

Head 005 - Office of the Cabinet of Ministers

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Head 005 - Office of the Cabinet of Ministers for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 Office of the Cabinet of Ministers was issued to the Chief Accounting Officer on 15 May 2023 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 of the Cabinet of Ministers was issued to the Chief Accounting Officer on 31 May 2023 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 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 accompanying financial statements give a true and fair view of the financial position of the Office of the Cabinet of Ministers as at 31 December 2022 and 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 responsibility for the financial statements is further described in the Auditor's Responsibility Section. 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 for the Financial Statements

The Chief 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 Office of the Cabinet of Ministers 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 shall ensure that an effective internal control system for the financial control exists in the Office of the Cabinet of Ministers 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 Responsibility 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 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 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 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) 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.

2. Operational Review

2.1 Imprest Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the imprest receivings from other sources were Rs. 114,183 and the imprest settlements from expenditures were Rs. 159,471,086 as per the treasury computer printout SA-21 and monthly summaries of accounts, Rs. 501,144 and Rs. 159,858,047 were included respectively in the ACA-3 imprest account.	The relevant officers were instructed to take the necessary steps to account correctly in future.	The balances of the imprest account in the financial statements should be reconciled with the treasury computer printouts and monthly account summaries.

2.2 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although it was stated that action should be made to reduce the telephone expenses of government institution by 25 percent according to paragraph 04.1 of Budget Circular No. 03/2021 dated 21 December 2021, savings of the provision was only 6 percent in the expenditure object of 1402-Postal and communication expenditure of the institution.	Due to the special duty assigned to the Cabinet Office, it is difficult to reduce the communication costs that must be incurred in the performance of daily duties. However, a cost saving of 6 percent has been achieved as much as possible.	Should be act as per the circular.

2.3 Non- compliance with Laws, Rules and Regulations

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the Statement of non-financial assets generated by the new CIGAS web application of the treasury should be attached as ACA – 6 format in accordance with section 06 of the Public Accounts Guideline No. 2022/05 dated 13 December 2022 issued by the Department of Public Accounts, the statement of non-financial assets generated by the CIGAS desktop application of the institute had been attached.	The relevant officers were instructed to ensure that such omissions do not occur in future.	According to the circular, the statement of non-financial assets generated by the new CIGAS web application of the Treasury should be attached as ACA -6 format.

3. Operational Review

3.1 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to sub No. 06 of section 11.1 in the part 1 of Public Finance Circular No. 01/2020 dated 28 August 2020, the board of survey reports related to the year under review had not been submitted to the Auditor General.	Due to some inconsistencies between the board of survey reports and the main inventory related to the year 2022, a committee of executive officers was appointed to conduct a survey again and the final report is currently being prepared. Action will be taken to submit it to the audit as soon as possible.	According to the circular, action should be made to submit the board of survey reports to the Auditor General on due date.

4. Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the provisions of section 38 of the National Audit Act No. 19 of 2018, the Chief Accounting Officer should prepare a necessary system for the proper execution of internal audit duties, but this has not been done accordingly.	It would be informed that there is no strict requirement to exist a position of Internal Auditor due to that the amount of budget allocated for this office is limited, various projects or programmes are not implemented by the office, adequate internal control systems have been established in the office to maintain the institute's activities properly and those systems are functioning properly.	A necessary system should be prepared for the proper implementation of internal audit tasks according to the provisions of the Act.

5. Human Resource Management

Audit Observations	Comments of the Chief Accounting Officer	Recommendation
(a) The approved staff of the institute was 118 and the actual staff was 79 as at 31 December 2022. There were vacancies for the posts of senior level Internal Auditor, Legal Adviser and Legal Officer in the approved staff from the year 2021.	Due to suspension of new recruitments by Budget Circular No. 03/2022 dated 26.04.2022, no steps have been taken to recruit for the post of Internal Auditor. A retired female officer has been appointed for the post of Legal Adviser with the approval of the Cabinet of Ministers. Due to non-approval of the Public Service Commission for the results of the interview conducted to select an officer for the post of Legal Officer, the notice of re-application has been submitted to the Public Service Commission for approval.	Action should be taken to maintain the staff within the approved limit of the staff.
(b) Although there were 04 secondary level Development Officer posts in the approved staff, the actual number was 06.	While three Development Officers were working attached to this office, three more Development Officers were assigned to this office on permanent basis by the Director General of Combined Services.	Arrangements should be made to maintain an approved number of employees and according to the needs of the institution, staff revisions should be made according to the letter No. PS/GT/2020 (Volume III) dated 23.01.2022 of the Secretary of the Ministry of Public Services, Provincial Councils and Local Government.

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| (c) | Officers were appointed on contract basis for 02 posts out of 28 senior level posts in the approved staff and 13 posts were vacant. It was 42.8 percent of senior level posts. There were 20 percent of tertiary level vacancies and 30 percent of secondary level vacancies. | The filling of the said vacancies has been temporarily postponed due to the suspension of filling vacancies of the posts by the Budget Circular No. 03/2022 dated 26.04.2022. | Vacancies in essential posts should be filled or action should be taken as per the circulars. |
| (d) | A Human Resource Development Plan for officers was not prepared based on Annexure 02 format of the Public Administration Circular No. 02/2018 dated 24 January 2018. | A Human Resource Plan has been prepared for the year 2023 and instructions have been given to the relevant officers to act accordingly in future. | Should be act as per the circular. |