

## **Head- 252- Department of Census and Statistics**

### 1. **Financial Statements**

#### 1.1 **Unqualified Opinion**

The audit of the financial statements of the Department of Census and Statistics for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 Sub-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 Census and Statistics was issued to the Accounting Officer on 13 July 2021. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Department was issued on 14 August 2021 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 in Parliament in terms of Section 10 of 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 Census and Statistics as at 31 December 2020 and its financial performance and 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 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 **Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

The Chief Accounting Officer and the Accounting Officer are responsible for the preparation and fair presentation of these 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 Sub-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.

#### **1.4 Auditor's Responsibilities for the audit of the Financial Statements**

My objective is to obtain a reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error and to issue an Auditor General'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 material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 transactions and events that underlie the financial statements in an appropriate and reasonable manner.

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.

## 1.5 Report on other legal requirements

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

- (a) In terms of the following observation, the financial statements were not complied with the preceding year.

<b>Audit observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
A difference of Rs. 2,938,255,133 was observed between the value as at the end of the previous year and the value at the beginning of the year under review relating to the property, plant and equipment.	Except the non-financial assets purchased by the District Statistical Division during the year 2020 and purchases under object code 252-1-1-2102 or 252-1-1-2103, made by the head office of the Department, non-financial assets valued at Rs. 23,599,984 purchased under the capital objects for the utilization of the Department had been brought to accounts as opening balances.	The balances of assets stated in the audited financial statements of the preceding year need to be included in the financial statements of the year under review. If it is changed, it should be disclosed in the financial statements.

- (b) Recommendations made by me on the financial statements of the preceding year had been corrected in the financial statements of the year under review.

## 2. Financial Review

### 2.1 Expenditure Management

The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Since over provisions totaling Rs.394.87 million had been made in the year under review for 7 recurrent objects and 9 capital objects, a provision of Rs. 218.51 million	Matters such as compliance with circulars, delays in giving estimates from the Department of Buildings, non-receipts of imprests, releasing provisions at the end of the year had caused these savings.	Efficient utilization of capital provisions made from the annual estimates needs to be well planned.

had saved after being utilized such provisions. The savings had ranged from 20 per cent to 70.42 per cent from the net provision.

- (b) The entire provision of Rs. 1,273,000 made under the object code 252-1-8-2507(13) had been saved. This provision given by the UNFPA was saved since the awareness program for ministers could not be held due to Covid-19 pandemic. Utilization of capital provisions made from the annual estimates needs to be well planned.

## **2.2 Reconciliation statement on the Advances to Public Officers Account**

The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Action had not been taken to recover loan balances totaling Rs. 553,207 relating to 12 officers who had vacated the service during the period from 1991 to 2017, even by the end of the year under review.	Action will be taken to find the inhabited place through the Attorney General.	Action needs to be taken in terms of Guideline No. 01 issued by the Department of Public Finance.
(b) Loan balances relating to 4 deceased officers totaled Rs. 165,450.	Death gratuity in respect of a loan balance of Rs. 92,750 is being prepared. In order to recover the loan balance of Rs. 65,000, an error in the death gratuity has been corrected and the Related documents were referred to the Department of Pensions on 17.06.2020.	Action needs to be taken in terms of Guideline No.01 issued by the Department of Public Finance.

- c) The loan balance of Rs. 289,219 due from 3 officers retired in September 2019 had not been recovered even by 31 December 2020. It will be recovered after being granted the death gratuity. Action needs to be taken in terms of Guideline No 01 issued by the Department of Public Finance.

### **2.3 Non-compliance with Laws, Rules and Regulations**

The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(a) Contrary to paragraph 3.4 of the guidelines issued on the preparation of financial statements in terms of State Accounts Circular No. 02/2020, liabilities totaling Rs. 822,836 relating to the year 2020 had been settled in the year 2021.	Agreed. Payment of Rs. 822,836 was not posted as liabilities of the year 2020 and the vouchers relate to those payments were received in the year 2021.	Action needs to be taken in accordance with the guidelines of the Department of State Accounts.
(b) Board of Survey reports relating to the books, magazines and registers totaling Rs. 9,324,361 had not been rendered to audit after being carried out the board survey as at 31 December 2020 in terms of Public Administration Circular No. 02/2017 dated 04 May 2017.	No comments were made.	Action needs to be taken in terms of Circulars.

### **3. Operating Review**

#### **3.1 Vision and Mission**

<b><u>Audit Observation</u></b>	<b><u>Comment of the Accounting Officer</u></b>	<b><u>Recommendation</u></b>
The mission of the Department is to contribute effectively to the social and economic development of the country through current and accurate data. However, according to the data issue timetable of the Department, 45 instances were observed where data was issued after delayed periods ranging from 01 month to 11 months, more than the specific dates.	No comments were made.	Data needs to be issued on due dates.

#### **3.2 Planning**

<b><u>Audit Observations</u></b>	<b><u>Comment of the Accounting Officer</u></b>	<b><u>Recommendation</u></b>
Even though it is stated in the performance report that relevant operations are made by 15 Technology and Services Divisions and 06 special units of the Department, activities of the International Statistic Unit, Accounts Division, Procurement Division and Internal Audit Division coming under the special units had not been included in the performance report.	No comments were made.	Performance of all divisions achieved during year needs to be included in the performance report.

### 3.3 Non-fulfillment of performance

The following observations are made.

<u>Audit Observations</u>	<u>Comment of the Accounting Officer</u>	<u>Recommendation</u>
(a) No performance whatsoever of 8 targeted activities related to 6 divisions was reported.	No comments were made.	Action needs to be taken as planned.
(b) Fifty per cent or less had shown a progress in 6 targeted activities related to 3 divisions.	No comments were made.	Action needs to be taken as planned.

### 3.4 Non-achievement of anticipated output levels Foreign Aid Projects

<u>Audit Observation</u>	<u>Comment of the Accounting Officer</u>	<u>Recommendation</u>
Under the foreign aids projects, six projects valued at Rs. 130.16 million had been identified and those projects scheduled to be commenced in January 2018 and completed in the year 2020. However, Any projects whatsoever could not be completed during the year 2020.	No comments were made.	Objectives of the Department need to be achieved.

### 3.5 Procurements

<u>Audit Observations</u>	<u>Comment of the Accounting Officer</u>	<u>Recommendation</u>
A procurement plan for a period of 3 years had not been prepared by the Department in terms of Government Procurement Guidelines 4.2 and a detail procurement plan had prepared only for the year under review.	No comments were made.	Procurements need to be done in accordance with Government Procurement Guidelines.

### 3.6 Management Weaknesses

<u>Audit Observations</u>	<u>Comment of the Accounting Officer</u>	<u>Recommendation</u>
In addition to the Department activities, expenditure for the printing of performance reports of the Ministry of Power and Energy and supervisory Ministry, printing expenses of the National Procurement Commission progress reports, letter heads of the Ministry which are the external parties had been incurred from the Department head.	No comments were made.	Money needs to be recovered for services rendered to other institutions.

### 4. Human Resources Management

The following observations are made.

<u>Audit Observations</u>	<u>Comment of the Accounting Officer</u>	<u>Recommendation</u>
(a) There had been 33 per cent or 619 vacancies from the approved cadre as at 31 December of the year under review. The number of officers released from the Department on secondary basis was 03.	No comments.	Cadre, requires for the Department needs to be correctly estimated and included in the annual estimates.
(b) Even though four officers had gone abroad for studies as well as employments, they had not reported back for duties at the end of the specific period. A sum of Rs. 1,126,133 due from them had not been recovered since the periods ranging from 3 to 13 years. Furthermore, one officer who obtained study leave from 01 June 2005 to 01 December 2006 had not entered into agreement and a penalty thereon had not been recovered as well.	No comments.	Dues to the Government need to be recovered.

- (c) The human resources plan prepared by the Department, had not been prepared in accordance with annex 02 of the Public Administration Circular No. 02/2018 dated 24 January 2018. No comments. It should be prepared including the information stated in the circular.
- (d) In terms of paragraph 6.1 of the circular stated in paragraph (c) above, every member of the staff should be given a training opportunity of a minimum of 12 hours but action had not been taken accordingly in respect of 481 officers of the Department. The specific number of hours need to be given.