

## **Head 236 – Department of Official Languages**

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### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Department of Official Languages 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. The summary report containing my comments and observations on the financial statements of the Department of Official Languages was issued to the Accounting Officer on 12 May 2021 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department of Official Languages was issued to the Accounting Officer on 22 June 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, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Official Languages 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 Qualified Opinion**

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor's Responsibilities Section. 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 Chief Accounting Officer/ 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 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 Chief Accounting Officer/ 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 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 judgments 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 Department'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 Chief Accounting Officer/ 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) The recommendations made by me on the financial statements of the preceding year had been implemented.

## 1.6 Comments on Financial Statements

### 1.6.1 Statement of Financial Performance

#### Non-revenue Receipts

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
The value of non – revenue receipts had been understated by that amount due to non-stating the value of receipts Rs. 21,097,417 for other departments in the financial performance statement. Further, that value was incorrectly credited to the imprest adjustment account.	The revenue receipts for revenue heads 2002, 2003, 2004 and 2006 were included within the values identified as other receipts. Such income is not included in the financial performance statement as per the paragraph 7(ii) of No. 02/2020 Public Finance Circular. So it had been included in the imprest adjustment account which making adjustments such income and expenses.	Circular instructions should be implemented properly.

## 1.6.2 Statement of Financial Position

Following observations are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(a) The assets and reserves were overstated by the same amount due to non-adjusting the cost of disposed non-current assets valued at Rs. 758,203 during the year under review.	I state that the value of those assets will be adjusted in the financial statements in 2021.	The value of disposed assets should be adjusted to the property plant and equipment and reserve accounts in the statement of financial position.
(b) Assets valued at Rs. 3,514,800 were not accounted in the property, plant and equipment account and the reserve account by transferring through the journal entries which assets purchased by allocation received from the Ministry of National Integration Official Languages, Social progress and Hindu Religious Affairs.	Assets purchased from other Ministry Expenditure Objects were not provided for inventory in the CIGAS system and already being discussed with the Department of State Accounts for accounting.	Assets given by a Ministry should be stated in the property plant and equipment account transferred by journal entries.

## 1.6.3 Cash Flow Statement

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
Although the value of physical assets acquired was Rs. 1,030,899 of in the cash flow statement but that value was overstated by Rs. 2,381,388 due to adding the expenditure of	The value of physical asset acquisitions (Rs. 1,030,899) stated in the Financial Performance Statement is correct and according to the model, the rehabilitation and aggregating amount of rehabilitation and improvement of capital assets in the	Acquisition of physical assets should only be stated in the cash flow statement.

Rs. 2,381,388 for the cash flow statement, Acquisition of rehabilitation and physical assets and capacity building reconstruction of assets and capacity building expenditure as a collection of 3 categories of and showing it as expenses (Rs. 3,412,287).  
Rs. 3,412,287.

#### 1.6.4 Non-maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following certain registers while certain registers had not been maintained in the proper and updated manner.

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
<p>(a) Security Register</p> <p>A Security Register containing the details of all officers and employees required to give security had not been prepared in terms of Financial Regulation 891(1).</p>	<p>Further action will be taken as soon as the approval of the Secretary to the Ministry is obtained.</p>	<p>A Security Register containing the details of all officers and employees required to give security should be maintained in terms of Financial Regulation 891(1).</p>
<p>(b) Inventory of Electrical Fittings</p> <p>An Inventory of Electrical Fittings had not been maintained in terms of Financial Regulation 454(2)</p>	<p>Relevant officers were instructed to maintain a record of electrical equipment by taking the balances as 31.12.2020 as the starting balances of 2021.</p>	<p>Inventory of all electrical appliances and equipment of government building should be maintained in terms of Financial Regulation 454(2),</p>

## 2. Financial Review

### 2.1 Certification has to be done by the chief Accounting Officer/Accounting Officer

Although the certification on the following matter has to be done by the chief Accounting Officer/Accounting Officer as per the provision in the Section 38 of the National Audit Act No.19 of 2018 but action had not been taken accordingly.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
----- Even though the Chief Accounting Officer and Accounting Officer should ensure that an effective internal control system for the financial control exists in the Department of Official Languages 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 and such reviews should be made in written and submitted a copy to the Auditor General, such reviews had not been done.	----- It has not been possible to carry out the relevant reviews so far due to the vacancy in the posts of Internal Auditor in the Department, and I would like to mention that relevant reviews will be conducted from the year 2021 and after the appointment of an officer to that post, the internal control will be strengthened and submitted to the Auditor General.	----- Action should be taken in terms of Section 38 of the National Audit Act No. 19 of 2018.

## 2.2 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

<b>Reference to Laws, Rules and Regulations</b>	<b>Observation ----- Non-compliance</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b> -----
(a) Public Administration Circulars and Letters (i) Letter No. EST / 8 / EXAMS / 05 / 1007-1 dated 21 May 2012	Although approval has been granted to pay allowances to officers and resource persons recruited on a part time basis for oral and written examinations, the allowance of Rs.793,170 had been paid to full time officers for holding oral and written examinations of Tamil language and registrations of students for language training programs as such without approval.	Duties are also performed by the officers of the department for conducting training programs and awareness seminars for Instructors and Inspectors.	Approval should be obtained for the payment scheme for making payments to the full time officers conducting speech and written tests and participating the duties of the training courses.
(ii) Paragraph 6 of Circular No. 02/2018 dated 24 January 2018	Although training opportunities of at least 12 hours per year should be ensured in the Human Resource Development Plan for each member of the staff of the Department, a Human Resource Development Plan had not been prepared for the year 2020.	Referred for training on request and recommendation of the Head of Division in the year 2020. The Human Resource Development Plan has been prepared for the year 2021.	A human resource development plan should be prepared with at least 12 hours of training opportunities per year for each officer.

(b) Paragraph 3.1.6 of the Public Finance Circular No. 5/2016 dated 31 March 2016	The Board of Survey Reports for the year 2020 had not been submitted to the Auditor General up to 31 March 2021.	Physical survey work related to the Board of Survey 2020 has been completed so far and the relevant reports could be submitted to the Auditor General as soon as the disposal work is completed. Further, these delays have occurred to the recent restrictions on office work and staff due to the recent outbreak of Covid 19 virus in the country.	Board of Survey Reports as at 31 December of the previous year should be submitted to the Auditor General by 30 March.
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### 3. Operational Review

#### 3.1 Non-achievement of expected Outcome

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(a) There were 47,667 books valued at Rs.10,529,501 was left out of the 60,576 books valued at Rs. 15,262,050 printed in the years 2016 and 2017 without a proper sales forecast. The cost of printing these slow-moving books was a financial burden.	<p>These books have been printed based on the language proficiency and examination requirements of the public service officers on second languages in the years 2015, 2016, 2017.</p> <p>(i) A large number of copies have been printed to reduce the unit price.</p> <p>(ii) Direct impact has been made for sales of books due to references as E-Books. Department's publications, action was taken to maintain sales stalls at events such as the Colombo</p>	Book printing should be done with proper sales forecast.



International Book fair during the years 2018-2020.

In view of the above, I kindly state that the money spent on book printing cannot be considered as an unnecessary expenditure.

(b) An agreement valued at Rs. 975,500 was entered to create test software for the Language Laboratory in December 2018. The free maintenance service had been omitted due to non-use of the soft wear in the year of entering into the agreement and it had not been made suitable for the use for examination purposes up to now.

Prior investigations have been completed by now. One of the formal tests and tests of advanced training course beneficiaries who appeared for the tests and interviews conducted using the students of the language laboratory were activated through this software.

Expected Purpose should be achieved by the software and use it in a timely manner and also get the free maintenance service.

### 3.2 Annual Performance Report

#### Audit Observation

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The Annual Performance Report had not been prepared in accordance with the format set out in Guideline No. 14 issued by the Department of Public Finance in accordance with paragraph 10.2 of the Public Finance Circular No. 2/2020 dated 28 August 2020.

#### Comments of the Accounting Officer

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The report is currently being prepared and the relevant officials were instructed to complete the work expeditiously and submit it.

#### Recommendation

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Action should be taken in accordance with the circular.

### 3.3 Management inefficiencies

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
----- Although a sum of Rs.4,860,000 for preparing a Sinhala Tamil translator software in the year 2015 and 2016, and a sum of Rs. 5,950,000 was spent for preparing a Tamil Sinhala translation software in 2017 and 2018, the desired objectives have not been achieved so far.	----- Language Translation Division carries out daily language translation work using Sinhala-Tamil and Tamil-Sinhala translation software. Further, a translator will double check the accuracy of the translated documents as no translation software can provide 100% accurate translation.	----- Necessary arrangements should be made to use the software to translate Sinhala into Tamil and Tamil into Sinhala language.

### 5. Human Resources Management

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(a) There were 2 vacancies at the senior level, 35 vacancies at the tertiary level and 02 vacancies at the primary level and no action had been taken to fill the same vacancies during the year under review.	Approval has been sought to remove the post of Commissioner from the departmental status and create it as a post in the Administrative Service. Preparation of the recruitment procedure for the post of Assistant Commissioner has commenced. Necessary steps have been taken to fill the posts at the tertiary and primary level.	Action should be taken to fill essential posts and should not be recruited more than the approved cadre.
(b) The excess cadre was 20 in the secondary level posts	The situation has arisen due to attachment of officers holding departmental posts to the Development Officer service. The Director General of Combined Services has already been informed to attach these personnel to other institutions.	Should not be recruited beyond the approved cadre.

(c) No. of 42 officers who have been recruited as Translator Assistants have been released for service in Local Government Institutions and Divisional Secretariats offices from the year 1999. Although a sum of Rs. 25,410,440 had been paid as salaries and allowances these officers for the year 2020, action had not been taken to get any service from these officers to the department by carrying out assignments from Department of official languages.

These officers have not been assigned a monthly or annual assignment and their services as translators have been made available to the public even though the service of the officers is not received directly to the department. The heads of these institutions have been asked whether the services of these officers are still required for those institutions and accordingly steps have been taken to decide whether to attach these officers to other institutions or to call them to the Department.

Necessary action should be taken to obtain the service to the department by assigning duties to the officers who have been recruited to the service.