

Head 233 - Department of Government Analyst

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Department of Government Analyst 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 Government Analyst was issued to the Accounting Officer on 30 May 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Department was issued to the Accounting Officer on 21 June 2022 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the financial position of the Department of Government Analyst as at 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters appear in Paragraph 1.6 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 evidences I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Accounting Officer.

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 annual and periodic financial statements to be prepared.

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Department in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibility on Audit of 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 exercised 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.
- Obtain 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 its internal control.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- Evaluate the overall presentation, 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.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I declare the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018 .

- (a) The financial statements are in consistent with those of the preceding year.
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statement

1.6.1 Accounting Deficiencies

Property Plant and Equipment

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|--|--|
| ----- Even though the value of transport equipment under non-financial assets of the Department had been recorded as Rs. 18,654,796 as at 31.12.2021, as per the statement of financial position, the value of 24 motor vehicles belonging to the Department had been stated as Rs. 109,406,795 as per the description of the vehicles sent by the Department to the Comptroller General. Accordingly, a difference of Rs.90,751,999 was observed in between the | ----- The value of transport equipment under non-financial assets as at 31.12.2021 is Rs. 18,654,796 . This is the value of 06 motor vehicles. The value of 20 vehicles worth Rs. 90,752.000 has so far been accounted for under non-financial assets of the Department. One vehicle has not been taken over yet. | ----- The value of motor vehicles belonging to the Department should be accurately added to the relevant asset balance in the financial statements. |

value of non-financial assets in the statement of financial position and the value of non-financial assets belonging to the Department.

2. Financial Review

2.1 Expenditure Management

Audit Observation

Comments of the Accounting Officer

Recommendation

Out of a total of 17 recurrent expenditure objects for which provisions were available for the year under review, since the provision of Rs. 14,050,000 made available to 05 recurrent expenditure objects and one capital expenditure object had been transferred to 06 other recurrent expenditure objects and one capital expenditure object, it was observed at the audit that the estimates had not been prepared in a realistic manner in compliance with the requirements mentioned in Financial Regulation 50 .

Due to the situation of the Covid epidemic, some expenses were not incurred and the provisions were saved since the Department was closed for a long time and a portion of the provisions had to be transferred because of new expenses occurred due to covid situation.

Estimates should be prepared in realistic and accurate by including all foreseeable services with due regard for thrifty and efficiency.

2.2 Entering into Liabilities and Commitments

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|--|---|--|
| <p>(a) Liabilities amounting to Rs. 2,502,591 had been entered into exceeding the provision made available in relation to 04 expenditure objects in contrary to Financial Regulation 94 (1) .</p> | <p>These commitments have been entered into in terms of Financial Regulation 94 (2) .</p> | <p>Actions should be taken in terms of Financial Regulation 94 (1) .</p> |
| <p>(b) Although the statement of commitments and liabilities under Note No. III of the financial statements should have been reconciled with the statement of commitments and liabilities (SA 92) issued by the Treasury in respect of each Head of Expenditure in terms of Guidelines 3.4 on preparation of financial statements under Paragraph 10.1 of the Public Finance Circular No. 02/2020 dated 28 August 2020, the total of the liabilities shown in the Departmental Financial Statements and the liabilities reported to the Treasury had not matched by Rs. 11,552,941 .</p> | <p>This difference has occurred due to inadequacy of provisions and the entered commitments which cannot be included in the CIGAS computer programme in accordance with Financial Regulation 94 (2) .</p> | <p>Actions should be taken in terms of the Circular.</p> |

2.3 Unreconciled Control Accounts

Audit Observation

There was a difference of Rs. 20,660 in between the loan balance to be received as per Treasury Books and the balance as per Departmental Books as at 31 December 2021 pertaining to the imprest account presented in ACA 5 Format in the financial statements.

Comments of the Accounting Officer

Although such difference had not been shown according to Departmental Control Account and individual balances, since it is practically impossible to identify the difference of Rs. 20,659/68 which has been carried forward even before the year 1996, which is the oldest year where the accounts can be found, arrangements are being made to correct the balances after checking the information available in the Department of State Accounts with the information of our Department.

Recommendation

Differences between credit balances should be checked and necessary corrections should be made.

2.4 Non-compliance with Laws, Rules and Regulations

| Observation | | Comments of the Accounting Officer | Recommendation |
|---|--------|--|--|
| Reference to Laws, Rules and Regulations | Value | Non-compliance | |
| | Rs. | | |
| (a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka | | | |
| i. Financial Regulation 104 (a) | 53,179 | Actions had not been taken in respect of 03 vehicle accidents that had occurred during the year under review in accordance with Financial Regulations. | Arrangements are being made to conduct relevant investigations in relation to these 03 accidents as per the Financial Regulations 104 (a). Actions should be taken in accordance with finance Regulations. |
| ii. Financial Regulation 135 | | The terms which were made to update the manner of delegation of financial powers in case of retirement, resignation, absence from service of an officer had not been included. | A document is prepared annually under Finance Regulation 135 for delegating of powers in relation to expenditure. There was no need to maintain such a schedule because of an another officer is appointed for the same post when an officer retires, resigns, takes leave for some other Actions should be taken in accordance with Regulations. |

special occasion and appointing an officer for covering duties on acting basis.

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|---|---|---|--|
| <p>iii. Financial Regulation 1645 (a)</p> | <p>Vehicle log books had not been maintained including the details on fuel test , monthly summary, motor vehicle repair, tyres and installment of battery and accident details.</p> | <p>Maintenance of vehicle log books has been commenced as per Finance Regulation 1645(a) specifying the relevant information.</p> | <p>Actions should be taken in accordance with Regulations.</p> |
| <p>(b) Public Administration Circular No. 30/2016 dated 29 December 2016</p> | <p>The fuel combustion test on all 16 vehicles owned by the Department had not been done as per the Circular provisions.</p> | <p>The fuel combustion test on all the vehicles owned by the Department has been completed for the year 2021 .</p> | <p>Fuel combustion test should be done for every vehicle.</p> |

2.5 Issuance and Settlement of Advances

| ----- Audit Observation ----- | Comments of the Accounting Officer ----- | Recommendation ----- |
|--|---|--|
| <p>Although the sub-imprests given to officers of Staff Grade for a special task should be settled immediately after the completion of the respective task in terms of Paragraph 9 of Public Finance Circular No. 01/2020 dated 28 August 2020, a period of 15 to 82 days had been spent to settle</p> | <p>These advances have been given to the Management Assistant Officer of the Administration Division as she was working as the Officer in Charge of the maintain subject. The settlement of these</p> | <p>Settlement of advances should be done as per the Financial Regulations and Circulars.</p> |

the advances given in 05 instances.

advances has been delayed due to delays in procurement of goods and industrial labor as a result of the prevailing covid situation.

3. Operating Review

3.1 Management Inefficiencies

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|--|--|--|
| <p>-----</p> <p>The security camera system (CCTV) of the Department was not functioning properly by 23 February 2022 due to failure to service and maintenance for more than a year. Due to the unsatisfactory service condition of the company which had contracted for the service and maintenance of L.P. gas leak detection system, the services were not performed as per the contract since about two years ago. Likewise, it was reported that the gas leaks were occurring in the laboratories of the Department and the equipment to detect the situation was also inactive. Even though the service and maintenance agreement for ventilation system of chemical store, general store, electrical room and pump room and service and maintenance</p> | <p>-----</p> <p>Arrangements are being made to sign the relevant maintenance agreements and take urgent measures to carry out the maintenance and service activities in a formal manner.</p> | <p>-----</p> <p>Actions should be taken to do maintenance works continuously by giving priority to the security of court records, productions, laboratories and valuable machineries and by entering into contracts on time.</p> |

agreement for air conditioners in CT lab had expired in August 2021. Service and maintenance contracts had not been signed and service works had not been carried out even by the date of audit 23 February 2022. Because of this, the only forensic science laboratory in Sri Lanka, its productions, laboratory reports and laboratory reports related to confirmed cases had become unsafe.

3.2 Failure to Perform Desired Output Levels

Audit Observation

A number of 14,673 out of the reports that were called for the purpose of obtaining expert reports for proceedings from the various Divisions of the Department could not be able to provide as at 31 December 2020 and a number of 29,273 reports were called to court during the year under review. However, a number of 36,328 reports had been presented to the court during the year under review and 7,618 reports or 17 per cent could not be provided

Comments of the Accounting Officer

At the beginning of the year 2021, more than half of the unreported cases that had been piled up until then have been reported during the year and the number of unreported cases has been reduced to a relatively very low level.

Recommendation

A system of issuing reports as compared to the trend of annual increase of cases should be identified and implemented.

3.3 Procurement

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|--|---|
| A detailed Procurement Plan had not been prepared in detailed for each procurement activity in a descriptive manner from the time of initiation to completion of the procurement activities to be prepared in terms of 4 (2)(2) of the Government Procurement Guidelines 2006 | The Procurement Plan will be presented in detail from the year 2022 as per the Government Procurement Guidelines . | The procurement plan should be prepared and implemented as per the Government Procurement Guidelines. |

3.4 Securities to be obtained from Government Officers

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| Arrangements had not been made to obtain securities from the officers who were required to give securities in terms of the Government Officers' Security Ordinance. Further, a Register of Securities had also not been maintained. | Actions have been commenced to get securities and maintain a Register of Securities in accordance with Financial Regulation 880 . | Actions should be taken in terms of Financial Regulations and Circulars. |

4. Internal Audit

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|--|---|---|
| ----- | ----- | ----- |
| (a) An internal audit had not been carried out for the year 2021 in the Department of Government Analyst in terms of the provisions of Section 40 (1) of the National Audit Act No. 19 of 2018 . | An Accountant of the Ministry of Justice has been appointed on an acting basis for the position of Internal Auditor with effect from 19.11.2021 . | An Internal Audit Unit should be established in terms of the Audit Act. |
| (b) An Internal Audit Plan for the year 2021 had not been prepared and implemented. | Due to failure to appoint an Internal Auditor, an Internal Audit Plan has not been developed . The relevant Internal Audit Plan for the year 2022 has been prepared by now. | An Internal Audit Plan should be prepared and implemented for internal audit. |

5. Human Resources Management

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|--|--|
| ----- | ----- | ----- |
| (a) There were 32 Senior and Tertiary Level vacancies in the approved staff as at 31 December 2021 to perform the role of the Department and it was 24 per cent of the approved number of employees. Failure to fill those vacancies had directly affected the performance of the Department. | An officer has been appointed to work on full-time basis for the post of Government Analyst on the approval of the Cabinet of Ministers. Additional Analyst posts on permanent basis, 02 Deputy Analyst posts and the positions of Government Examiner of Question Documents | The recruitment of relevant staff for senior level positions should be considered as a priority task in order to effectively fulfill the objectives and main tasks of the organization,. |

on the basis of acting have been filled as per the approval of the Public Service Commission by now. Vacancies for Driver and Development Officer posts have been filled. The Ministry of Public Administration, Home Affairs, Provincial Council and Local Government has been informed about Management Service Officer vacancies.

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|---|--|---|
| <p>(b) Requirements to be fulfilled in terms of the Annexures 01,02 and Paragraphs 6.1 and 6.5 of the Public Administration Circular No. 02/2018 dated 24 January 2018 on Human Resource Development in the Public Sector had not been implemented in the Department during the year under review.</p> | <p>Necessary activities are being completed.</p> | <p>The plan required to develop human resources should be prepared as per the circular.</p> |
| <p>(c) Despite there are 36 per cent vacancies in the staff of senior level officers as at 31 December 2019 without being able to provide the laboratory reports that must be provided daily for the proceedings in the courts of Sri Lanka and the Officers Scientific Service as well as all officers are employed by paying special allowances for additional time to the normal duty period, leave was recommended for two (02)</p> | <p>Arrangements are being made to recover the money.</p> | <p>The money to be received to the government should be recovered without delay.</p> |

officers on 01.12.2016 and 30.12.2017 for overseas employment of 03 years and 05 years without paying salaries ensuring that there was a schedule in place to cover duties of officers. Those officers had not reported back to work even on 23 March 2022, the date of the audit and actions had not been taken to recover the amount of Rs. 1,724,506 to be received to the Government as per the agreement.

- (d) Because of one female officer of the Department took foreign leave from 16.09.2019 for a Postgraduate Course and did not return by 23 March 2022 the date of audit the sum of the money paid by the Government and the salary paid to the officer amounting to Rs. 9,270,726 and despite a loss to the government was made from government property including a laptop computer, actions had not been taken in respect of that even though it has taken a year to recover the money from the respective Guarantors as per the signed security bond in terms of Section 4.12 of Chapter XV of the Establishments Code.

Arrangements are being made to recover from the Guarantors

The money to be received to the Government should be collected from the Guarantors without delay.