

Head 333 - Comptroller General's Office

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Comptroller General's Office for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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. In terms of Sub-section 11(1) of the National Audit Act, No.19 of 2018, the summary report including my comments and observations on the financial statements of the Comptroller General's Office was issued to the Accounting Officer on 03 June 2020. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Office was issued on 30 September 2020 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the accompanying financial statements prepared in accordance with the provisions of the State Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Comptroller General's Office as at 31 December 2019 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 Opinion

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 opinion.

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

Chief Accounting Officer and Accounting Officer are 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Office 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 Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Office exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for 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 General'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 Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the structure and content of the financial statements containing the disclosures and the transactions and events that underlie the financial statements in an appropriate and reasonable manner.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

As required by Sub-section 6 (1)(d) of the National Audit Act, No.19 of 2018, I state the followings.

- (a) That the financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements furnished in the previous year had been executed.

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) Although the provision is Rs.18,650,000 for 05 capital expenditure items for the year under review, out of it a sum of Rs.16,884,495 or 91 per cent was saved.	The requirement to act to make maximum utilization of the annual budgetary provisions.	It had been informed that agrees with the observation, and provisions had saved in the expenditure items due to the reasons such as office equipment purchasing plan had to be postponed, training of officers and non-receipt of expected training courses, lack of expected repair costs of capital nature and the suspension of the project procurement process for software development through the Integrated Treasury Management Information System (ITMIS).
(b) A sum totalling Rs.2,178,018 had saved out of the net provision of 06 recurrent expenditure items ranging 22 per cent to 91 per cent.	-do-	It had been informed that agrees with the observation and savings had made due to the reasons such as staff vacancies had not filled during the year, expenditure management was done in accordance with Budget Circular No. 07/2019, buildings construction - building maintenance requirements had not increased as expected.

3. Operational Review

3.1 Non-performing of Functions

According to the Annual Performance Report, it was observed that the expected objectives from the following functions mentioned in the Annual Action Plan could not be achieved hundred per cent. The performance percentages achieved are as follows.

Audit observation		Recommendation	Comments of the Accounting Officer
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Special indicators	Percentage of functions performed (%)		
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(a) Introduce a new software to create a centralized system for reporting all non-financial assets owned by the Government.	50 - 75	The requirement to act towards achieving the targeted objectives of the Action Plan.	It was informed that the development of the relevant software will be done under the Integrated Treasury Management Information System (ITMIS) project.
(b) Develop a database for all non-financial assets owned by the Government.	75 - 89	-do-	It was informed that the action had been taken to collect the relevant basic information.
(c) Reporting the correct value of non-financial assets of the Government in public accounts.	50 - 74	-do-	Since there was no policy to assess the value of non-financial assets of the Government, the actions are being taken through the Comptroller General's Office to introduce the financial limits and valuation of assets with guidelines for reporting of Non-Financial Assets as per

Assets Management Circular Nos. 04/2018 and 02/2019. The value of non-financial assets is accounted by the Public Accounts Department.

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| (d) Comply with an updated cost-effective systematic procedure for improving, operating, maintaining and disposing of Government assets. | 50 - 74 | -do- | Relevant actions had been taken regarding the disposal of vehicles by Assets Management Circular Nos. 01/2018 and 05/2020 as an initial step to achieving this objective. |
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4. Human Resource Management

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) 09 out of the total Approved Cadre or 23 per cent had vacant as at 31 December 2019.	The requirement to act to expedite the filling of Cadre vacancies that adversely affect the performance.	The Ministry of Finance had been requested to make necessary arrangements to fill the vacant senior-level posts but so far no officers had received. Although tertiary level and secondary level officers are essential, it couldn't be able to fill the vacancies due to insufficient space in the entity.
(b) The audit emphasizes the requirement to fill the vacancies if the existence of staff vacancies as mentioned above (a) adversely affects the performance of the Department or to cancel those posts if not.	-do-	The consent was given at the meeting held with the Department of Management Services on 23 January 2020 for suppressing the 03 vacancies existing at the primary level.