

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ministry of Technology 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 summery report including my comments and observations on these financial statements of the Ministry of Technology presented to the Chief Accounting Officer on 31 May 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report was issued to the Chief Accounting Officer on 05 June 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. The report of the Auditor General in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018 will be tabled in Parliament in due course.

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 Ministry of Technology 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

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 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 Ministry 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 Ministry 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

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 Ministry'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

In accordance with Section 6(1)(d) and Section 38 of the National Audit Act No. 19 of 2018, I declare the following facts.

The any recommendations had not been presented because of no need to prepare financial statements for the previous year by the Ministry of Technology.

1.6 Comments on Financial Statements

1.6.1 Non-financial Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
-----	-----	-----
(a) Furniture and office equipment in the year under review was stated as Rs. 150,000,000 according to the books of the Ministry, but according to the books of the Treasury (Statement of Accounts No. 10), its value was Rs. 40,000,000. That is, a difference of Rs.110,000,000 was observed.	Accept that the anomalies pointed out are correct. The discrepancy has occurred because the financial statements have been prepared after receiving the first treasury computer printout on 31.01.2022 and the second treasury computer printout is under verification. The instruction have been given the head of the relevant department to take necessary actions so that such omissions do not occur again.	The records should be maintained so that the balances in the books of the Ministry and the books of the Treasury are compared with each other.

- (b) In the year under review, FR transfers related to capital grants for non-governmental organizations were shown as Rs. 510,000,000 as per Ministry books, but as per Treasury books (Statement No. 12), the figure was Rs. 400,000,000. As a result, capital grants for non-governmental organizations in the year were Rs. 4,370,480,000 according to the books of the Ministry and according to the books of the Treasury (Statement of Accounts No. 10), its value was Rs. 4,480,480,000.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to F.R. 85, the basic estimates and revised estimates had not been prepared.	Ministry of Technology As per supplementary gazette No. 2202/25 dated 20/11/2020 a new Ministry was established with effect from 08/11/2020 by the name of Ministry of Technology. The Ministry did not prepare budget estimates for this and the Ministry had used the estimates provided by the Treasury.	Accordingly, preliminary estimates and revised estimates should be prepared.
(b) Although it is the responsibility of the Chief Counting Officer to prepare the estimates as fully and accurately as possible in terms of Financial Regulation 50 (ii), for failure to do so, Rs.60 million was allocated for the 10 expenditure heads had been saved completely.	As you have mentioned, since the recruitment of the staff did not take place until the Minister's office and the Ministry took several months and the implementation of the related programs did not take place until the middle of the year, there has been a saving in the provision as you have mentioned.	Estimates should be prepared accurately and provision should be made only to the required amount.

- (c) From the total of Rs. 195,915,000 which allocated for 09 expenditure items In the range of 5 percent to 99 percent of the allocation was Rs.180,209,037, it is observed that there were occasions of savings. - do -

2.2 Advance Account Limits

Audit Observation	Commet of the Chief Accounting Officer	Recommendation
Pursuant to the F.R. 506 (D), Government Officials' Advance B Account According to the Ministry books, the maximum expenditure limit, minimum receipt limit and maximum debit balance limit has been revised to Rs.60,000,000, Rs. 140,000 and Rs.2,500,000 respectively, but according to the treasury books, its value was given as Rs.60,000,000, Rs.25,000,000 and Rs.100,000,000 respectively.	The Ministry made requests to the National Budget Department through MOT/FIN/Pub.Adv and letter dated 30.12.2021 to amend the limits of Advance B Account of Government Officials. Although the limits were revised according to the request, the process to be included in the CIGAS program was missed due to misplace of documents. But the written notification of the revised limits required in the preparation of the final accounts was included in the financial statements at that time. Necessary instructions had been given to ensure that such defects do not occur in the future.	Records should be maintained accurately comparing the Advance B account limits as per Ministry books and as per Treasury books.

3. Operational Review

3.1 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Out of the 7512 square feet reserved for operating the Ministry, 2300 square feet (belonging to room no. 1105) has been rented for almost 06 months, it is observed that it has been	The ministry was carrying out its duties without proper facilities and without space in one room of the ICTA Institute. By 30.06.2021 ICTA has to be moved to another building, so the Ministry had to	Buildings for Ministries should be selected at the lowest possible cost to match the

underutilized without any improvement (Partition) to be able to carry out office work by the date of audit, 11 March 2022. be moved to One Goal Phase before that date. Due to this, there was no time for the office premises to be divided and improved. Due to the rapid increase in prices, the suppliers decided to increase the prices. Due to this, it was not possible to do partition and improvement properly. economy of the country and steps should be taken to use the relevant resources with maximum efficiency.

3.2 Management Weaknesses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) While choosing an office premises to run the Ministry, it was observed that the Ministry is maintaining the office in One Galle Face Tower by paying a monthly ground rent of Rs.1,878,000 to Shangri-La Hotels Lanka Pvt.	According to the lease agreement entered into by the Ministry of Technology with One Galle Face Institute on 22 September 2021, Rs. 1,878,000 has been paid to Shangri-La Hotels Lanka (Private) Limited for an area of 7512 square feet on the 11th floor. As a ministry under the Honorable President, the Ministry of Technology was established by a special gazette dated 20.11.2020 to be effective from 18.11.2020 and on the verbal instructions of the President, it is very close to it which can be reached in a few minutes from the President's Office and the Honorable President regularly visits the Ministry, Special attention was given to security and attention was given to choosing a place for the ministry.	Action should be taken to follow the Procurement Guidelines..
(b) During the year under review, Rs.875,354,212 and Rs.986,617,824 respectively had spend as capital and recurrent expenditure for the institutions of Information and Communication Technology Agency, Sri Lanka Computer Emergency Response	Due to non-appointment of necessary employees for the ministry, it was not possible to organize the affairs of the ministry properly. But by using the officers provided, with the support of the heads of those institutions, all the necessary tasks were performed and managed well. Progress review	Progress review meetings should be held properly to evaluate the performance of the institutions under the Ministry.

Team, Sri Lanka Institute of Biotechnology, Institute of Industrial Technology and National Science and Technology Commission. But the role of conducting progress review meetings in order to evaluate the role and performance of those institutions was not fulfilled from the year 2021 to the audited date of 29 March 2022.

- | | | | |
|-----|--|---|--|
| (c) | <p>The government intervention at the ministerial level had not been done as required to utilize the new technologies discovered through the research projects of the Nanotechnology (Private) Company in a suitable manner for national needs and to provide a wider market for new inventions.</p> | <p>The Ministry of Technology was established with effect from 18 November 2020 as per Gazette Extraordinary No. 2202/25 of the Democratic Socialist Republic of Sri Lanka dated 20 November 2020. The lack of officers, the corona epidemic for two years and the lack of investors, the delay in the recruitment of specialized staff led to this situation and I noted that we are already providing the support of the ministry to bring the institution forward with new technology and to take the necessary steps in the future.</p> | <p>Actions should be taken at the ministerial level to expand the market and socialize the new technologies discovered through research.</p> |
|-----|--|---|--|

4. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>In the year under review, there were 04 vacancies in senior level posts, 01 vacancies in tertiary level posts, 15 vacancies in secondary level posts and 14 vacancies in primary level posts.</p>	<p>It was possible to assign 09 officers for the 13 approved posts of Staff for the Ministry. Despite continuous requests to provide officers at the secondary and tertiary levels, the Ministry of Public Services, Provincial Councils and Local Government informed that officers cannot be provided to fill the relevant vacancies until new recruitments</p>	<p>Actions should be taken to maintain the necessary staff to carry out the work of the organization efficiently.</p>

are made. However, within a year, 15 officers were assigned to the Ministry for 30 approved positions among the secondary level positions, and the number of assigned officers has now grown to 17. The circular has informed not to recruit primary level officers and even though it has been announced that officers of that category will be provided by the multi-purpose force, such officers were not provided properly. However, it was possible to assign two officers for the driver posts at the primary level.