

Head 299 – National intellectual Property of Sri Lanka - 2025

1. Financial Statements

1.1 Opinion

Head 299- The audit of the financial statements of the National Intellectual Property of Sri Lanka for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of financial performance, and the 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 the provisions of the National Audit Act, No.19 of 2018. In terms of Section 11(1) of National Audit Act, No.19 of 2018 (as amended) the summary report including my comments and the observations on the financial statements of the National Intellectual Property of Sri Lanka had been issued to the Accounting Officer on 13 May 2026. In terms of Section 11(2) of National Audit Act, the annual detailed management audit report related to the National Intellectual Property of Sri Lanka had been issued to the Accounting officer on 26 June 2026. This report will be tabled to the Parliament in terms of the provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of the section 10 of National Audit Act, No.19 of 2018.

The financial statements of the National Intellectual Property of Sri Lanka for the year ended 31 December 2025 give a fair view of the financial position, and its financial performance and cash flows and on all the material aspects in accordance with the basis of preparation of the financial statements.

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 audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of Matter - Basis of Preparation of Financial Statements

I draw attention to the financial statements, which describes the basis of preparation of these financial statements. The financial statements had been prepared for the requirement of the National Intellectual Property of Sri Lanka, General Treasury and the Parliament in accordance with Financial Regulations 150 and 151 of the Government and State Accounts Guideline No. 02/2025 dated 17 December 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the National Intellectual Property of Sri Lanka, the General Treasury and the Parliament of Sri Lanka. My opinion in this regard is not modified.

1.4 Responsibility of the Chief Accounting Officer and Accounting Officer on the Financial Statement

The Accounting Officer is responsible to prepare financial statements that give a true and fair view in all material aspects and to determine such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error in accordance with Government Finance Regulations 150 and 151 and State Accounts Guideline No. 02/2025 dated 17 December 2025.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the National Intellectual Property of Sri Lanka 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.

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the National Intellectual Property of Sri Lanka in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.5 Auditor's Responsibility on Audit of 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, 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 exercised professional judgment and maintained 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 its internal control.

- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- Evaluate the overall presentation, 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.

The Accounting Officer is made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

2. Report on the other legal Requirements

In terms of the section 6(1) (d) of the National Audit Act, No.19 of 2018, I expressed the under-mentioned facts.

- The financial statements are consistent with the preceding year
- The recommendations made by me on the financial statements in relation to the preceding year had been implemented.

3. Financial Review

3.1 Non-compliance with rules, laws and regulations

Reference to laws, rules and regulations	Observation Non-compliance	Comments of the Accounting Officer	Recommendation
(a) Sub section II of paragraph 6 of Public Administration Circular No.162 dated 01 April 1980	Even though it had been mentioned that late attendance at any time between 9.00 a.m. and 12.00 p.m. should be treated as a half-day's leave, without complying with that 12 incidents of 11 officers who had arrived after 9.00 a.m. without obtaining approval for half day leave and 25 incidents of 11 officers who had arrived after 9.00 a.m. without getting approval for half-day's leave and had existed in May 2025.	The action had been taken to investigate again the leaves of all officers in the office and properly update the leave registers. The action will be taken to maintain the leave registers systematically in terms of relevant circulars since the year 2026.	The leaves and late attendance should be treated as per the circular provisions.

4. Operational Review

4.1 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
The assets with a value of Rs.586,587 such as 18 chairs, a television and 01 T.V. stand purchased in the years 2016,2017 and 2020 under Madrid Project had been kept in the main stores without utilization over 05 years since the date of purchase.	The kanteliver chairs mentioned here had been issued to Patent Division on 24 November 2025 and the remaining goods had been kept for the usage when the office will be shifted to new premises.	The action should be taken to utilize the assets purchased

4.2 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
13 incidents in which 12 officers had not noted half-day's leave in comparing a sample of monthly arrival records as per finger scanner with the leave registers in relation to the period from January 2025 to October had prevailed.	The approval had been granted by the head of department to depart from office after covering the late period from 8.31 a.m. to 9.05 a.m. after 4.14 p.m. without deducting the personal leave of officers as a relief to the officers who had arrived late from 9.01 a.m. to 9.05 a.m. due to non-operational of one elevator in the building of Samagam Madura and installation of the finger scanner in third floor in accordance with a meeting held on 11 May 2023. Furthermore, the measures had been taken to examine the leaves of all officers in the office again and properly update the leave registers.	The leaves and late attendance should be treated as per the circulars.

5. Good Governance

5.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
In terms of the section 40 of National Audit Act No.19 of 2018, no Internal Auditor had been appointed for the internal audit activities of office since a period of 05 years.	The Accountant of Department of Commerce had been appointed on 17 February 2026 to act in the post of Internal Auditor which had been vacant in this office.	In terms of the section 40 of National Audit Act No.19 of 2018, the action should be taken to appoint an Internal Auditor to carry out an internal audit.

5.2 Audit and Management Committee

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though an Audit and Management committee had been appointed in terms of the section 41 of the National Audit Act No.19 of 2018, only 02 meetings of Audit and Management Committee had been conducted for the year 2025.	The meetings of Audit and Management Committee couldn't be conducted on non-availability of a permanent Internal Auditor and a permanent Accountant in the institute.	In terms of the Act, the action should be taken to conduct the meetings of Audit and Management Committee once in 03 months.

6. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
At the end of the year under review, the approved cadre was 110 and the actual cadre was 79 and number of vacancies was 31. In that context 06 vacancies in the post of senior level and 18 vacancies in the post of secondary level and 07 posts in the primary level had been vacant. An acting appointment had been made on 28 June 2025 for the post of Director General and the post of Additional Director General had been vacant since 17 February 2021.	The department posts of Additional Director General, Director, Assistant Director (Information and Investigations) as the posts in senior level had been vacant. The draft of the scheme of recruitment had been prepared for carrying out future action required for the recruitment of an officer for the post of Additional Director General and submitted to the ministry for obtaining the approval of the Public Service Commission.	The action should be taken to fill the essential vacancies.