

## Head 333 – Comptroller General’s Office

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### 1. Financial Statements

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#### 1.1 Opinion

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The audit of the financial statements of the Comptroller General’s Office-Head 333 for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance and cash flow statements 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 including my comments and observations on the financial statements of the Comptroller General’s Office was issued to the Accounting Officer on 30 June 2022 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report relating to the Office was issued to the Accounting Officer on 01 August 2022 in terms of Section 11 (2) of the Audit Act. This report will be presented 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 financial statements give a true and fair view of the financial position of the Comptroller General’s Office as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Opinion

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). 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 the Chief Accounting Officer and the Accounting Officer for the Financial Statements

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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 such internal control as management determines 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 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 of the Office.

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 Office 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 Responsibility for the Audit of the Financial Statements**

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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 the audit 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 Company's 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 the 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, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

#### **1.5 Report on Other Legal Requirements**

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I express the following matters in accordance with Section 6 ( 1) (d) of the National Audit Act, No. 19 of 2018.

- (a) That the financial statements are consistent with the preceding year,
- (b) The recommendations made by me on financial statements relating to the preceding year, had been implemented.

## 2. Financial Review

### 2.1 Management of Revenue

The following observation is made.

| <b>Audit Observation</b>  | <b>Comments of the Accounting Officer</b>   | <b>Recommendation</b>   |
|---|---|---|
| Revenue of Rs.400, 000,000 had been estimated for the revenue code 2006.02.00 in the year under review. Out of that amount, a sum of Rs. 188,384,750 had been collected as at the end of the year under review. Accordingly, it had not been able to collect a sum of Rs. 211,615,250 or 53 per cent of the estimated revenue as at the end of the year under review. | The revised revenue estimate in 2021 was taken for further review and Department of Fiscal Policies was informed on 30.08.2021 that the value of the revised revenue estimate totalled to Rs.220 million. | That the preparation of revenue estimates should be done as accurately and realistically as possible. |

### 2.2 Management of Expenditure

The following observations are made.

| <b>Audit Observation</b>   | <b>Comments of the Accounting Officer</b>  | <b>Recommendation</b>  |
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| (a) Even though a net provision totalling Rs. 2,100,000 had been made for 04 Objects, the total provision had been saved since that provision was not utilized for any purpose in the year under review.   | Expenditures were limited as per the Cabinet decision dated 30 08 2021 regarding review of the Government expenditure. Accordingly, the Line Ministry had been informed to freeze the provision even though provision requiring. | That the preparation of annual expenditure estimate should be done as correctly and realistically as possible in terms of Financial Regulation 50. |
| (b) Over Provision totalling Rs. 40,300,000 had been made for 13 Objects, and out of that provision, a sum totalling Rs. 23,079,363 had been utilized. Accordingly, provision of Rs. 17,220,637 had been saved.<br>That saving ranged from 24 per cent to 96 per cent of the provision made for each Object. | -Do-   | Annual expenditure estimate should be prepared as correctly and realistically as possible in terms of Financial Regulation 50.                     |

### 3. Operational Review

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#### 3.1 Performance

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According to the Annual Performance Report, the expected objectives of the following tasks mentioned in the Action Plan could not be fully achieved. The following observations are made in that regard.

|     | <b>Audit Observation</b>   | <b>Comments of the Accounting Officer</b>  | <b>Recommendation</b>  |
|-----|--|--|--|
| (a) | Performance of the task of introduction of a new software for creating central data system for reporting all Government owned non-financial assets, ranged from 50 per cent to 74 per cent | The progress of the task of introduction of new software depends on the progress of the ITMIS project, and it falls outside the control of the Comptroller General's Office. | That action should be taken to fully achieve the expected objectives of the Action Plan. |
| (b) | Performance of introduction of a data system for reporting all Government owned non-financial assets, ranged from 75 per cent to 89 per cent.  | The Progress out of introduction of a data system for non-financial assets is in a satisfactory level.   | That action should be taken to fully achieve the expected objectives of the Action Plan. |

### 4. Human Resource Management

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The following observation is made.

| <b>Audit Observation</b>   | <b>Comments of the Accounting Officer</b>  | <b>Recommendation</b>  |
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| There were 15 vacancies in the cadre of the office as at 31 December 2021 and 08 out of them were at the senior level. | Vacancies in posts should be filled taking into consideration the service requirement for the purpose of efficiently carrying out affairs of the Comptroller General's Office, | That if the existence of vacancies in the cadre adversely affects the performance of the Office, action should be taken either to fill such vacancies or else to revise the cadre. |