

Official Languages Commission - 2014

The audit of financial Statements of the Official Languages Commission for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial results, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory 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 Section 13(1) of the Finance Act, No. 38 of 1971 and Section 17(3) of the Official Languages Commission Act, No.18 of 1991. My comments and observations which I consider should be published with the Annual Report of the Commission in terms of Section 14(2)(C) of the Finance Act appear in this report.

1.2 Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institution (ISSAI 1000-1810). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements of the financial statements whether due to fraud or error. In making those risks

assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

02. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Official Languages Commission as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Standards

According to the Sri Lanka Public Sector Accounting Standard 07, action had not been taken to revalue the assets valued at Rs.585,730 fully depreciated but in use at present.

2.2.2 Accounting Deficiencies

Accounting policies for accounting of Government Grants received to the Commission had not been introduced and Government Grants received for specific purposes had been credited to the Accumulated Fund. Properties, plant and equipment

representing the Government Grants had not been amortized on timely basis due to this reason.

2.3 Non – compliance with Laws, Rules, Regulations and Management Decisions.

The following non – compliances were observed.

Reference to Laws, Rules and Regulations	Non – compliance
-----	-----
(a) Procurement Guidelines	
(i) Paragraph 5.4.4	Even though a maximum of 20 per cent of the contract sum can be paid as an advance on an acceptable advanced payment guarantee, a sum of Rs.455,730 at 50 per cent had been paid as advances in two instances.
(ii) Paragraph 5.4.10	Even though a performance guarantee should be obtained to safeguard the Procurement Entity against non-performance of the contract, performance guarantees had not been obtained in two instances.
(iii) Paragraph 8.9.1	Even though a formal contract agreement should be entered into in exceeding the contract value of Rs.500,000 on Goods and Services, agreements had not been entered into in respect of contracts in two instances.

(b) Public Enterprises Circular No. PED/12
of 02 June 2003

(i) Section 5.2.1

A forecasted balance sheet along with the Budget had not been submitted.

(ii) Section 6.5.1

A draft annual report had not been submitted along with the accounts.

(c) Section 10 (1) and (2) of the
Employees' Provident Fund Act, No.15
of 1958

Contributions for the Employees' Provident Fund had not been paid to 08 employees who served in the Commission.

3. Financial Review

3.1 Financial Result

According to the financial statements presented, the financial result of the Commission for the year ended 31 December 2014 had been a deficit of Rs.2,985,071 as compared with the corresponding deficit of Rs.3,131,575 for the preceding year thus indicating an increase of Rs.146,504 in the financial result for the year under review as compared with the preceding year.

4. Operating Review

4.1 Performance

According to the Action Plan for the year under review, the following matters were revealed in examining targets achieved by the Official Languages Commission.

- (a) Even though 60 Heads of Semi-Government Institutions and 47 Heads of Private Financial Institutions were expected to participate in awareness programmes of Official Language Policy, only 30 and 40 had participated respectively.

- (b) Even though the Official Languages Policy had been planned in the year 2014 in 40 institutions in which language audits had been conducted up to the year 2013, follow up action had been carried out in respect of implementation of this Policy only in 12 institutions.

4.2 Management Inefficiencies

The following observations are made.

- (a) Even though the Corporate Plan and the Action Plan should be approved before 15 days of the commencement of the financial year, the Corporate Plan of the Commission had been approved in August 2014.

- (b) A surcharge amounting to Rs.342,035 had been imposed due to non- remittance of cash on due dates to the Employees' Provident Fund.

- (c) Renting a building for the Commission

The following observations are made.

- (i) The Chairman of the Official Languages Commission had requested an extent of 650 square metres in the Sethsiripaya Building Complex from the Chairman of the Urban Development Authority on 03 November 2011.

Responding to this request, the then Ministry of National Languages and Constitutional Affairs had been notified by the Letter of 06 December 2011 of the Director of the Urban Development Authority (Project Management) that it had been expected to provide an extent of 650 square metres from Phase I in the Sethsiripaya Building Complex. Nevertheless, the Commission had published a newspaper advertisement on 10 January 2014 for renting a new building with an extent of 3,500 square feet without any follow up action thereon and this was a building, rented with an extent of 6,000 square feet exceeding 71 per cent of the requirement. As such, it was observed that an extent of 2,000 square feet in the ground floor and the third floor of this building had remained idle without being utilized.

- (ii) According to the newspaper advertisement for renting a building, it had been indicated that the air conditioning had been one criterion in selecting the building. Nevertheless, the Commission had rented this building without air conditioning and entered into an agreement with a company for installation of the air conditioner and an advance amounting to Rs.374,129 had been paid thereon. Three large industrial fans had been purchased spending Rs.44,100 due to non-air conditioning of the building and action had been taken to rent this building without considering the recommendation of providing an essential facility as well of the Technical Evaluation Committee by which the building was inspected, such as air conditioning.

- (iii) The Tender Board of the Ministry which was appointed to evaluate the quotation had considered the availability of an auditorium as one requirement as well in the approval of renting this building on 06 June 2014. Nevertheless, it was observed that an auditorium was not available in this building and the Tender Board of the Ministry had informed that the owner should erect a railing for the unprotected part of this building as well. However, action had not been taken to erect this railing by the lessor even by 10 February 2015.

05. Accountability and Good Governance

5.1 Internal Audit

An Internal Audit had not been carried out for the year under review.

6 Systems and Controls

Weaknesses in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Commission from time to time and special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Internal Control
- (c) Purchases