

Head 230 - Legal Draftsman's Department

1. Financial Statements

1.1 Qualified Opinion

Head 230 - The audit of the financial statements of Legal Draftsman's Department for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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 including my comments and observations on the financial statements of the Legal Draftsman's Department was issued to the Accounting Officer on 29 May 2024 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Annual Detailed Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 24 June 2024. 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 Legal Draftsman's Department as at 31 December 2023 and its financial performance and cash flow 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 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 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 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 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 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 judgment and maintain professional skepticism 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 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 regarding on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Presentation of Accounts

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As per paragraph 3.1 of the State Accounts Guideline No. 05/2023 dated 30 November 2023, Final Treasury prints obtained from the new CIGAS web application system shall be attached Financial Statement, but SA 20, SA21, and SA 40 were not attached.	It had been informed that SA 20, SA 21, SA 40 are related to a Revenue Accounting Officer and since the Head of Department is not a Revenue Accounts Officer, those prints are not shown as annexures in the Financial Statements.	Treasury prints should be submitted along with the Financial Statements in accordance with referred circular.
(b) The balance as per bank statement as at 31 December 2023 is Rs.3000, though it has been correctly stated in the bank reconciliation statement, the balance as per bank statement as at 31 December 2023 of the bank accounts in Annexure (viii) of the Financial Statement shows the balance as Rs.3,415,155 which was overstated Rs.3,412,155.	Annexure viii shows the value before the balance is transferred to the Treasury official bank account as at 31 December 2023 of Rs.3,415,155, which is the value transferred to the Treasury in the Bank Reconciliation Statement and the closing balance of Rs.3000. It had been informed that as per the bank statement the balance of Rs.3000 has been stated in the bank reconciliation statement.	Bank reconciliation statement should be prepared correctly.

1.6.2 Accounting Deficiencies

(a) Receipts of Revenue

The following deficiency was observed in accounting receipts of revenue relating to the department.

Audit observation	Comments of the Accounting Officer	Recommendation
The value of Rs.2,510 of the income from sale of disposal office equipment and computer accessories value of Rs.145,059 disposed during the year in cash flow generated from investment activities should be put under the provision for Divestiture Proceeds and sale of Physical Assets, but it was reported cash flow generated from operating activities.	It had been informed that the value of Rs. 2,510, which was the income from the sale of office equipment and computer accessories, was recorded to be shown under the income investment activities generated from the sale of physical assets in the presentation of future financial statements.	Revenue received from sale of assets should be accurately recorded.

(b) Non maintenance of Register and Books

It was observed during the sample audits the department did not maintain some of the following documents and that some of the documents were not in the proper and updated manner.

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) Register of counterfoil books		
The counterfoil register was not updated as per Financial Regulation 341	It had been informed that the omissions have been rectified and the officer in charge has been informed to properly update the counterfoil register in accordance with Financial Regulation 341.	Register of counterfoil books should be kept up to date as per the provisions of the referred Financial Regulation 341 and format of the G.A.N 20
(ii) Vehicle Running Charts		
Running charts had not been maintained properly and updated as per Financial Regulations 1645.	It had been informed that the drivers of reserve vehicles have been informed, and in accordance with the Financial Regulations	Running charts should be maintained up to date as per

1645, instructions have been referred Financial given to the relevant supervising Regulations 1645 officer in charge to follow up on the matter so that such deficiencies do not occur in the future.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Allocations amount of Rs.6,120,000 in 02 recurrent expenditure objects had been transferred to other expenditure objects by the financial regulation 66.	It had been informed that due to frugal spending of expenses in the indicated expenditure objects, the remaining provisions had to be used to cover the essential expenses that had to be incurred in order to maintain the day-to-day duties of the department without interruption.	Adequate estimates should be prepared.
(b) As per the paragraph 02(c)(ii) of Budget Circular No. 01/2023 dated 27 January 2023, the expenditure for the object code No. 1403 should be reduced, but the additional provision for that object is Rs. 1,900,000 and Rs. 1,650,000 had been expended by transferring the provision of by Financial Regulations 66, increasing the estimated provision by 26 per cent.	It had been informed that provision was made for contractual obligations to settle electricity and water charges in December 2023.	Actions should be taken as per the referred Circular provisions.
(c) As per the paragraph 02(c)(iv) of Budget Circular No. 01/2023 dated 27 January 2023, the expenditure for object code No 1401 should be controlled, but the allocation of Rs. 2,050,000 has been transferred by financial regulation 66 and the estimated provisions has been increased by 20 percent.	It had been informed that the officers owning official vehicles had to make additional provisions due to insufficient provision for payment of transport allowance.	Actions should be taken as per the referred Circular provisions.

2.2 Incurring of liabilities and commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
According to paragraph 3.3 of State Accounts Guideline No. 05/2023 dated 30 November 2023, the obligations and liabilities of the institution should be disclosed according to the commitment numbers, but for the year 2023 liabilities amount of Rs. 7,047 were not included in the register of liabilities and statement of commitment and liabilities in the Financial Statement.	The amount of Rs. 7,047 has not been included in the accounts and financial statements due to an omission, and it was informed that efforts will be made to avoid such deficiencies in the future.	Liabilities should be accurately disclosed as per the State Accounts Guideline.

2.3 Certification of Chief Accounting Officer/ Accounting Officer

Accounting Officer should certify the following matters in terms of provisions set out in section 38 of the National Audit Act no 19 of 2018. However, it had not been done

Audit Observation	Comments of the Accounting Officer	Recommendation
The Chief Accounting Officer and the Accounting Officer shall ensure that the annual and other financial statements are prepared within the required time and in addition the Chief Accounting Officer shall ensure that annual reports relating to the audited entity are submitted to Parliament, but as a result of the the audit observation referred to in paragraph 3.3 of the report those requirements had not been fulfilled.	In the future, the relevant officers have been instructed to submit the annual performance report to the Parliament on the scheduled date, and it was informed that the necessary actions have been taken.	Action should be taken as per the provisions in Section 38 of National Audit Act No. 19 of 2018.

2.4 Non-compliance with laws, rules and regulations

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

observation

Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance	Comments of the Accounting Officer	Recommendation
(i) Financial Regulations of the Democratic Socialist Republic of Sri Lanka 139(4)	385,731	Although a formal receipt should be obtained for every amount paid as per Financial Regulations, However it had not been done in respect of 04 payment vouchers value of Rs.385,731	It had been informed that the amount has been formally given by the payee or his agent who has signed and in the absence of this, a receipt issued by the payee has been obtained and attached to the voucher.	Actions should be taken as per the referred Financial Regulations.
(2)232	978,037	As per the Financial Regulations, the value of the voucher should be recorded in numbers as well as in letters, but in respect to 05 vouchers, the value had not been mentioned	Actions have been taken to complete all deficiencies and the officers who prepare and check the vouchers in the future have been informed.	Actions should be taken as per the referred Financial Regulations.

(1) 225	1,775,854	<p>in letters.</p> <p>As per the Financial Regulations, all payment vouchers must be correctly and completely filled in the prescribed forms and submitted for payment, but in respect of 17 vouchers the value was not mentioned on the back side and in respect of 03 vouchers the date had not been recorded.</p>	<p>Actions have been taken to complete all deficiencies and the officers who prepare and check the vouchers in the future have been informed.</p>	<p>Actions should be taken as per the referred Financial Regulations.</p>
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(ii) **Public Administration Circular**

Paragraph 3.1 of Circular No. 30/2016 dated 29 December 2016

<p>As per the circular, no fuel consumption test had been done in respect of 05 vehicles.</p>	<p>It had been informed that the fuel test of the reserve vehicles will be done in the future, currently the fuel test of the vehicles KH-5591 and KM-0905 has been done.</p>	<p>Actions should be taken as per the referred Financial Regulations.</p>
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3. Operational Review

3.1 Planning

Audit Observation

According to paragraph 04 of the Public Finance Circular No. 02/2020 dated August 28, 2020, the annual procurement

Comments of the Accounting Officer Recommendation

It had been informed that the procurement plan for the year 2023 was prepared at 13 December 2022 and submitted to the Auditor General

Actions should be taken as per the referred circular provisions.

plan should be prepared before 10 December of the transition year and the approval of the Chief Accounting Officer should be obtained and copies thereof present to the Auditor General, but the procurement plan related to the year 2023 of the department had been prepared at 13 December 2022 and submitted to the Auditor General at 31 October 2023.

at 30 October 2023 due to a late error, and the procurement plan for the year 2024 has been forwarded to the Auditor General on the due date.

3.2 Non- performance of Functions

The following observation is made.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>According to the performance report submitted by the department as at 31 December 2023, there are 297 requests that were drafted as at 01 January 2023 and handed over as preliminary or final drafts and awaiting observation and advice from the Attorney General or other ministries and departments and Out of total 397 requests of 100 requests were not finished drafting and , there were 105 files which were closed without consultation for a long period of time.</p>	<p>It had been informed that there are 100 requests that have not been completed as at 01 January 2023, and 297 requests pending observation and instructions from the Attorney General or other Ministries and Departments, out of the total 397 requests, there are 105 files that have been closed for a long time without instructions.</p>	<p>Actions should be taken to increase the performance of the department.</p>

3.3 Annual Performance Report

In terms of paragraph 10.2 of Public Finance Circular No.2/2020 dated 28 August 2020, the Annual Performance Report should have been prepared in accordance with the Format specified in Guideline 14, issued by the Department of Public Finance. The following observations are made in this connection.

Audit Observation	Comments of the Accounting Officer	Recommendation
As per the paragraph 12.1 of the Public Finance Circular No. 02/2020 dated 28 August 2020, The Annual Performance Report should be submitted to Parliament for tabling before 150 days from the end of the financial year, but The Annual Performance Report for the year 2022 has been submitted to Parliament at 03 October 2023. Thus, there was a delay of 04 months.	It had been informed that the performance report will be submitted to the Parliament in due course.	As per the referred circular, the performance report should be submitted to the Parliament on the due date.

3.4 Management weaknesses

The following observation is made.

Audit Observation	Comment of the Accounting Officer	Recommendation
Even though it had been mentioned that the credit protection coverage will not be valid from the date of the officer resigns from the government service or retires or leaves the post or is dismissed, distress loans to the value of Rs.346,194 has been issued to four officers on the credit protection insurance of the National Insurance Trust Fund.	It had been informed that in the future, they will not issue distress loans based on the credit protection insurance of the National Insurance Trust Fund, but only issue loans based on individual guarantees.	Actions should be taken not to issue distress loans to officers on the basis of credit protection insurance.

4. Human Resource Management

The following observations are made.

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	As at 31 December 2023, the approved staff of the institution was 149, the actual staff was 86 and the number of vacancies was 63. That was 42 percent of the approved staff.	It had been informed that actions has been taken to fill the vacancies in the posts.	As presence of vacancies affects the performance, Actions should be taken to fill the vacancies.

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| (b) | There are 35 vacancies for 05 posts out of the 11 senior and tertiary level posts that contribute directly to the performance of the Legal Draftsman's Department whose purpose is to draft laws, which is 50 percent of the approved staff. | It had been informed that actions are being done to fill the relevant vacancies. | As presence of vacancies affects the performance, Actions should be taken to fill up the vacancies. |
| (c) | There were 08 vacancies for the post of Senior Assistant Legal Draftsman and 01 vacancy for the post of Chief Translator. | It had been informed that action has been taken to fill the relevant vacancies. | Actions should be taken to fill the vacancies. |
| (d) | Out of 86 officers, only 18 were given duty lists, while 68 officers were not given duty lists. | It had been informed that the officers who have not been given duty assignment lists are currently being carried out to provide those lists. | Officers should be given duty lists. |