

Official Languages Commission – 2016

The audit of financial statements of the Official Languages Commission for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016, 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.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Official Language Commission as at 31 December 2016 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

Due to non-reviewing of effective life time period for the non-current assets annually the cost of fixed assets amounted to Rs. 12,604,490 was totally depreciated but it is further being used. Action had not been taken to rectify the estimated defect occurred in terms of Sri Lanka Public Sector Accounting Standard 03 accordingly.

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

The following non-compliances with laws, rules, and regulations were observed.

Reference to Laws, Rules and Regulations	Non-compliance
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(a) Public Finance Circular No.5/2016 dated 31 March 2016	Even though the completion of Board of Survey for the year 2016 and the reports thereon should be furnished to the Auditor General before the 17 March 2017 the Board of Survey activities had not been completed even by 20 June 2017. The Chairman had informed on 26 May 2017 that the report would be submitted in near future.
(b) Employees' Provident Fund Act No.28 of 1981 and Employees' Trust Fund Act No. 03 of 1982	Even though the contribution to the Employees' Provident Fund and Employees' Trust Fund should be made before the 30 th of the following month, it was observed that due to the payments were made in delay of time ranged between 01 month to 05 months, payment of a surcharge amounting to Rs. 243,453 will be occurred.

3. Financial Review

3.1 Financial Results

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 deficit of Rs. 2,705,554 as against the surplus of Rs.820,359 for the preceding year. Thus indicating a deterioration of Rs.3,525,913 in the financial result for the year under review as compared with the preceding year. The decrease in recurrent grant by Rs.1,690,000 and the increase in salaries and wages and benefits for employees by Rs. 2,364,250 had mainly attributed to the deterioration of the financial results.

While analyzing the financial results in the year under review with the 04 preceding years, the deficit of the year 2012 amounting to Rs. 4,707,830 was gradually being decreased from the year 2013 and had become a surplus of Rs.820,359 in the year 2015, again it had become to a deficit of Rs.2,705,554 in the year 2016. However, while considering the employee remuneration and depreciation for the non-current assets, although the contribution amounted to Rs.4,376,484 in the year 2012 was increased continuously up to Rs.17,670,540 in the year 2015 it had been decreased in the year 2016 to Rs.14,461,845.

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 recommendation and supervision of principles of policy relating to the use of the Official Languages, taking all such actions and measures to ensure the use of languages in compliance with the provisions of Chapter IV of the Constitution, promoting the appreciation of the Official Languages and conducting investigations and taking remedial action in response to complaints for use of languages.

4.2 Idle and Under-utilized assets

The stock of books amounted to Rs. 838,940 which was printed for the sale even before the year 2012 and taken in to accounts as current assets, had been impossible to sell. Nevertheless action had been taken to distribute the books valued at Rs.79,675 at the Language Circle Programmes and the balance of books had been heaped with the damaged goods in an unprotected manner.

5. Accountability and Good Governance

5.1 Unresolved Audit Paragraphs

Even though a software had been purchased by spending Rs.43,024 for the processing of accounting activities in the month of September in the year 2015, the attention of the management with regard to the non-use of that had not been paid even as at 31 March 2017.

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 due to the existence of accounting errors frequently such as non-identification of expenditure relevant to the year , non-posting of expenditure to the accurate account, bearing the written cheques without delivering, non-calculation of the gratuity accurately , non-preparation of journal vouchers for the journal entries; a special attention is needed in respect of accounting.