

Sri Lanka Convention Bureau - 2021

1 Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Convention Bureau 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 the Financial Act No. 38 of 1971 . My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Sri Lanka Convention Bureau as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in Paragraph 1.5 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 evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 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 Bureau'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 intend to liquidate the Bureau or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Bureau 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.

1.4 Scope of the Audit (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 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.
- Obtained 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 Bureau'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 Bureau'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 to cease to continue as a going concern.

- Evaluate the structure and content of the financial statements, including disclosures, and the transactions and events on which the content is based are appropriately and fairly included in the financial statements.

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 Bureau, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Bureau has complied with applicable written law, or other general or special directions issued by the governing body of the Bureau ;
- Whether the it has performed according to its powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

Non Compliance with the reference to particular Standard	Comments of the Management	Recommendation
(a) Although, assets and liabilities should not be offset in financial statements in terms of the Sri Lanka Public Sector Accounting Standard No: 01, bank overdraft of Rs.1,861,137 had been offset against the cash balance available as at the end of the year under review. Consequently, cash balance for the year under review had been understated by that amount in the financial statements.	Actions will be taken to rectify.	Compliance to Sri Lanka Public Sector Accounting Standard is required.

- (b) Actions had not been taken to review the useful life of a motor vehicle costing Rs.6,700,000 which was fully depreciated by the year 2018 but already in use and adjustments had also not been made in the financial statements in terms of the Public Sector Accounting Standard No.03.
- Hence the repair of the motor vehicle NC 1458 has not yet been completed, the review of its useful life cannot be done at present. It is expected to review the useful life after completion of the repair.
- Compliance to Sri Lanka Public Sector Accounting Standard is required.

1.5.2 Unreconciled Control Accounts or Records

Item	as per Financial Statements Rs.	per As per corresponding Record Rs.	Difference Rs.	Management Comment	Recommendation
Receivable Accounts					
Sri Lanka Tourism Development Authority	31,997,283	0	31,997,283	As per the final TDL and Embarkation report of the Sri Lanka Tourism Authority, a sum of Rs.31,997,283 was shown as paid to Sri Lanka Convention Bureau. This amount has been taken for the financial statements of Sri Lanka Convention Bureau accordingly. No any bill has been received for our	Actions should be taken to adjust the accounts between related parties.

institute for the amount of Rs.103,260 which was receivable to Authority.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following observations are made.

Reference to Laws, Rules, Regulations etc.	Non-compliance Rs	Comments of the Management	Recommendation
<p>(a) Sub- section (b), (e) and (h) of the Paragraph 42 of Chapter VIII of the Tourism Act No.38 of 2005</p> <p>Objectives of the Bureau to provide a common policy designed to ensure marketing of Sri Lanka as a venue in the tourism industry, to prescribe professional standards for persons or organizations involved in handling conventions, meetings, exhibitions and ect; and to provide guidance to the Promotion Bureau to promote Sri Lanka as a tourist destination had not been fulfilled until the year under review.</p>	-	<p>Actions had been taken to prepare the Guidelines for the institutes which engage in MICE promotion through Sri Lanka Tourism Authority and those institutes were registered. All the attempts were made to promote Sri Lanka as a focal centre for MICE training using social media. With the Covid 19 pandemic situation, to bring the tourists to Sri Lanka, guidelines were prepared with Sri Lanka Tourism Authority and worked collaboratively with Tourism Promotion Bureau to succeed that operational process. Local and foreign conferences, meetings and exhibitions had been</p>	<p>Adherence to the Act is required.</p>

conducted on line occasionally due to covid 19 pandemic.

(b) Finance Act No.38 of 1971

A short term investment of Rs.118,000,000 and a long term investment of Rs.32,000,000 had been made during the years of 2020 and 2021 without treasury approvals.

Answer has not been stated.

Compliance to Finance Act is required.

(c) Paragraph 1.7 of Chapter XII of the Establishment Code of Democratic Socialist Republic of Sri Lanka

Although, a register should be maintained for the leave approved as per the format 190, a leave register had not been maintained by the Bureau.

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Recording of employee arrival, departure is conducted using a system with a Biometric Device and a report is obtained from that system relating to the leave taken by employees. Apart from that, an excel document is maintained which was prepared including the details of approved leave of employees as per the format 190 of the Establishment Code.

Compliance to Establishment Code is required.

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a surplus of Rs.13,133,911 and the deficit for the preceding year as against to that was Rs.21,892,451. Accordingly, an improvement of Rs.35,026,362 was observed in financial results. The increase in income from tourism development levy by Rs.11,014,112 and reduction in marketing expenses by Rs.30,778,520 were the main reasons for this improvement.