

Qualified Opinion

The audit of the financial statements of the Official Languages Commission for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 Finance 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 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.1 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.

1.2 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.

1.3 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.

1.4 Financial Statements

1.4.1 Internal Control over the preparation of Financial Statements.

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with Management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with Management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.4.2 Accounting Deficiencies

Audit Observation	Comments Given by the Management	Recommendation
-----	-----	-----
Actions had not been taken to account for the motor car valued at Rs. 1,000,000 taken over from the Ministry in the year 2015 .	Since the valuation report was not considered whilst preparation of the financial statements, the relevant officers have been instructed to bring that value to the books and correct the final accounts as well.	All items such as income, expenditure, assets and liabilities should be accurately identified and taken in to accounts whilst preparation of the financial statements.

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

The following observations are made.

Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments Given by the Management	Recommendation
(a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 371 (2) (c)	Although the sub imprest should be settled as soon as the task completed, the sub imprest granted on 05 occasions during the year under review amounted to Rs. 191,750 had been settled in a delay of 15 days to 2 months. Further, out of the advances issued to three officers amounted to Rs. 197,700, the savings ranging from 53 per cent to 100 per cent had been settled.	The Officials have been instructed to take actions to provide estimates to match to meet the cost.	Settlement of advances should be made without delay as per Financial Regulations and Circulars. Advances should be provided on accurate estimates.
(ii) Financial Regulations 396	Actions had not been taken in terms of Regulation by 31 March 2019 in respect of 16 cheques issued for more than 6 months totalling to Rs. 46,949 as at 31 December 2018 .	Reminders have been issued by now and the instructions have been given to take actions to credit the cheques to the Government Revenue those were not furnished for the extension of dates.	Actions should be taken in accordance with the Financial Regulation focusing on the issued cheques whilst preparation of bank reconciliation statements.
(b) Paragraph 3.1.6 of Public Finance Circular No. 05/ 2016 of 31 March 2016	Although the Board of Survey Reports for the year 2018 should be forwarded to the Auditor General with a copy to the Chief Accounting Officer before 17 March 2019, the Board of Survey Reports had not been furnished even by 31 May 2019 .	The functions of the Board of Survey are being carried out at present and the relevant officials have been instructed to submit the Board of Survey Report quickly.	The Board of Survey should be carried out during the period specified in the Circular and reports should be furnished.

2. Financial Review

Financial results

The operating result of the year under review amounted to a deficit of Rs. 376,464 and the corresponding deficit in the preceding year amounted to Rs. 6,550,394 . Therefore, a growth amounting to Rs. 6,173,930 of the financial result was observed. The decrease in salaries, wages and employee benefits, repairs and maintenance expenses and utility and other services by Rs. 2,269,637, Rs. 5,649,749 and Rs. 2,452,894 respectively had mainly attributed to this growth .

3. Operating Review

3.1 Management Inefficiencies

Audit Observation

A number of 4415 Glossaries and Short Course Books printed prior to the year 2012 valued at Rs. 397,350 had not been distributed by 10 June 2019. Further, that stock was not subjected to the Board of Survey during the year 2017 and a Board of Survey had not been carried out for the year under review as well .

Comments of the Management

Distribution of this book is being carried out continuously for the awareness programmes on School Language Circles initiated by the Official Languages Commission. Actions will be taken to include this stock of books in the 2019 Board of Survey.

Recommendation

Since this book is an old edition, actions should be taken to distribute quickly and the remaining books should be subjected to Board of Survey at the end of the every year.

3.2 Human Resources Management

Audit Observation

The number of vacancies as at 31 December 2018 were 21 and actions had not been taken to fill 13 vacancies existing since 2016 by the end of the year under review.

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

Recruitments should be carried out as quickly as possible so that there won't be vacancies occurred in the posts in future.