

Head 1 – His Excellency the President

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Presidential Secretariat 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 including my comments and observations on the financial statements of the Presidential Secretariat was issued to the Chief Accounting Officer on 22 June 2021 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 and the Detailed Annual Management Audit Report relating to the Secretariat in terms of Sub-section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Chief Accounting Officer on 08 December 2021. This report will be presented 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, the financial statements of the Presidential Secretariat give a true and fair view of the financial position of the Secretariat as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the 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 audit 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 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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Accounting Officer 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 Secretariat 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 Secretariat.

In terms of Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Secretariat and carry out periodic reviews to monitor the effectiveness of such system 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 the report of the Auditor General 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 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 Secretariat'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 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 and Regulatory Requirements

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

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

2. Financial Review

2.1 Management of Expenditure

The following observation is made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
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The net provision of Rs. 5,015,000 made in the year under review on the capital Objects for implementation of the official language policy and development assistance, had not been utilized.	The saving occurred in the Object for implementation of the official language policy as the scheduled tasks could not be executed due to Covid-19 pandemic. Due to reasons such as, the office of the task force had been established at the Prime Minister's Office thus fulfilling the requirements for capital instruments through that Office, and expenses had to be limited in accordance with the Budget Circular, No. 07/2019 dated 2019.12.04, the total of the net provision made for the development assistance Object had saved.	Estimates of expenditure should be prepared in accordance with the provisions of Financial Regulation 50.

2.2 Incurring Liabilities and Commitments

 The following observation is made.

Audit Observation -----	Comment of the Chief Accounting Officer -----	Recommendation -----
Telephone charges totaling Rs. 2,004,534 remained payable under the Object 1402 by the end of the year under review. However, that value had not been shown in Note, No (iii) to the financial statements.	This had been published on the New Cigas website relating to the year 2019. The said value had been shown under payable bills on the New Cigas website in the year 2019. Although that value had been removed as a payment value from the website in the year 2020, the value still existed as at 31 December 2020 as the website had not been properly updated.	Liabilities relating to the year under review should be disclosed through the financial statements.

2.3 Non-compliances with Laws, Rules, and Regulations

 The following observations are made.

Reference to Laws, Rules and Regulations -----	Observation ----- Non-compliance	Comment of the Chief Accounting Officer -----	Recommendation -----
Financial Regulations.			
(a) Financial Regulation 454 (1).	(i) A number of 635 items had not been recorded in the inventory book.	The Additional Secretary (Internal Administration and Operations) has instructed that the goods/instruments be recorded in the inventory books of the relevant divisions.	The Financial Regulations should be followed.

- (ii) The inventory book relating to the private security office and offices of the officers in charge of the premises, had not been made available to the Board of Survey as at 09 July 2021. The Additional Secretary (Internal Administration and Operations) has given instructions that the articles in the private security office should be recorded in the inventory book maintained by that division. As such, survey of stores for the year 2021 on the private security office will be conducted properly. The inventory book of the office of the officers in charge of the premises, had been balanced and made available to the annual Board of Survey. The Financial Regulations should be followed.
- (iii) The Tr. & Aud. 66 Form had not been made available to the annual Board of Survey by the Director General (Internal Administration Division) as at 09 July 2021. Instructions have been given that the articles at the division of the Director General (Internal Administration) , be recorded in the inventory books maintained by that division. Accordingly, survey of stores for the year 2021 on the division of the Director General (Internal Administration) will be conducted properly. The Financial Regulations should be followed.

- (b) Financial Regulation 755. There existed a shortage of 113 items of stores as per the inventory books. Issue orders were not presented to verify that those items had been issued to other premises. Goods / instruments had been issued to the premises unit. As such, Heads of the relevant divisions/units have been instructed that the "Form General 141 issue orders" be issued to the premises unit. Additional Secretary (Internal Administration and Operations) has instructed the Assistant Director(Premises Unit) that the relevant goods/ instruments be recorded in the inventory books maintained by the premises unit and the "Form General 219 receipt orders" be issued to the relevant divisions/units. The Financial Regulations should be followed.
- (c) Financial Regulation 754. The inventory book of the Presidential Secretariat had not been balanced, and the annual survey on stores had not been conducted thereon even by 09 July 2021. The Additional Secretary (Internal Administration and Operations) has instructed that the stores of the Presidential Secretariat be recorded in the inventory book maintained by that division. As such, survey of stores for the year 2021 on the Presidential Secretariat will be conducted properly. The Financial Regulations should be followed.

- (d) Financial Regulation 760.
- (i) Instructions had not been given properly even by the end of the year under review on the measures to be taken in regard to the shortage of two sets of 40” Sony LCD TVs that had been pointed out by the Board of Survey over several years relating to the President’s House in Anuradhapura. The said two television sets had been brought to the Information Communication Technology Unit for repairs. The Additional Secretary (Internal Administration and Operations) has instructed the Director (Information Communication Technology) that recommendations be given with respect to those two TVs. The Financial Regulations should be followed.
- (ii) A shortage of 12 items was observed in the physical inspection carried out at the President’s House in Kataragama. Two of those items had been handed over for repairs in the years 2013 and 2017, but those items had not been returned after repairs to the Office even by the year 2021. The said television set and the fax machine had been brought to the Information Communication Technology unit for repairs. The Additional Secretary ((Internal Administration and Operations) have given instructions to the Director (Information Communication Technology) that recommendations on that television and the fax machine be given. The Financial Regulations should be followed.
- (e) Financial Regulation 772. The officer in charge of the subject had not been provided with any order whatsoever as at 09 July 2021 relating to 02 UPSs that had been handed over for disposal in the year The 02 UPSs handed over by the Constitution and Statutory Affairs Division for disposal had been kept at the Information Communication The Financial Regulations should be followed.

2019 by the Technology Unit. As Constitution and those items were Statutory Affairs scheduled to be Division. auctioned, action will be taken to issue orders to write them off from the inventory books after the auction.

2.4 Operating Bank Accounts

The following observation is made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
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A number of 122 cheques valued at Rs. 5,059,094 and issued during the period from 26 August 2020 to 30 July 2021 had not been presented to the bank even up to 30 September 2021. Action had not been taken in terms of Financial Regulation 396 (d) on 35 cheques valued at Rs. 453,736 that had remained uncashed for more than 06 months.	Action has been taken in terms of Financial Regulation 396 on the cheques that had remained uncashed for over 06 months as at 2021.08.31.	The Financial Regulations should be followed.

2.5 Deposit Account

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
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The deposit balance of Rs. 292,333,243 continued to exist since the year 2015 under the Deposit Account, No. 6000-000-00-0006-0077, had remained dormant even as at 31 December 2020. Action had not been taken in terms of Financial Regulation 571 on the deposit balances lapsed for over 02 years.	The balance of Rs. 292,333,243 existed in the Disaster Relief Fund, No. 6000-000-00-0006-0077 as at 31 December 2020 had been credited to the Government revenue in the year 2021.	Action should be taken in terms of Financial Regulations on the lapsed deposits.

3. Operating Review

3.1 Management of Assets

The following observation is made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
The items in the division of the Chief of Staff of the President had been recorded in the inventory books though, a mobile phone which had not been used by any officer, existed in the division.	The mobile phone recorded in the inventory books of the division of the Chief of Staff of the President, had been obtained by the former Chief of Staff of the President, and the said phone had been handed over to the Information Communication Technology unit as the phone had not been used. Corrective measures have been taken on the inventory books in accordance with the issue/receipt orders in that connection.	Unutilized assets should be used productively.

4. Achievement of Sustainable Development Goals

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) As the progress in achieving 09 sustainable development goals mentioned in the performance report for the year 2020 had been shown as percentages, the actual progress thereof could not be measured specifically.	The progress had been shown in terms of percentages in the relevant format as per the instructions given under No. 12 of the Guidelines presented along with the formats to be published on the website of the Department of Public Finance in relevance to Public Finance Circular, Nos. 02/2020 and 01/2020 dated 2020.08.28.	Performance indicators should be included in a manner that the progress would be measured statistically.

- (b) The number of projects implemented to provide drinking water for all in line with the “Vistas of Prosperity and Splendour Policy”, and the progress of those projects, had not been mentioned in the performance report for the year under review.
- The relevant division of the Presidential Secretariat is responsible for coordinating the Ministries, State Ministries, and Institutions in order to implement the projects and programs assigned to them and organizing the meetings. Furthermore, those divisions continuously supervise the performance of all those development activities, and inform the Honorable President in that connection.
- As such, the number of projects or information relating to the programs, pertains to the performance of the relevant Ministry or the Institution.
- The performance report should include performance indicators which can be used to statistically measure the progress in achieving the sustainable development goals.
- (c) As for the target set under the “Deyata Eliya” project implemented to provide electricity for more than 100,000 poorer families free of charge, the indicator to measure the achievement of the said target had been mentioned as the number of meetings/discussions held. The performance report did not mention indicators which could be used to statistically measure the progress of the projects and the activities executed.
- Do.
- The performance report should include performance indicators which can be used to statistically measure the progress in achieving the sustainable development goals.

(d) The number of schools for which fiber optic connectivity to the Internet had been provided in the year under review under the objective of ensuring a complete & fair education and promoting opportunities to educate throughout lifetime for all, had not been mentioned in the performance report.

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The performance report should include performance indicators which can be used to statistically measure the progress in achieving the sustainable development goals.