

Official Languages Commission – 2019

1.1 Qualified Opinion

The audit of the financial statements of the Official Languages Commission for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and the Financial Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in Paragraph 1.5 of this report.

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 qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Commission 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.

1.4 Auditor's Responsibility in Auditing 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 scepticism 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following.

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Commission, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Commission has complied with applicable written law, or other general or special directions issued by the governing body of the Commission ;
- Whether the it has performed according to its powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

Audit Observation	Comments of the Management	Recommendation
Although the assets can only be stated as current assets which are expected to be realised within 12 months after the date of reporting, according to paragraph 76 (c) of Sri Lanka Public Sector Accounting Standards No. 01 sub imprest amounting to Rs.179,036 was stated as current assets which have remained unsettled for several years.	Action has been taken to investigate currently and action will be taken to submit a report in the future.	Action should be taken to settle.

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
Although plant and machinery, office equipment and computers are being used amounting to Rs. 2,005,802 were fully depreciated, action had not been taken to revalue and account for them.	Action will be taken to revalue and account them in the future.	Action should be taken to revalue and account them.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
Financial Regulation of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 156 (7)	A sum of Rs. 54,063 issued to 03 officers the savings are ranging from 50 percent to 100 percent had been reimbursed in cash due to non - issuing of advance based on proper estimate.	Instructions have been given to the officers take action to submit the estimates in a cost – effective way.	Action should be taken in accordance with the Financial Regulations.
(ii) Financial Regulations 396 (d)	Action had not been taken in respect of 28 cheques valued at Rs. 51,199 according to the regulation until 15 March 2020 which were more than 6 months after issue as at 31 December 2019.	Although reminders have been issued by now and instructions have been given to the officers to take actions to credit the government revenue which cheques were not furnished for the extension of dates.	Action should be taken in accordance with the Financial Regulations.

2. Financial Review

Financial results

The operating result of the year under review amounted to a deficit of Rs. 4,154,704 and the corresponding deficit in the preceding year amounted to Rs. 376,464 . Therefore, a deterioration amounting to Rs. 3,778,240 of the financial result was observed. The increase in salaries, wages and employee benefits, other expenses, implementation of official language programs and utilities and other services by Rs. 761,679, Rs. 2,713,041, Rs. 723,477 and Rs. 503,404 respectively had mainly attributed to this deterioration.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
A number of 3442 glossaries and Short Course Books printed prior to the year 2012 valued at Rs. 309,780 had not been distributed by 31	This book is being distributed continuously for the awareness programs on school language circles initiated by the Official	Since the book is an old edition, action should be taken to distribute quickly and the

December 2019. Further a board of survey had not been carried out in respect of Course Books during the year under review. Also, a stock of inventory valued at Rs. 74,679 was idle for several years without in use.

Languages Commission. Action will be taken to include this stock of books in the board of survey 2019.

remaining books should be surveyed at the end of each year.

3.2 Human Resources Management

Audit Observation

Although action had not been taken to fill the 19 existing vacancies according to the information of approved and actual carder as at 31 December 2019, 05 officers had been recruited exceeding the approved carder.

Comments of the Management

The scheme of recruitment relating to these posts has been submitted to the Department of Management Services for approval and the recruitment can be made as soon as the scheme is approved.

Recommendation

Action should be taken to fill the vacancies.