

## **Head -252 – Department of Census and Statistics**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Department of Census and Statistics 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 Department of Census and Statistics was issued to the Accounting Officer on 28 June 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 Department was issued to the Accounting Officer on 18 July 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, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Census and Statistics as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

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

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My opinion is qualified based on the matters described 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. 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**

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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 Responsibilities for the Audit of the Financial Statements**

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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 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 Ministry's / Department's / District 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 Requirements

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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.

## 1.6 Comments on Financial Statements

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### 1.6.1 Accounting Deficiencies

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The following observations are made.

#### (a) Reconciliation Statements on Advances to Public Officers Account

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>i) Loan balance relating to 4 deceased officers totaled to Rs. 379,856. Out of the above outstanding value, Rs. 221,206 had been recovered. Although the outstanding loan balance of Rs. 65,900 of an officer who died in 2018 was to be recovered from the respective death gratuity, and was informed as such to the audit from the year 2018, it had not been recovered even at the end of the year under review.</p>	<p>Due to an ongoing court case, the recovery of the loan from the officer who died in 2018 was delayed. The spouse of the respective officer has applied and requested for the death gratuity from the Department of pension on 25 February 2022, thereby the outstanding loan balance can be recovered from the gratuity.</p>	<p>Action should be taken in terms of Guideline No. 01 (b). issued by the Department of Public Finance.</p>
<p>(ii) Loan balances totaling to Rs. 524,261 relating to 11 officers who had vacated the service during the period from 1991 to 2017 were remained outstanding and the Department had failed to recover the loan balance even at the end of the year under review.</p>	<p>Court trial at Colombo District Court for the recovery of the loan balance of Rs. 95,140 , Notice to Attorney General's Department for recovery of 04 loan balance of Rs. 168,664 , Notice to Divisional Secretariat to identify the 04 addresses of debtors of Rs. 226,805 ,</p>	<p>Action should be taken in terms of Guideline No. 01 (b). issued by the Department of Public Finance.</p>

guarantor has been informed to recover the loan balance of Rs. 27,080 and from the initial amount of loan balance of Rs. 6,572, the amount of Rs. 4,414 has been recovered with a balance of Rs. 2,159 more to be recovered.

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| <p>(iii) A sum of Rs.592,561 had failed to be recovered from six officers who retired in the years 2020 and 2021 by 31 December 2021, out of which Rs. 509,771 had been recovered in the year 2022.</p> | <p>Regarding the loan balance of Rs. 82,790, the documents related to the preparation of the retirement gratuity of the concerned officer have been forwarded to that department. Settlement can be made after the grant of retirement gratuity. Since the payment of retirement gratuity has been delayed, a letter has been sent on 27 April 2022 asking the Pension Department in this regard.</p> | <p>Action should be taken in terms of Guideline No. 01 (b). issued by the Department of Public Finance.</p> |
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**(b) Property, Plant and Equipment**

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The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
<p>(i) Assets of Rs.207,683 had been written off from the statement of SA 82 non-financial assets – without obtaining necessary orders to dispose of them in terms of Financial Regulations 770(2).</p>	<p>The goods were destroyed on 29 November 2021 as per the recommendations of the Survey Board as per the relevant disposal (Destroy -D) orders and approval has been given for that by me. Therefore, it was noted as an exclusion from the SA – 82, statement of non-financial assets. The goods survey of</p>	<p>Action should be taken in terms of Financial Regulations.</p>

2021 has now been completed, and actions will be taken to dispose at the same time.

- (ii) Assets of Rs. 1,907,417 which were recommended to be sold in the annual good survey conducted on 31 December 2020 had been written off from the non-financial assets mentioned in the financial statement as sales. But the assets had not been sold even at 25 March 2022.
- As per the recommendations of common form 47, related to the good survey as at 31 December 2020, the items mentioned as S (Sales) were called twice for sale from 05 institutions and the prices were given by only one institution. The sale of goods was not made as the government would incur financial loss by agreeing to the prices of the concerned institution which were not much with those prices. Those items are also being processed for sale along with the goods mentioned as (Sale) S in the common form 47, revealed in the good survey as at 31 December 2021.
- Action should be taken in accordance with the guidance of the Public Accounts Department No. 03/2021 dated 26 November 2021.
- (iii) The amount given by two institutions to the department during the period from 2018 to 2021 is 12 Dell laptops, 55 tab computers, 04 notebook computers, 02 laser printers, a dot metric printer, 04 desktop computers and a color printer totaled to Rs.5,457,819 had been received. Those assets had not been included as non-financial assets in the financial statements as at 31 December 2021. In addition, the value of 70
- During the period from 2018 to 2021, 55-tab computers, 12 laptops, 04 notebooks and 01 color printers could not be recorded due to lack of required information required to be recorded under Donations and in the year 2022, the information related to these assets is being recorded. and 70 Samsung Galaxy Tabs, 10 Thinkpad laptops and 10 WiFi routers has been received to the division of the sample survey as foreign grants and as the value details of those items have not been sent by the
- Regarding the donations received, they should be included in the financial statements in terms of financial regulations.

Samsung Galaxy Tab country which awarded those computers, 10 Thinkpad items, A valuation committee laptops and 10 Wiper has been appointed to assess routers provided by those their price. The committee will two institutions during that assess the goods as soon as period had not been taken possible and provide them to the Account for as non- enter in to the CIGAS. After financial assets in the entering in to the CIGAS, it financial statements even at will be allowed to include in the end of the year under the financial statements. review.

**(c) Imprest Balance**

The following observation are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
<p>(i) In terms of paragraph 7.2 of the Guidelines of the Department of State Accounts No. 2021/03 dated 26 November 2021, the revenue collected by the department on behalf of other revenue accounting officers should not be included in the statement of financial performance and it should have been adjusted in the imprest reconciliation statement.</p> <p>Contrary to those instructions, a of Rs.55,214,269 collected on behalf of other revenue accounting officers had been shown under the receipts of main ledger in the statement of financial performance and had not been indicated in the imprest reconciliation statement. Due to this, the statement of financial</p>	<p>W&amp;OP and loan interest income collected from the officers of this department are not considered as Revenue collected on behalf of other revenue Accounting Officers.</p>	<p>Action should be taken in terms of paragraph 7.2 of the Guidelines No. 2021/03 dated 26 November 2021 of the Department of State Accounts.</p>

performance had been overstated by Rs.55,214,269 as at 31 December 2021.

- (ii) In terms of paragraph 7.5 of the Guidelines of the Department of State Accounts, the balance in the statement of financial performance should have been equaled the balance in the imprest reconciliation statement as at 31 December 2021.
- The cash balance remitted to the Treasury at the end of the year is indicated as the imprest balance. Actions have been taken to adjust the financial statements for the year 2022.
- Action should be taken in terms of paragraph 7.5 of the Guidelines No. 2021/03 dated 26 November 2021 issued by the Department of State Accounts.
- Imprest balance is zero as at 31 December 2021 after adjusting the balance of the statement of financial performance of negative (-) Rs.23,937,125 plus positive (+) of Rs.23,937,125 from imprest reconciliation statement. But the imprest balance in the statement of financial performance had been indicated as Rs.1,486,732.
- (iii) According to the statement of financial performance of the year 2021, the balance as at 31 December 31 2021 had been negative (-) Rs.23,937,125. According to the revised imprest reconciliation statement format ACA – 7, the imprest adjustment balance as at 31 December 2021 had been negative (-) Rs. 23,937,125. In adjusting that balance in the statement of financial performance, it amounts to negative (-) Rs.47,874,250.
- Correct format hasn't been used by mistake.
- Financial Statements should be prepared logically according to the instructions mentioned in the letter of the Director General of State Accounts' letter No. SA/MAA/02/01/01 dated 30 December 2021.

Even though the imprest adjustment should have been a positive (+) balance of Rs. 23,937,125 , it has not been accurately indicated in the revised format ACA – 7. According to notes indicated in the statement of financial performance, the balance of the imprest account had not been presented logically as a zero value.

## 2. Financial Review

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### 2.1 Management of Expenditure

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The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Provision of Rs. 93,090,000 had been made for five Objects and by the end of the year under review, the entire provision had been saved without being utilized for any purpose.	Provisions had been saved due to the lockdown the country and restriction of duties due to the Covid-19 pandemic situation and stopping acquisition of capital assets as per Cabinet decision dated 31 August 2021, no need for money to purchase virus guard due to purchase of new computers with virus guard and due to the non-approval of the Salaries and Cadre Commission for the payment of official allowances.	The Annual Expenditure Estimates should be prepared logically in terms of Financial Regulation 50.



- (b) Excess provision totaling Rs. 2,120,027,667 has been made for 23 Objects and as such, only a sum totaling Rs. 317,475,349 of that had been utilized by the end of the year under review. Provision totaling to Rs. 1,802,552,318 had been saved out of the provision made. As such, provision ranging from 12 per cent to 98 percent made for each Object, had been saved.
- Explanations related to these savings have been included in the financial statement for the year 2021 under Form ACA 2(11).
- The Annual Expenditure Estimates should be prepared in terms of Financial Regulation 50.

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

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The following observations are made.

### Audit Observations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
(i) Paragraph 7.2 of Guidelines No. 2021/03 dated 26 November 2021 issued by the Department of State Accounts.	The cash balance remitted to the treasury by the department should not have been included in the balance of cash and cash equivalents in the statement of financial position. But the cash balance of Rs.1,486,732 remitted by the department to the treasury had been indicated as cash and cash equivalents in the statement of financial position.	The balance remitted to the treasury at the end of the year has been included in the statement of financial position by mistake. The related adjustments will be made in preparing the financial statements for the year 2022.	Action should be taken in accordance with the Guidelines of the State Accounts.

## 2.3 Operation of Bank Accounts

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) The cheques issued but not presented for payment as at 31 December 2021 had been Rs.71,269,682. Action had not been taken in terms of Financial Regulation 396(d) relating to 12 those cheques valued at a total of Rs.263,542 lapsed even at the end of the year under review issued but not presented to the bank.	Reminder letters have been issued for the cheques elapsed, and the cheques dates have been extended for the institutions that have submitted requests for the date extension, and necessary steps have been taken to those cheques that have not been not submitted have been canceled and credit the value of them to the Government Revenue.	Action should be taken in terms of Financial Regulations.

## 3. Operating Review

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### 3.1 Performance of Functions

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) The mission of the Department is to contribute more effectively to the socio-economic development of the country through timely and accurate data. 62 data reports should have been released on the website and 23 data reports should have been printed and released in the year under review. It was observed that the reports should have been issued	The reports were not able to be issued on the due dates due to reasons beyond our control, such as offices being closed due to due to the covid-19 pandemic which prevailed in the country, and officers being called to work on a shift basis. Also, a new set of guidelines has been issued for the preparation of all publications issued by the department from the year 2021 and the page layout of all	Data should be issued for due dates.

within the periods mentioned in the calendar, but none of the reports had been issued on the scheduled dates. There were delays in the issue of reports ranging from 01 month to 11 months. publications have to be done in accordance with those guidelines. There was a slight delay due to having to spend extra time for this.

- (b) According to the annual action plan and draft annual performance reports, no performance had been achieved in 11 targeted tasks related to 06 divisions.

Pre-test training, field work of pre-test, making the necessary improvements to the methodology and CAPI program of the pretest for Computer Assisted personal Interviewing (CAPI) process, the training of trainers of the Listing Stage – Census of population and Housing 2021 in the division of population census and Demography could not be conducted due to the situation of covid-19 pandemic and due to tablet computers have not been received to the division of Population Census and Demography.

It should be properly planned and implemented within the prescribed periods.to perform the duties of the department.

Press briefings and other awareness programs could not be conducted in the Division of National Accounts as planned.

It was inability to carry out the “Listing Stage – Censes of Population and Housing” for “e-Census Registration” in the Division of the Information and Communication Technology as “The Listing Stage – Censes of Population and Housing” has not been started. “Census of Population and Housing 2021: Post Enumeration Survey” is a

survey conducted after “Census of Population and Housing”. There is no opportunity to implement this task without been started the implementation of the listing stage of the Censes of Population and Housing due to the Covid-19 pandemic which prevailed in the country,

### 3.2 Non-achievement of expected Output Level

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The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The progress in achieving the targeted tasks in 12 sections of the department ranged from 10 percent to 85 percent.	<p>The reports of the Annual survey of construction industry - 2020, the Annual survey of trade and service - 2019, the Annual survey of trade and service - 2020 and the Annual survey of industries - 2020 in the Division of industry, construction, trade and services division are to be published on 2022/07/29, 2022/07/29, 2022/12/30 and 2022/07/29 respectively because of the Covid-19 pandemic situation in the country and other reasons.</p> <p>Data are being collected for the purpose of revision of the base year for calculating the monthly index of industrial production and the performance of the programs in the National Accounts Division is at a level of 40 percent.</p>	Action should be taken as planned.

The final report of the Household Income and Expenditure Survey - 2019 in the Sample Survey Division could not be published due to the inability to reach a final decision with the ministry to change the base year of the poverty line

The expected physical progress was not achieved of the Reporting activities for Global Adult Tobacco Use Survey (GATS) - 2019/20, Pilot study on implementation of 19th International Conference of Labor Statisticians (ICLS) resolution, Household survey of drinking water quality and Pilot study of cyber security survey and the Recruitment cost of international labor migration survey.

10 training programs were planned in the department and officials were directed for 05 programs for external institutions and out of the programs planned to be held in the training section of the department, only one program could be conducted.

The progress of completing listing operation of post Enumeration Survey was 15 percent and 4 research seminars could not be conducted. It was not possible to complete the activity of Releasing publication on gender statistics.

The percentage of achieving the expected output level of the Data Dissemination Unit was 76 percent.

The percentage of achievement of the output level for updating the policy of micro data release was 85 percent.

### 3.3 Assets Management

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The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) 18 machines had been purchased including 06 machines of 10 KVA, 6 machines of 20 KVA, 05 machines of 30 KVA and a machine of 40 KVA from a private company amounted to Rs. 16,320,304 on 29 December 2014. During the physical inspection of the machines, a 15 KVA machine was idle in the west part of the 07th floor since the date of purchase on 29th December 2014.	As the 07th and 08th floors of the building had been reserved for the Ministry of Finance by the Committee of the Building, electrical plugs have not been installed in those floors as per the requirement of that Ministry. Due to the periodic changes in the scope of the Ministry of Finance, there was no need for the Ministry to visit our building. For this reason, the UPS machine on the right side of the 07th floor has not been used. I kindly inform that the machine is still in usable condition.  At the time of conducting the census, the right side of the 07th floor has been reserved for the use of the ICT sector for the sector where the census will be conducted and for additional information and communication technology related activities. Because of that, the prices have been called from the Industrial	The assets purchased should be utilized by maximum capacity.

Development Authority of Western Province and submitted for procurement approval for install the electrical plugs related to operate the UPS machine.

- (b) In terms of the Guidelines No. 03 issued by the Department of Public Finance, the 04 vehicles that had been withdrawn from use since the year 2018 should have been disposed, but by the end of the year under review, it had not been done.
- 04 vehicles have been taken out of service. A committee has been appointed by the letter dated 25 September 2019 to dispose of these vehicles. Considering the shortage of vehicles by some of these ministries, officials also came to inspect the vehicles and requested them to be provided. But those Ministries did not agree to get the vehicles and a report was made on 05 May 2021 to the Comptroller General regarding the vehicles. Motorcycle to be repaired for the purpose of department postal duties and other vehicles to be disposed in a formal manner.
- The disposable activities should be carried out in accordance with the guidelines No. 03 issued by the Department of Public Finance
- (c) According to Financial Regulation 1647 (b), a complete survey of the vehicles and their equipment should be conducted, but no such survey was conducted on the vehicles and their equipment of the department in the year 2020.
- It has been decided to conduct a survey of the equipment in the vehicles in conjunction with the survey of goods for the year 2022 and after that survey, the relevant reports will be submitted.
- Action should be taken in terms of Financial Regulations.
- (d) Although the details related to the payment of overtime and combined allowances to the drivers who attached official vehicles should be recorded in the manner of Annexure 1 in
- The relevant form has been completed by now and Actions have been taken in accordance with the Public Administration Circular No. 13/2008.
- Action should be taken as per the instructions of the Public Administration Circular No. 13/2008 dated 26 June 2008.

terms of paragraph 3 of the Public Administrative Circular No. 13/2008 dated 26 June 2008, for 8 official vehicles of the department had not been done so.

- (e) In terms of paragraph 3.3 of Public Administrative Circular No. 30/2016 dated 29 December 2016, the records of the vehicles should be maintained in order to be able to know the amount of fuel used since the date of fuel inspection of the vehicles and the amount of fuel used in the previous month, records of vehicles had not been maintained in the department. Due to the recent pandemic situation in the country, fuel consumption test could not be conducted as working from home criteria activated many times and also due to the controlling government expenditure. Arrangements have been made to carry out a fuel consumption test for the vehicles of the head office and for the vehicles of the district secretary office as soon as the prevailing situation is favorable. Action should be taken in accordance with the Public Administrative Circular No. 30/2016 dated 29 December 2016.
- (f) According to the Financial Regulations 1647(c), When there are three or more vehicles at one place, a register of all purchases and issues of materials should be maintained which are not recorded in the logbook and not durable. but such register had not been maintained in the Transport Division. A consumer goods register is maintained from the year 2022. Action should be taken in terms of Financial Regulations.
- (g) In terms of paragraph 3.1 of the Circular No. 30/2016 of the Secretary of the Ministry of Public Administration and Management dated 29 December 2016, the fuel test had never been done according to the log entries of 24 vehicles. 08 vehicles have Due to the recent pandemic situation in the country, fuel consumption test could not be conducted as working from home criteria activated many times and also due to the controlling government expenditure. Arrangements have been made to carry out a fuel consumption test Action should be taken as per the instructions of the circular No. 30/2016 of the Ministry of Public Administration and Management dated 29 December 2016.



been in the year 2003 and for the vehicles of the head office  
 another vehicle has been done and for the vehicles of the district  
 in the year 2004. secretary office as soon as the  
 current difficulty to obtain fuel is  
 over.

**3.4 Security of Public Officers**

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 The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) Security deposit was not taken from 06 officers who was authorized to sign cheques in terms F.R 880	The Chief Financial Officer duly secured through the Public Accounts Department. The application form for depositing the guarantee had been submitted by the Chief Accountant through Ministry of Electricity to the Guarantor Association. The Additional Director (Administration) has deposited the security and submitted the pass book to the National Savings Bank (Thangalla Branch). The action is being taken for other officials.	Action should be taken in terms of Financial Regulations.

#### 4. **Human Resource Management**

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) There were 428 vacancies and 25 percent of the approved staff as at 31 December 2021. Of those vacancies, 151 posts or 35 percent were secondary level officers.	It is necessary to fill the vacancies to carry out the duties of the department. Therefore, the actions related to filling vacancies are being done.	If the vacancy of these positions adversely affects the performance of the department, the positions should be filled promptly.