

Official Languages Commission - 2015

The audit of financial statements of the Official Languages Commission for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015, the statement of financial performance, 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

The 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 Auditing Standards of Supreme Audit Institutions (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 judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk 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 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 2015 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 Sri Lanka Public Sector Accounting Standard 07

The following observations are made.

- (a) When the fair value of an asset differs materially from its carrying amount, a revaluation should be carried out and those values should be adjusted in accounts. Nevertheless, action had not been so taken in respect of fixed assets costing Rs.3,638,765.
- (b) Action had not been taken to revalue fixed assets costing Rs.585,730 fully depreciated but in use at present by the Commission and to show its fair value in the financial statements.

2.2.2 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) Action had not been taken to revalue and account the motor vehicles, the ownership of which had been transferred by the Ministry to the Commission and in use at present by the Commission. Further, action had not been taken to value and account 22 items of office equipment received as donations as well.
- (b) Distress loans totalling Rs. 106,344 granted to two officers in the year under review had been brought to account as an expenditure and action had not been taken to recover loan instalments and interests thereon.

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

A Draft Annual Report had not been presented along with the financial statements in terms of Section 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

3. Financial Review

3.1 Financial Results

The following observations are made.

- (a) According to the financial statements presented, the financial result of the Commission for the year ended 31 December of the year under review had been a surplus of Rs.820,359 as against the deficit of Rs.2,985,071 for the preceding year thus indicating an improvement of Rs.3,805,430 in the financial result for the year under review as compared with the preceding year. Even though the total expenditure had increased by Rs. 2,464,134 in the year under review, the increase in total income by Rs. 6,269,564 had mainly attributed to the above improvement.
- (b) Even though there was a surplus in the year 2011 in analyzing the financial results in the preceding years, there was a huge deficit in the year 2012. That deficit had gradually decreased in the year 2013 and become a surplus in the year 2015. Taking into consideration the employees' gratuity and the depreciation for the non-current assets, the contribution of the Commission had continuously improved since the year 2012 thus indicating an improvement of 104 per cent in the year 2015 as compared with the year 2014. The increase in the Government grants by Rs. 7,468,000 and award of Government grants of Rs. 576,000 exceeding the entire expenditure in the year under review had mainly attributed to this improvement.

4. Operating Review

4.1 Performance

The objectives of the Commission in terms of Section 6 of the Official Languages Commission Act, No.18 of 1991 are as follows.

- Recommendation and supervision of principles of policy relating to the use of the Official Languages,
- Taking necessary measures to ensure the use of languages in compliance with the provisions of Chapter IV of the Constitution.
- Promoting the appreciation of (use of) the Official Languages
- Conducting investigations and taking remedial action in response to complaints.

The following matters were revealed in examining the Action Plan and the Annual Performance Report presented to audit in the year under review for achieving the aforesaid objectives.

- (a) Even though it had been planned to conduct awareness programmes in universities and 38 Higher Educational Institutions, programmes had not been conducted in respect of universities and 26 Higher Education Institutions.
- (b) Out of 91 complaints received in respect of violation of the Official Languages Policy in the year under review, 45 complaints could not be resolved by the end of the year.
- (c) Even though it had been planned to audit 50 Government institutions in which language audits had not been carried out in bilingual administrative divisions, carrying out language audits of 22 institutions had failed in the year under review.

(d) Even though it had been planned to conduct a programme on “Development of good attitudes in respect of Official Languages/National Languages” for school children during the Week of Social Integration, that programme had not been conducted in the year under review.

4.2 Identified Losses

Surcharge amounting to Rs. 77,213 had been paid in the year under review due to failure in remitting Employees Provident Fund on due date.

4.3 Idle and Under-utilized Assets

Even though a software for accounts had been purchased by spending Rs. 43,024 in September of the year under review, it had not been utilized even by 31 March 2016.

4.4 Personnel Administration

Objectives of the Commission could not be fulfilled adequately due to existence of vacancies in 06 non-executive posts as at 31 December of the year under review.

5. Accountability and Good Governance

5.1 Internal Audit

An Internal Audit Unit had not been established in terms of Financial Regulation 133 (1) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka and an audit had not been carried out even by the Internal Audit Unit of the Ministry.

5.2 Unresolved Audit Paragraphs

A three storied building with an extent of 6,000 square feet had been obtained in the year 2014 for a monthly rental of Rs. 450,000 for the Commission in which about 30 officers are employed exceeding the requirement. The ground floor of that building had remained vacant up to May 2016 and even though an auditorium had been established in the third floor, no programme whatsoever had been conducted even up to the date of audit.

6. Systems and Controls

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

Areas of Systems and Controls

Observations in brief

(a) Control of Assets

Failure in taking action to revalue the assets once in 3 or 5 years and failure in accounting the motor vehicles transferred by the Ministry.

(b) Personnel Administration

Certain posts had been vacant for over a period of 5 years.