

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Census and Statistics for the year ended 31 December 2018 comprising the statement of financial positions at 31 December 2018 and the statement of financial performance and cash flow statement 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 containing my comments and observations on the financial statements of the Department of Census and Statistics was issued to the Accounting Officer on 31 May 2019 in terms of Section 11(1) of the National Audit Act, No. 19 of 2018, and the Detail Annual Management Audit Report relating to the Department in terms of Section 11(2) of the National Audit Act, was issued to the Accounting Officer on 20 June 2019. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section 1.6 of my report, the financial statements give a true and fair view of the financial position of the Department of Census and Statistics as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

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 qualified opinion.

1.3 Responsibilities of the Chief Accounting Officer and Accounting Officer for the Financial Statements

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 determine 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 Department of Census and Statistics 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.

As per subsection 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control of the Department exists and carry out periodic review to monitor the effectiveness of such systems and accordingly make any alteration as required such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the 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 skepticism 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 Department's internal control.
- Evaluate the structure and content of the financial statements containing the disclosures and the transactions and events underlying the financial statements in a timely and reasonable manner.
- When the presentation of financial statements as a whole, the transactions and events underlying the structure and content of the financial statements are appropriately and fairly included in,

The accounting officer was made aware of important audit findings, key internal control deficiencies and other issues identified in my audit.

1.5 Reports of other Legal requirements

I express the following matters in terms of Section 6 (d) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) Since the financial statements were first presented, a comparison with the preceding year was not made.
- (b) The Department of Census and Statistics did not make recommendations on financial statements as there was no need to prepare financial statements for the previous year.

1.6 Comments on Financial Statement

1.6.1 Statement of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) The Non-Financial Assets Statement states the value of passenger vehicles was Rs.238,450,000. However, according to the schedule of vehicles submitted for audit, 54 passenger vehicles were Rs.236,950,000 and there was different of Rs.1,500,000.	Assets value should be accurately accounted.	Actions will be taken to correct the difference by accounting purchase price of 54 vehicles before 30 June 2019.
(b) There was a value different of other machinery and equipment amounting to Rs.3,453,953 in between the Statement of Non-Financial Assets and General ledger.	Make adjustment identifying the different.	Actions are to be taken to enter opening asset balances into the asset report by 30 June 2019.
(c) There was a value different of Rs.799,399,949 in between non-financial assets as at 31 December 2017 and as at 01 January 2018 and explanations had not been submitted along with the financial statement.	Along with the relevant information adequate disclosure should be made.	The reasons of these changes were missed to given note in the Non-Financial Assets Moving Report in the year 2018.

- (d) The opening balance of books, magazines and journals was not mentioned and only the purchases during the year under review were mentioned. Further, annual board of survey reports for library books had not been submitted to the audit.
- Performing annual board of survey assets values should be accurately accounted.
- Actions are being taken to enter the opening balances to the CIGAS Program whereas; annual board of survey has been completed. Actions will be taken to send that report to the Audit.

1.6.2 Cash Flow Statement

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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Instead of Rs.4,074,267 by showing Rs.1,516,536 of changing value of deposit account and other liabilities, net cash in cash flow statement had been understated amounted to Rs.2,557,731.	Cash flow statement should be prepared correctly.	The answers have not been submitted.

2. Financial Review

2.1 Expenditure Management

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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Owing to over provision of capital expenditure, after utilizing remaining balances was 35.73 per cent out of the provision.	Annual estimates should be prepared realistic manner as much as possible.	The answers have not been submitted.

2.2 Reconciliation Statement of Advance to Public Officers Account

 The following observation is made in this connection.

Audit Observation	Recommendation	Comment of the Accounting Officer
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The outstanding loan balance was included Rs.790,809 of 16 vacated officers, Rs.404,642 of 05 deceased officers and Rs.72,200 of 03 transferred officers, had not been recovered and, out of that balances amounted to Rs.373,330 loan balances were outstanding for more than five years.	Action should be taken to recover the debt balance.	Investigations are still underway to recover these debts.

2.3 Deposit Balances

 The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Ten balances of a deposit account amounting to Rs.4,967,342 as at 31December 2018 was more than 3 years.	Long-term balance of general deposit accounts should be settled promptly.	Since the relevant institutions have been informed but no steps have been taken to correct the shortcomings, new estimates have been called to correct the shortcomings.
(b) Due Custom Fees for providing motorbikes to the Department Officers on concessionary basis amounting to Rs.8,766,108 were in the deposit account as at 31 December 2018 and out of that balance Rs. 8,588,927 was for more than one year.	Remaning balance should be settled.	Department has already requested the approval from the Treasury Operations to pay the relevant customs duty to the Customs Department in cash or by a cross-entry to Revenue Heads of the Customs Department as soon as get the approval relevant customs duty will be released .

3. Operational Review

3.1 Mission and vision

The following observation was made.

Audit Observation	Recommendation	Comment of the Accounting Officer
----- When reviewing the 2018 performance report it was observed that the updated information was not presented in the following instances. <ul style="list-style-type: none">• Industry Sector Behavior - 2015• Annual Trade and Services Survey – 2016• Annual Construction Industry Survey - 2016	----- Attempts should be made to provide up-to-date information , because the department vision is provides timely information.	----- Although the data table has been finalized, the final data has not been published at the time of the preparation of the performance report, hence 2016 data tables entered to the performance report

3.2 Planning

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
----- According to the revised action plan, the date of issue of the Final Report of Annual Survey had not been exactly identified. As a result, three annual survey reports had not been completed at 31 December 2018.	----- When preparing the action plan, the issuing date of the final report of the surveys should be identified.	----- That there was a time lag in issuing the final reports of the surveys.

3.3 Assets Management

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
----- There were 5 non-running-condition vehicles worth of Rs. 17,330,000 out of them one vehicle in the year 2014 and three in the year 2017 had been removed from the Running.	----- The vehicles not suitable for transportation should be disposed.	----- Necessary actions for the disposal are in progress.

3.4 Bonds Submission of Public Officers

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
----- The officers who were liable to submit bonds in terms F.R. 880 (1) had not been do so.	----- Financial Regulations should be followed.	----- That action is already being taken.

3.5 Loses and Damage

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
----- Four tablets computers of Rs. 317,466 issued to the officials had been misplaced but the loss had not been recovered. That shortage was not stated in the Annual Board of Survey Reports as at December 31, 2018.	----- The shortage should be clearly documented and action should be taken to recover the loss promptly.	----- The District Offices have been instructed to carry out Board of Survey in due course and that action will be taken to recover in part from the salary.

3.6 Uneconomic Transactions

The following observation is made.

4. Human Resources Management

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>-----</p> <p>The vehicle was repaired amounted to Rs.1,514,625 in 2015 after the local dealership had informed them that it was not economically feasible to repair after an accident. The vehicle was not in running condition and damage had not been recovered by December 2018. In addition, insurance expenses for 2017 and 2018 amounted to Rs.44,284 and Rs. 50,999 was paid respectively.</p>	<p>-----</p> <p>As five years have elapsed, Immediate action should be taken to recover the loss.</p>	<p>-----</p> <p>The Additional Secretary (Administration) has been asked to complete a report on the vehicle within two weeks and issue a report, but that report has not been received yet. Further action has not been taken regarding the vehicles.</p>

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Office
<p>-----</p> <p>There were 442 vacancies and 24 percent of the approved staff by end of the year under review</p>	<p>-----</p> <p>Action should be taken to fill the vacancies or revise the approved cadre.</p>	<p>-----</p> <p>Action is being taken to fill the vacancies</p>