

## **Head 227 - Department for Registration of Persons**

---

### **1. Financial Statements**

---

#### **1.1 Qualified Opinion**

---

The audit of the financial statements of the Department for Registration of Persons for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 for Registration of Persons was issued to the Accounting Officer on 29 July 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 30 September 2021 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the Department for Registration of Persons as at 31 December 2020 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

---

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor's Responsibilities 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 the Accounting Officer on 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 the determination of the internal control that 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 is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department 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 Responsibility 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 summary 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 and its materiality depends on the influence on economic decisions taken by users 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:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

-----

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018.

- (a) The financial statements are in consistent with those of the preceding year.
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented .

## 1.6 Comments on Financial Statements

-----

### 1.6.1 Revenue Receipts

-----

| Audit Observation   | Comments of the Accounting Officer  | Recommendation                       |
|---|---|--------------------------------------|
| -----   | -----   | -----                                |
| (a) A difference of Rs.1,543,391 was observed in between the total revenue and the revenue collected by those offices according to the Treasury printouts as per the detailed revenue reports of the Divisional Secretariats. | The above unaccounted stamp income has been adjusted on two occasions.                                  | To correct of relevant adjustments.  |
| (b) The fees collected by the Head Office was Rs.130,321,050 as per the cash book and as it was Rs.130,292,150 according to the Treasury computer printouts, a difference of Rs. 28,900 was observed.                         | Actions will be taken to continue to reconcile the Treasury printouts and departmental books in future. | To correct the accounting of revenue |

## 1.6.2 Non-revenue Receipts

| <b>Audit Observation</b>  | <b>Comments of the Accounting Officer</b>  | <b>Recommendation</b>                      |
|---|--|--|
| (a) The value of other receipts stated in the statement of financial performance amounting to Rs.23,574,570 had not been entered in the cash flow statement.  | Only the income pertaining to Revenue Code No. 2003-02-03 has been entered in ACA-1 .  | To prepare cash flow statement accurately. |
| (b) The revenue of Rs. 2,663,573 received by the Department from the Electronic National Identity Card Project had been stated as the revenue collected for the other Heads in the cash flow statement and that income had not been recorded in the statement of financial performance. | The Commissioner of Registration of Persons does not act as an Accounting Officer in respect of the revenue of that Project. | To make relevant adjustments accurately.   |

## 1.6.3 Recurrent Expenditure

| <b>Audit Observation</b>  | <b>Comments of the Accounting Officer</b>  | <b>Recommendation</b>                      |
|---|--|--|
| (a) Even though the lease rent and the value of taxes of local government institutions was Rs.14,266,223 as per the trial balance, since that value was Rs. 13,201,776 as per the expenditure statement, a difference of Rs.1,064,447 was observed. | It is a mistake happened while obtaining data from the vote ledger to the expenditure statement. | To accounting for the expenses accurately. |

- |     |  |   |                                |
|-----|--|---|--------------------------------|
| (b) | A difference of Rs. 98,621 was observed in between the surcharge value of the expenditure summaries as per Treasury computer printout and the value mentioned in the vote ledger . | Reconciliation will be made accurately in future. | To record the data accurately. |
|-----|--|---|--------------------------------|

**1.6.4 Reconciliation Statement of Advances to Public Officers' Account**

---

**Audit Observation**

---

Even though the entire balance receivable to the Department according to the individual balance summary of the Department totalled to Rs.129,825,133, since that amount was Rs.129,827,277 as per the control accounts, a difference of Rs.2,144 was observed in between individual balances and control accounts.

**Comments of the Accountng Officer**

---

Due to errors taken place in the advance B account in the years 2014, 2015 and 2016 the difference had occurred. The balance which was Rs.7,144 in 2016 has now declined to Rs.2,144 .

**Recommendation**

---

To account for the balances in advance "B" account accurately.

**1.6.5 Deposits**

---

**Audit Observation**

---

- (a) Although the value of the deposit receipts as per the Treasury computer printouts was Rs.5,614,887, that figure has been stated as Rs. 5,612,402 in the statement of financial performance.

**Comments of the Accountng Officer**

---

The general deposit account prepared by the Department is accurate.

**Recommendation**

---

To find the reasons for the difference and correct.

|     |  |   |   |
|-----|--|---|---|
| (b) | Although the values of deposit receipt and deposit payments in the general deposit account No. 6000-00-18-0-30 for the year under review were Rs.670,810 and Rs.844,257 respectively as per the deposit summary (SA 30) of the Treasury computer printouts, those values had been recorded as Rs.668,326 and Rs. 841,766 respectively, in ACA 4 format of the financial statements. Likewise, these values had also not been recorded in the imprest adjustment account. | The statement (ACA 4) of deposit accounts has been prepared as per the trial balance (SA 21) of the Treasury computer printouts and the general deposit ledger. | To record deposit receipts and payments accurately. |
|-----|--|---|---|

### 1.6.6 Property, Plant and Equipment

---

#### Audit Observation

---

A difference of Rs. 31,311,460 was observed in between the values of non-financial assets as at 01 January 2020 and non-financial assets as at 31 December 2019 .

#### Comments of the Accounting Officer

---

This difference has occurred by the Journal entries on correction of opening balances of the year 2020 .

#### Recommendation

---

To disclose the relevant adjustments accurately.

### 1.6.7 Imprest Balance

| Audit Observation   | Comments of the Accounting Officer  | Recommendation   |
|---|---|--|
| (a) Although the expenditure incurred by other Departments for this Department as per the Treasury Printouts and Departmental Trial Balance was Rs.580,278,866, the expenditure incurred for this Department by other Departments in the imprest adjustment account had been adjusted as Rs.581,343,313 . | Balances of Departmental Ledgers and Treasury Printouts will be reconcile and prepare accounts accurately . | To identify and account for the transactions and data. |
| (b) Although the expenditure incurred on other Expenditure Heads was Rs.92,630,107 as per the Departmental trial balance, it had been adjusted as Rs.99,714,051 in the imprest adjustment account.  | Officers have been instructed to prepare the imprest adjustment account accurate                            | -do-   |
| (c) A sum of Rs.7,031,393 received to advance account from other Departments and payments made to other Departments amounting to Rs. 3,384,647 had not been adjusted to the imprest adjustment account.   | -do-  | -do-   |

- (d) Although the revenue collected by other Departments as per Departmental trial balance and the Treasury Revenue Summaries was Rs.193,911,450, that amount had been adjusted as Rs.194,169,285 in the imprest adjustment account. -do- -do-

## 2. Financial Review

### 2.1 Imprest Management

| Audit Observation  | Comments of the Accountng Officer  | Recommendation                                      |
|--|--|---|
| <p>A sum of Rs. 2,888,420 had been remitted to the Treasury as at 31 December 2020 and although it had not been received to the Treasury, it had not been accounted for as cash-in-transit in the statement of financial position.</p> | <p>Actions will be taken to show the money not received to the Treasury as cash-in-transit .</p> | <p>To account for the cash-in-transit properly.</p> |

### 2.2 Expenditure Management

| Audit Observation   | Comments of the Accountng Officer  | Recommendation                                  |
|---|--|---|
| <p>Out of the net provision of 03 recurrent expenditure objects and 05 capital expenditure objects allocated to the Department for the year 2020, the savings ranging from 20 per cent to 100 per cent were observed.</p> | <p>The provisions have been saved on the non-occurrence of expenditure requirements due to the Covid 19 epidemic .</p> | <p>To take actions to revise the estimates.</p> |



## 2.3 Entered into Liabilities and Commitments

---

| Audit Observation  | Comments of the Accounting Officer  | Recommendation  |
|--|---|---|
| (a) Even though it should not enter into an expenditure or commitment exceeding the approved provisions in terms of State Accounts Circular No. 255/2017 dated 27 April 2017 and F. R. 94 (i) , the Department had entered into the liabilities amounting to Rs.2,742,430 in 04 expenditure objects by exceeding the provision limit approved. | Because there were no ability to control the objects for which the liabilities occurred, a small value of liabilities have occurred exceeding the provisions. | Not to enter into liabilities exceeding the provisions. |
| (b) The liabilities valued at Rs. 3,462,815 settled in the year 2021 for the year 2020 had not been mentioned in the statement of commitments and liabilities.   | It has been noted to be done accurately in future.  | To record of obligations and liabilities accurately.    |
| (c) A difference of Rs. 162,235 was observed in between the value of payment vouchers pertaining to settling of liabilities in 4 expenditure objects in the year 2021 and the values stated in the vote ledger for that year.  | The Register of Liabilities will be updated and maintained in future.   | -do-  |
| (d) A difference of Rs.5,316,575 was observed in between the values on the Register of Liability and values according to the payment vouchers  | -do-  | -do-  |

## 2.4 Non - compliance with Laws, Rules and Regulations

| Observation  | Comments of the Accounting Officer  | Recommendation                                       |
|--|---|--|
| Reference to Laws, Rules and Regulations   | Non- compliance   |  |
| Paragraph 04 of Department for Registration of Persons Circular No. 01/2018 dated 21 August 2018 | Although a general 172 receipt should be obtained by handing over the money collected by the Grama Niladharis for the identity cards within 7 days or less than that to the Divisional Secretariat, it was observed at the audit test checks that 141 instances where the time period ranging from 09 days to 4 months had elapsed in 5 Divisional Secretariats . | To act in accordance with the circular instructions. |

### 3. Operating Review

-----

#### 3.1 Planning

-----

| Audit Observation   | Comments of the Accounting Officer                                   | Recommendation   |
|---|--|--|
| -----   | -----  | -----  |
| (a) The Action Plan prepared according to the approved budget based priorities which should be included in the Annual Action Plan pertaining to the year under review, operational time frame and goals of those activities and the approved revenue targets for each Revenue Head had not been included in the Annual Budget Estimates 2020 in terms of Guideline No. 12 of Public Finance Circular No. 02/2020 of 28 August 2020. | The relevant information has been included in the Action Plan 2021 . | To prepare plans in accordance with the circular reference accurately. |
| (b) In checking of the Action Plan and its progress as at 31 December 2020, the instances where up to 392 per cent of over expenses as compared to budgeted financial provisions and also the instances of failure to incurring of the entire provision were observed.  | The relevant functions could not be performed as planned.            | Prepare accurate plans and get approved the necessary amendments.      |

### 3.2 Other Observations

| Audit Observation   | Comments of the Accounting Officer                                 | Recommendation  |
|---|--|---|
| (a) The value of subsidies and transfers valued at Rs.4,494,476 had been recorded in the cash flow statement as personal emoluments and operating expenses .  | Subsidy transfers are included in the personal emolument expenses. | To identify and account for the transactions and data accurately. |
| (b) Although the total of the expenditure incurred on other Expenditure Heads was Rs.92,630,107 as per the trial balance, as the value in the cash flow statement was recorded as Rs.93,001,775, the expenditure on cash flow statement had been overstated by Rs.371,668.  | The expenditure of the E - Nic Project is shown by this .          | -do-  |
| (c) Although the value of the recovery of advances under the investment activities in the cash flow statement was Rs.603,810, as the recovery of advances in cash as per the Departmental Trial Balance was Rs. 15,112,282 , the cash flow generated from the investment activities had been understated in accounts by Rs.14,508,472 . | The amount of Rs.603,810 has been accounted for on cash basis.     | -do-  |

- |   |   |             |
|---|---|-------------|
| <p>(d) Although the deposit receipts and deposit payments in the cash flow statement were recorded as Rs.592,626 and Rs.999,189 respectively, the credits and debits during the year were Rs.5,612,403 and Rs. 9,806,477 respectively in accordance with the Departmental Trial Balance and ACA 4 Format.</p> | <p>Only the amount of deposit receipts and payments made in cash has been recorded.</p> | <p>-do-</p> |
|---|---|-------------|

### 3.3 Procurements

-----

The following observations are made.

| <b>Audit Observation</b><br>-----  | <b>Comments of the Accounting Officer</b><br>-----  | <b>Recommendation</b><br>-----                              |
|--|---|---|
| <p>(a) Even though the total of the value of vehicles, machinery and building maintenance costs in the Procurement Plan was Rs.46.85 Million as Rs. 5.76 Million, Rs. 40.5 Million and Rs. 0.59 Million respectively, it was shown in that Plan as Rs. 95.17 Million. Further, the actual maintenance cost was Rs. 81.72 Million, a sum of Rs.34.87 Million that was 74 per cent for more than the planned expenditure had been spent.</p> | <p>Because the attendance of the employees was limited, the amendments to the Procurement Plan have been omitted.</p> | <p>To properly prepare and amend the Procurement Plan .</p> |

- |     |  |   |      |
|-----|--|---|------|
| (b) | Seventy two units of 14 items totalling Rs. 1.273 Million which had not been estimated under furniture and office equipment and machines and machineries as per the Revised Procurement Plan for the year 2020 had been purchased during the year. | -do-  | -do- |
| (c) | It was observed that the forty two units of 6 items totalled to Rs. 4.08 Million planned to be purchased according to the Revised Procurement Plan had not been purchased during the year 2020 .   | These items have been purchased. The reports could not be revised due to a mistake. | -do- |

### 3.4 Assets Management

-----

#### Audit Observation

-----

Although the lease period of the motor vehicle which had been obtained under the financial lease system in the year 2014 had expired in the year 2019 it had not been taken over by the Department even by the end of the year under review.

#### Comments of the Accounting Officer

-----

Exchange of acquisition of the motor vehicle has been carrying on since September 2020.

#### Recommendation

-----

To make efficient the Assets Management.

### 3.5 Management Inefficiencies

-----  
The following observations are made.

| <b>Audit Observation</b>   | <b>Comments of the Accountng Officer</b>   | <b>Recommendation</b>   |
|--|--|---|
| -----  | -----  | -----   |
| <b>(a)</b> Although a summary report on the amount charged by the Grama Niladhari for the identity card and the payment of that amount to the Divisional Secretariat should be submitted to the Identity Card Division before the 5th of next month, instances of the reports were not submitted as required in 67 Grama Niladhari Divisions of the Kuliypitiya Divisional Secretariat were observed in audit. | The officers of the relevant Regional Offices have been informed about this requirement.   | To maintain internal control efficiently and effectively                              |
| <b>(b)</b> Even though 8 years and 6 years had elapsed since the purchase of 2 vehicles by the Department at a cost of Rs.7.5 Million and Rs.9.39 Million respectively, due to the insurance was done at the cost in the year 2020 as well, the insurance expenses on them had increased to Rs.191,535 during the year under review.   | Arrangements have been made to assess and insure all vehicles in the year 2021 .   | -do-  |
| <b>(c)</b> <b>(i)</b> Since the transaction of re-ordering and purchasing of one Million pre-printed cards from October 2019 to March 2020 had not complied with proper Procurement Guidelines, the loss to the Department   | In a difficult situation where the pre-printed cards were not available 10 lakhs of cards had to be purchased quickly. Currently, all have been used without | To carry out the procurement process in a systematic, efficient and effective manner. |

was Rs.94 Million as per the Cabinet Memorandum No. 02 / IS /2020 dated 10 September 2020. Further, although the Department had retained Rs.56.49 Million as liabilities for these purposes, actions had not been taken to settle the transaction even by now.

(ii) Out of 92,780 identity cards printed by the Department during the months of January, February, July, August and September 2020, a number of 5,095 identity cards that was 5 per cent had remained with errors.

(d) The Department was unable to recover a debt balance totalled to Rs.269,101 that should be received from 05 officers of deceased, suspended or left the service and served the Department for a period of 1 year to 16 years.

any defect. It is observed that the implementation of the Decision of the Cabinet of Ministers dated 10 September 2020 is not practical. Actions will be taken to pay the arrears after obtaining the approval of the Cabinet of Ministers.

The errors are occurred due to the technical issues and problems in the database. Necessary steps have been taken to minimize the errors by now.

Arrangements are being made to recover the debt balance of the deceased officer and to write off other debt balances.

To streamline the whole process of issuing identity cards efficiently.

To formalize the system for debt balance settlement .



#### 4. Good Governance

---

##### 4.1 Performing Services to the Public

---

###### Audit Observation

---

A number of 166 instances where an efficient service could not be provided to the public was observed during the audit test checks carried out in 5 District Offices by spending a period of 01 month to 01 year for undertaking the application by the Grama Niladhari, handing over to the Divisional Secretariats and forwarding to the Head Office with the relevant approvals which are the initial stages of the process of issuing identity cards under the normal service.

###### Comments of the Accounting Officer

---

Special attention has been drawn to rectify the shortcomings and necessary steps have been taken.

###### Recommendation

---

To streamline the efficiency of the whole process of issuing identity cards.

#### 5. Human Resources Management

---

###### Audit Observation

---

- (a) The approved staff was 1384, the actual staff was 1271 and the vacancies and excess staff were 123 and 10 respectively as at 31 December 2020 of the Department.

###### Comments of the Accounting Officer

---

Approved, actual, vacant and excess staff information is accurate.

###### Recommendation

---

To formalize the staff administration.

- (b) The each posts of Assistant Commissioner, Legal Officer and Translator of the Department were vacant and although the Ministry was informed in writing in 2020 and 2021 in respect of this recruitments had not yet been done. Applications have been called for the post of Legal Officer and the letters have been sent to the Director General of Combined Services to fill the translator vacancy. -do-
- (c) Although there were 31 vacancies for Development Officers and 44 vacancies for Management Services Officers by the end of the year under review, the officers had not been recruited for those posts after the year 2018 . The approval for the Scheme of Recruitment for filling the vacancies has been received. Actions will be taken to recruit in future . -do-