

Head -5 Office of the Cabinet of Ministers

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Office of the Cabinet of Ministers for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 Office of the Cabinet of Ministers was issued to the Chief Accounting Officer on 26 May 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Office of the Cabinet of Ministers was issued to the Chief Accounting Officer on 15 June 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. 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 accompanying financial statements give a true and fair view of the financial position of the Office of the Cabinet of Ministers as at 31 December 2021 and 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 responsibility for the financial statements is further described in the Auditor's Responsibility Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the 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 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 Office of the Cabinet of Ministers 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 Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Office of the Cabinet of Ministers 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 judgement 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 Cabinet of Ministers office’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 Chief 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 consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

2. Operational Review

2.1 Planning

2.1.1 Procurement Plan

	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a)	No detailed procurement plan was submitted for the year under review as per Paragraph 04 of Guideline No. 13 of the Ministry of Finance Circular No. 2/2020 dated 28 August 2020 and the audit was unable to	Annual procurement plan and main procurement plan were submitted according to the formats presented in previous years.	Arrangements should be made to prepare the procurement plan and submit it for audit in accordance with the relevant circular

evaluate the effectiveness of the plan because the progress of the submitted plan was not submitted for audit.

guidelines.

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| (b) | Out of the capital expenditure estimated at Rs. 41,750,000 during the year under review, only Rs. 21,837,350 had been utilized and it was only 52.3 percent of the estimated total provision. However, the performance report indicated that the actual output as a percentage of the expected output of the procurement of goods and services was 80 percent. | The expected output of the procurement of goods and services is 52.3 percent and erroneously recorded as 80 percent in the performance report. | Arrangements should be made to enter the correct numbers in the reports. |
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2.2 Performance

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

There were 04 sub-committees to facilitate the decision making process of the cabinet of ministers and it was not possible to confirm whether 02 sub-committees made appropriate recommendations regarding the relevant fields or issues to facilitate the decision making process of the cabinet of ministers during the year due to that non-submission of the number of meeting times held by those sub committees during the year under review to the audit.

The cabinet sub-committee on constitutional affairs is organized and held by the Ministry of Justice and the cabinet sub-committee on cost of living is organized and held by the Ministry of Trade and the information about the number of meetings of the sub-committees has also obtained from those ministries and recorded to be included in the annual report in future.

Arrangements should be made to submit information to the audit.

2.3 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The board of survey report was not submitted to the Auditor General in accordance with sub No. 06 of paragraph 11.1 of the Ministry of Finance circular of the Public Finance Circular No. 01/2020 dated 28 August 2020.	The committee of boards of survey were appointed as scheduled before 15.12.2021 to conduct the board of survey, but due to the Covid epidemic situation, the office activities were maintained with a minimum number of employees and due to the infection of the officials by the Covid epidemic and the office activities being moved to the Lioyd's building, the relevant surveys were not possible to completed on the expected dates.	According to the circular, the board of survey should be done without delay and the reports should be submitted to the audit.

3. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) A human resource development plan for officers was not prepared based on annexure 2 format of the Public Administration Circular No. 2/2018 dated 24 January 2018.	It was not possible to prepare a human resource development plan due to the limitation of government officials being called to the office and that they were temporarily assigned to post offices close to their residence due to the Covid epidemic situation and the number of invitations received from external training institutions for appropriate training programs was limited.	A human resource development plan should be prepared and submitted as per the circular.

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| <p>(b) Although training opportunity of not less than 12 hours per year shall be provided to each member of the staff as per the above circular, only three officers, out of the total 82 officers were given training for 24 hours, 8 hours and 24 hours respectively during the year. Accordingly, the progress of employee training was 3.6 percent.</p> | <p>It was not possible to follow the instructions of that circular due to the restriction of calling officials to the office as per the Public Administration Circular No. 02/2020 due to the Covid-19 situation and the planned training programs were canceled due to the Covid-19 situation.</p> | <p>Plans should be made to provide at least 12 hours of training opportunity per year for each officer as per the circulars.</p> |
| <p>(c) The approved number of employees of the institution was 121 as at 31 December 2021 and the actual number of permanent employees and contract employees was 79 and 03 respectively and there were 39 vacancies.</p> | <p>Provision of adequate office space remained problematic due to limited space and as there is sufficient space for the staff at present, it is planned to identify suitable officers for the existing vacancies and take steps to fill those vacancies in future.</p> | <p>Vacancies should be filled.</p> |