

Sri Lanka Convention Bureau - 2020

1 Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Convention Bureau for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and the Financial Act No. 38 of 1971 . My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Sri Lanka Convention Bureau as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in Paragraph 1.5 of this report.

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 qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, 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.

In preparing the financial statements, management is responsible for assessing the Bureau's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Bureau or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bureau's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Bureau 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.

1.4 Auditor's Responsibility in Auditing 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.
- Obtained 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 Bureau's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bureau's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the structure and content of the financial statements, including disclosures, and the transactions and events on which the content is based are appropriately and fairly included in the financial statements.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following.

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Bureau, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Bureau has complied with applicable written law, or other general or special directions issued by the governing body of the Bureau ;
- Whether the it has performed according to its powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

Audit Observation -----	Comments of the Management -----	Recommendation -----
<p>Actions had not been taken to review the useful life of a motor vehicle costing Rs.6,700,000 which was fully depreciated but already in use and adjustments had also not been made in the financial statements as per the Sri Lanka Public Sector Accounting Standard No. 03.</p>	<p>Actions will be taken to revalue the motor vehicle owned by the Sri Lanka Convention Bureau accurately and shown in the accounts in the future.</p>	<p>It should be complied to Sri Lanka Public Sector Accounting Standard.</p>

1.5.2 Accounting Deficiencies

Audit Observation -----	Comments of the Management -----	Recommendation -----
<p>In the calculation of gratuity provision, cost of living had not been considered. As a result, provision for gratuity had been understated by Rs.362,700 in the financial statements.</p>	<p>In the calculation of gratuity provision, cost of living will be considered in the future.</p>	<p>In calculating the gratuity provision, cost of living should be considered.</p>

1.5.3 Unreconciled Accounts

Item	as per Financial Statements	per As per corresponding Record	Difference Rs.	Management Comment	Recommendation
-----	----- Rs.	----- Rs.	----- Rs.	-----	-----
(i) Payable					
Accounts	0	263,223	263,223	We are unable to include those amounts in our accounts as neither we have been possessed the bills nor reports relating to that have been received to us from Sri Lanka Tourism Development Authority and Sri Lanka Institute of Tourism and Hotel Management.	Actions should be taken to adjust the accounts between related parties.
-Sri Lanka Tourism Development Authority					
- Sri Lanka Institute of Tourism and Hotel Management	0	35,308	35,308		

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a deficit of Rs.21,892,451 and the deficit for the preceding year as against to that was Rs.253,518. Accordingly, a deterioration of Rs.21,638,933 was observed in financial results. The reduction in income from tourism development levy and embarkation levy was the main reason for this deterioration.

3. Operational review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
<p>Management had not taken action to utilize the money aggregated to Rs.142,422,283 which consisted of an amount of Rs.22,189,440 in a current account of People's Bank and an amount of Rs.120,232,843 in a savings account of Bank of Ceylon so as to generate a higher return by investing in more effective sources.</p>	<p>After obtaining the necessary approval, actions will be taken to invest the money which was in the savings account of People's Bank and Bank of Ceylon in short term investments.</p>	<p>Money owned to Bureau should be invested in high return investments.</p>