the name of the officer, designation and identity card number or service number of the officer who was taken over the goods. | Asset management should be formalized. |

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| (x) | Fifty nine units of 05 items which had been identified in the physical verification remaining in the President House had not been included in inventory books. | Actions will be taken to include into inventory books in the survey for the year 2020 because those goods are physically available. | Asset management should be formalized. |
| (xi) | According to the F.R.753 (2) inventories should be posted into the inventory book and should be presented to the stores using general 219 received note. However instances were observed that actions had not been taken accordingly from the year 2017 to the year 2020. | Actions are being taken to carry out a preliminary investigation calling responsible parties regarding non issuance of good received orders in previous years. | Asset management should be formalized. |
| (xii) | When taking over inventory by the current officer in charge of the Fort President House on 20 March 2020 from the former officer in charge, he had taken over 224 units of 123 inventories short. Proper actions had not been taken regarding the said deficiency. | As deficiencies occurred in taking over the goods were observed and actions will be taken as per the information revealed in the preliminary investigation. | Asset management should be formalized. |
| (xiii) | When taking over the goods by the current officer in charge from the former officer in charge of the bungalow, the physical balance should be compared with the balance of the inventory book and the actual balance as at that date should be obtained. However actions had not been taken accordingly. | An internal circular was issued containing proper instructions for taking over / handing over the goods in order to correct the said matter. | Asset management should be formalized. |
| (xiv) | When taking over the inventories of the President House on 18 November 2019 by the former officer in charge, it had been revealed that there was a deficiency of 61 units of 35 inventory items according to the telephone conversation of the President Senior Assistant Secretary (internal control). However further actions had not been taken in this regard. | Action will be taken as per the information revealed after a preliminary investigation carried out for the responsible parties regarding the deficiencies of goods. | Asset management should be formalized. |
| (xv) | The office of the National Economic Council, which had been functioned under the office, had been handed over to the relevant parties by a team including the then administrative officer to the Ministry of Youth Affairs along with its office equipment and furniture. Although the period of agreement had been expired, the deposit of Rs. 16,868,576 made by the | Written evidence was filed to prove the fact that the premises, office equipment and furniture of the National economic Council were handed over to the Ministry of Sports and Youth Affairs with effect from 17.12.2019. It had been informed to the | Asset management should be formalized. |

President Office to the Company had not been recovered to the Presidential Secretariat Office.

State Ministry of Sports and Youth Affairs to take actions to refund the deposit made by the President Office at the time of entering into the initial agreement with the Overseas Realty (Ceylon) PLC for the establishment of Sri Lanka National Economic Council to the General Treasury because the period of agreement was expired for now.

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| (xvi) | Although it had been informed by officers deployed in then media unit that most of inventories of the media division including the special media unit had been handed over to the official residence of the former President, the existence of the said inventories had not been confirmed through a proper inventory survey. | Actions will be taken to obtain confirmations from the Private Secretary of the Former President according to the matters revealed from the report of the special committee which had been established for identifying inventories of the President Media Unit in line with the inventory survey 2020. | Asset management should be formalized. |
| (xvii) | Steps had not been taken to take legal actions for 50 vehicles registered in the Department of Motor Traffic on the name of the President secretariat of which the physical existence had not been confirmed. Further according to the information received from the Department of Motor Traffic there were 53 vehicles registered under the addresses of the President Secretariat Office, President House and President Security Divisions but under the names of other individuals. However reasons for registering those vehicles under the addresses of the President Secretariat Office and divisions associate with it were not revealed to audit. | By the vehicle survey done in the year 2016, information could be found relating to places of 14 vehicles physically exist and for now, actions are being taken to hand over the registered ownership of the said vehicles. Letters were issued to Sri Lanka Police to obtain correct information about 38 vehicles of which the information could not be obtained. | Asset management should be formalized. |
| (xviii) | Sixty nine vehicles belonged to the President Secretariat Office had been handed over to the Sri Lanka Army and it was revealed that 6 vehicles out of that | It has been informed to the Sri Lanka Army to take actions to taken over the 06 vehicles handed over by the President | Asset management should be formalized. |

had still being registered in the Department of Motor traffic on the name of the President Secretariat office. Further 47 vehicles registered in the Department of Motor Traffic under the name of the President secretary had been issued to various people and institutions .However actions had not been taken to take over the said vehicles or to take proper further actions relating to it.

Secretariat Office to the Army which were not taken over still. Actions are being taken to make relevant handing overs regarding 27 vehicles out of the vehicles issued to other institutes after receiving information. And actions are being taken to get correct information about the other 20 vehicles. According to the information received relevant handing overs will be done.

(xix) According to the treasury print outs even though a sum of Rs. 80,437,366.66 had been shown relating to the President Office under the work in progress, it had been shown under the building and constructions in the financial statements of the President Office.

According to the Treasury printouts a sum of Rs. 80,437,366.66 mentioned under the work in progress was shown under the building and constructions relating to the President Office because the assets clarification number (61114) mentioned in it was not included in the formats of the Appropriation Account

Financial Statements should be prepared according to the Treasury printouts as per the Public Accounts Circulars.

3.3 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(i) Media division had been implemented under 04 main units and only the inventories of new media division had been taken over by the new staff when taking over the inventories in November 2019 and inventories relating to any other division had not been taken over properly by them. Accordingly evidence which can be accepted for actual	An entire evaluation of the inventories remained in the President Media Unit currently and the operation condition thereon is being carried out in line with the inventory verification for the year 2020. Preparing of a report in connection with inventories remained currently, the operation	Actions should be taken as per the Financial regulations.

values remained at the time of taking over the inventories by the new staff had not been presented to audit. However according to the report presented by the engineers of the President Media Unit to the President Secretary titled “The Gross Value of Misplaced Equipment belonged to the Media Division”, the value of the misplaced inventories was Rs. 34,189,688 approximately and actions had not been taken as per the Financial Regulations in this regard up to now.

condition thereon and the place of such goods are in was assigned to a special committee. Actions will be taken to take further actions for responsible officers based on the matters which can be revealed accordingly.

(ii) Since the year 2015 to January 2020, 104 laptop computers valued at Rs. 17,786,325 which had been included in the said misplaced assets had been given to the Media Division and out of that only 26 laptops and 2 Mac Book Air computers had been handed over to the Office.

An entire evaluation of the inventories remained in the President Media Unit currently and the operation condition thereon is being carried out in line with the inventory verification for the year 2020. According to the report of the committee appointed in this regard, further actions will be taken for responsible officers in connection with the deficiency and inactive inventories.

Actions should be taken as per the Financial Regulations.

(iii) Further out of 52 desktop computers valued at Rs. 10,380,423 which had been given since the year 2015 to January 2020, 4 computers had been handed over and 2 computers could not be reused. Further It was observed in the physical verification carried out by audit that most of desktop computers were in the condition that cannot be used.

An entire evaluation of the inventories remained in the President Media Unit currently and the operation condition thereon is being carried out in line with the inventory verification for the year 2020. According to the report of the committee appointed in this regard, further actions will be taken for responsible officers in connection with the deficiency and inactive inventories.

Actions should be taken as per the Financial Regulations.

- (iv) Among the said misplaced assets, there were mobile phones and 45 I pads valued at Rs. 3,470,742 which had been issued to the officers who attached to the Media Division from the year 2015 to January 2020. Although it had been informed that 14 mobile phones and 3 I pads out of the said assets had been handed over to the Office, 9 mobile phones out of that were not in active condition and the 2 I pads handed over were not active.
- An entire evaluation of the inventories remained in the President Media Unit currently and the operation condition thereon is being carried out in line with the inventory verification for the year 2020. According to the report of the committee appointed in this regard, further actions will be taken for responsible officers in connection with the deficiency and inactive inventories.
- Actions should be taken as per the Financial Regulations.

3.4 Uneconomic transactions

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>Sri Lanka National Economic Council had been established on the Cabinet Approval No. 17/1591/701/025 dated 15 August 2017 and according to the Cabinet Note there were 06 activities in it. Although information relating to plans prepared in order to achieve objectives and targets after the establishment of the Council and the progress thereon had been requested for audit, any information had not been presented to audit. However, it was mentioned that Secretary General of the Council had left for the United States on foreign leave since 01 August 2019 and requests had been made twice to extend the leave up to 18 October 2019 and accordingly he was on foreign leave for a period almost 3 months and an</p>	<p>The files relating to the objectives/targets of the establishment of The Sri Lanka Economic Council and progress of achievements can be submitted to audit.</p>	<p>Public Finance should be managed as to be achieved the expected objectives and targets.</p>

effective service was not observed from the Council. Accordingly a Cabinet decision had been taken to terminate the term of the Economic Council and to abolish the posts. According to the information made available to audit, a sum of Rs. 237,784,472 had been incurred for the said Economic Council for a period of 29 months from August 2017 to December 2019.

3.5 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>As at the date of audit, the software system used by the President office for stores management had been purchased at a cost of Rs. 1.6 million by the stores division from a private institution in the year 2013 and proposals for improvement of the said system had been presented since the year 2016 to the year 2020 from time to time. However further actions had not been taken in this regard.</p>	<p>The software system used by the President office for stores management was in the proper active condition up to now. Only the proposals for improvement of some identified activities of the system were presented from time to time and it will be done.</p>	<p>System should be updated.</p>