

Head 23 – Audit Service Commission

1 Financial Statements

1.1 Opinion

The audit of the financial statements of the Audit Service Commission 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 statements 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 including my comments and observations on the financial statements of the Audit Service Commission was issued to the Chief Accounting Officer on 14 December 2021 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report relating to the Audit Service Commission was issued to the Chief Accounting Officer on 14 December 2021 in terms of Section 11 (2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the financial statements of the Audit Service Commission give a true and fair view of the financial position of the Commission as at 31 December 2020, and its financial performance and 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 (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 opinion.

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

The Chief 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 determines 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 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 of the Commission.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that effective internal control system for the financial control of the Commission 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 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 the audit 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:

- 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 Commission's 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Report on Other Legal Requirements

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

- (a) That the financial statements are consistent with the preceding year
- (b) The recommendations made by me on financial statements relating to the preceding year, had been implemented.

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Comments of the Chef Accounting Officer	Recommendation
(a) Entire provision totalling Rs. 70,000 made for 03 Objects had been saved without being utilized.	Reasons such as management of expenditure by incurring only for essential expenses, limitation of expenditure due to Covid pandemic, abolition of the Audit Service Commission etc, had attributed to savings of the said provision.	The Annual Budget Estimate should be prepared in terms of provisions in Financial Regulation 50.
(b) Savings out of provision totalling Rs.6,360,000 made relating to 09 Objects amounted to Rs.1,945,752. Accordingly, the savings out of the provision made, had ranged between 13 per cent and 98 per cent.	-do-	-do-

2.2 Advances to Public Officers Account

Public officers who have served in the Commission had been attached to other Government institutions due to abolition of the Audit Service Commission as per the Twentieth Amendment to the Constitution. The loan balance of Rs. 3,760,138 remained in the Advances to Public Officers Account by 31 December 2020, had been remitted to institutions where relevant officers had gone on transfer. As such, particulars on settlement of debtors balance had not been made available to Audit by 31 August 2021.