

Sustainable Development Council - 2021

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sustainable Development Council for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the Council as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

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 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 Public Sector 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 Council'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 intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16(1) of the National Audit Act, No.19 of 2018, the Council 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 by the Council.

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 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.
- 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 the Council'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 Council'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 the Council to cease to continue as a going concern.
- 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 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 Council, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Council has complied with applicable written law, or other general or special directions issued by the governing body of the Council;
- Whether the Council has performed according to its powers, functions and duties; and
- Whether the resources of the Council had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Section 41 of National Audit Act No. 19 of 2018 and Paragraph 05 of Management Audit Department Circular No. DMA/01-2019 dated 12 January 2019.	Audit and Management Committee meetings had not been held during the year under review.	Non-appointment of a Chairman for the Sustainable Development Council in the year under review as well as due to the fact that the institutions were closed under the corona epidemic situation or the employees were called for duties under cyclical work shifts, the establishment of an audit and management committee has not been established at this time. It was noted for future work	Action should be taken in terms of rules and regulations.
(b) State Business Circular No. PEC 01/2021 dated 16 November 2021	Although the financial statements related to the year under review of the Sustainable Development Council should be submitted to the Auditor General within 60 days of the end of the financial year, the financial statements had been submitted	A chairman had not been appointed for the Sustainable Development Council in the year under review, and a chairman had not been appointed in the following year too, until more than half of the year had passed. It was noted and instructions were given to the accountant for future action.	That the financial statements should be submitted on the due date according to circulars

for audit on 27
February, 2023 after
a delay of 01 year.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 3,074,662 and the corresponding surplus in the preceding year amounted to Rs. 164,414. Therefore, an improvement amounting to Rs. 2,910,248 of the financial result was observed. The reasons for the improvement are mainly due to receipts from treasury.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation

According to Section 10 (b) of the Sri Lanka Sustainable Development Act No. 19 of 2017, Although the national policy and strategy on sustainable development should be prepared and submitted to the Board of Ministers for approval after consultation with all relevant parties and the nine provincial councils, this council, which has been in operation since September 2019, had not performed the basic tasks mentioned in the Act even though more than 2 years had passed as of the date of the report.

Management Comment

Action has been taken to appoint a National Steering Committee on Sustainable Development (National Steering Committee on SDGs) headed by the Prime Minister and the basic tasks required to reach the seventeen (17) sustainable goals and 169 related objectives have been completed so far. Action has also been taken to mainstream the institutions (Mainstreaming) related to each scope. In addition to this, the coordination required to include sustainable development goals in accordance with the national policy related to each subject has been carried out by the Sustainable Development Council and is continuing to perform the same tasks according to the needs or requests received. Accordingly, the national policies developed from the subject areas will be based on the inclusion of sustainable development goals for the overall national policy.

Recommendation

According to the provisions of the Act, the national policy and strategy on sustainable development should be prepared and submitted to the Board of Ministers for approval.

4. Accountability and Good Governance

4.4 Annual Action Plan

Audit Observation	Management Comment	Recommendation
<p>(a) According to the action plan and progress reports, Rs. 800,000 has been reserved for Develop a Course Module for public service delivery strategy and at the end of the year under review, no financial progress was observed, but 40 percent physical progress had been made. It was observed that such module has not been developed during the physical inspection.</p>	<p>By the end of the year 2019, workshops have been held for officers of all ministries and arrangements have been made to provide basic training. Also, it has been found that in the work of streamlining through the 169 objectives of the institutions related to the 17 primary subjects, it is effective to deal with each subject.</p> <p>Accordingly, considering the needs/requests that arise from time to time, the Sustainable Development Council has provided guidelines related to the deployment of public services for sustainable development without spending public money in the year under review.</p>	<p>Appropriate action should be taken to achieve the objectives of the Institute.</p>
<p>(b) As shown in the action plan, Rs. 500,000 had been reserved for "Establishment of Human Resource Management System" and according to the related progress reports, Rs. 82,960 had been incurred at the end of the year under review but the expenditure incurred had been fruitless as the council had indicated that it would not be effective to establish a system at a huge cost for a small staff.</p>	<p>Here are some of the HR recruitment newspaper advertisement fees and other costs associated with interviews that should be included in a human resource management system.</p> <p>During this period, the human resource has not remained continuously in the Institution and leaving the Institute due to new opportunities / personal needs. Also, since it is not easy to establish a system using a huge cost for a very small staff, the tasks related to human resource management are carried out more effectively by using simple software that is used on time.</p>	<p>That unnecessary expenses should be avoided by recognizing the need and incurring expenses.</p>