

1. Financial Statements

1.1 Unqualified Opinion

The audit of the financial statements of the Department of Legal Draftsman for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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. My comments and observations which I consider should be tabled in Parliament appear in this report. The summary report including my comments and observations on the financial statements of the Department of Legal Draftsman was issued to the Accounting Officer on 19 June 2020 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report relating to the Department in terms of Section 11 (2) of the National Audit Act , No. 19 of 2018 was issued to the Accounting Officer on 12 August 2020. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion , the accompanying financial statements prepared in accordance with State Accounts Circular, No. 271/2019 dated 03 December 2019, give a true and fair view of the financial position of the Department of Legal Draftsman as at 31 December 2019, 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 for the Audit of the Financial Statements 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 Responsibilities of Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Chief Accounting Officer and the 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 such internal control as management determine 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 out.

1.4 Auditor's Responsibilities for the 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 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 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 significant audit findings, weaknesses in internal control, and other matters identified during the course of my audit were brought to the notice of the Accounting Officer.

1.5 Report on Other Legal Requirements

I express the following matters in accordance with 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 relating to the financial statements of the preceding year, had been implemented.

1.6 Comments on Financial Statements

1.6.1 Failure to Maintain Registers and Books

Audit Observation	Recommendation	Comment of the Accounting Officer
-----	-----	-----
The Register for losses had not been updated in terms of Financial Regulation 110.	The Register for losses should be updated in accordance with the Format given under Financial Regulation 110.	Action will be taken in due course in accordance with the Financial Regulation 110.

1.6.2 Non-compliances with Laws, Rules and Regulations

Reference to Laws, Rules, and Regulations	Observation Non-compliance	Recommendation	Comment of the Accounting Officer
Financial Regulation 104(3), 104(4) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	Preliminary reports had not been furnished on 04 vehicle accidents occurred in the year under review. After inquiry, the full report should have been submitted within three months from the date of loss. However, it had not been so done.	The Financial Regulation 104 should be followed.	Action will be taken in due course. In accordance with Financial Regulation 104(3) and 104(4).

2. Financial Review

2.1 Management of Expenditure

Audit Observation	Recommendation	Comment of the Accounting Officer
Except for the amount of 25 per cent necessitated by the Circulars to be saved from the capital expenditure in the year under review and the amounts saved after being directly informed to the Department, a sum of Rs. 3,607,216 had further been saved out of the net provision totalling Rs. 9,750,000 made on 02 capital Objects and 04	Estimates should be prepared correctly and realistically in terms of Financial Regulation 50.	It has been informed that recurrent expenses should be decreased in accordance with Section 02 of the National Budget Circular, No. 04/2019 dated 2019.06.17. Savings had been made in accordance with National Budget Circular, No. 05/2019, dated 2019.09.24. As Westlaw Data Base had been used to access law books, there was no necessity to buy the books.

recurrent Objects. That saving ranged between 26 per cent and 100 per cent.

3. Operating Review

3.1 Delays in Implementing Projects

Audit Observation	Recommendation	Comment of the Accounting Officer
-----	-----	-----
<p>It had been scheduled to commence the project to integrate and revise the law statutes on 01 July 2014 and complete by 31 December 2017 under an estimated provision of Rs. 185 million. However, the project had not been completed but an extension had been granted until December 2020. Only a sum of Rs. 11.687 million had been spent during the period from 2014 up to the end of the year 2019 representing 6 per cent of the estimated value.</p>	<p>Action should be taken to achieve the goals expected from the project within the specified period.</p>	<p>All the matters that caused the project to be delayed such as, the project should be implemented meticulously by officers specially skilled in drafting Acts after being technically evaluated, lack of such officers, majority of such officers were legal officers exercising average duties of the Department, activities planned for the project took time longer than expected, the coordinating officers were appointed to the project on part-time basis, officers proceeding abroad and their period of service coming to an end, and although approval was sought to appoint a secretary for the project, it was informed that an employee of the Department be appointed without being paid – a decision that was not practical, were informed by me through the Letter, dated 2019.04.08 to the Ministry of Justice. Instructions were sought for the project to proceed, and it was decided at the discussion held on 2020.03.05 with the Secretary to the Ministry of Justice relating to the progress of the project that the possibility of appointing 02 new coordinating officers should be looked into.</p>

3.2 Management Inefficiencies

Audit Observation	Recommendation	Comment of the Accounting Officer
Guidelines had been given in the Public Administration Circular, No. 02/2018 Named promoting human resources in the public sector, dated 24 January 2018, emphasizing the necessity of using the human resources centralized in the public sector of Sri Lanka, in an efficient and planned manner for the development of the country. However, no action had been taken to fulfil the said objective.	Action should be taken in accordance with the Public Administration Circular, No. 02/2018 dated 24 January 2018.	Action is being taken in accordance with the Public Administration Circular, No. 02/2018 dated 24 January 2018 relating to development of human resources in the public sector. Once completed, it will be made available.

4. Human Resource Management

Audit Observation	Recommendation	Comment of the Accounting Officer
Thirty three officers belonging to 08 posts in the senior and tertiary levels representing 47 per cent of the approved posts who had directly been involved in drafting laws, remained vacant in the cadre approved as at 31 January 2019. By July 2020, vacancies in the posts of Additional Legal Draftsman and Deputy Legal Draftsman had been filled on acting basis. Furthermore, 18 vacancies also existed in 05 posts of the primary and	Action should be taken to fill vacancies in the essential posts.	<p><u>Additional Legal Draftsman and Deputy Legal Draftsman</u></p> <ul style="list-style-type: none"> Approval had been given by the Public Services Commission to appoint the Deputy Legal Draftsman who had met the qualifications, to this post in acting capacity on fulltime basis. Approval had been sought from the Public Services Commission to fill the vacancy through a promotion in accordance with Management Services Circular, No. 03/2014.

secondary levels.

Senior Assistant Legal Draftsman.

- This post is given bases on the period of service in the post of Assistant Legal Draftsman. At present, there are no officers in the Department with a service period (10 years) adequate to be promoted

Assistant Legal Draftsman

- The Scheme of Recruitment for this post had been revised and sent to the Public Services Commission for approval.

Language Translator

- The Scheme of Recruitment for this post should be revised, and the revision is in progress.

The relevant institutions and Ministries have been informed for filling the vacancies of Assistant Director, Administrative Officer, Development Assistant, Management Services Officer, Document Assistant, Editor, and Driver.