

## **Head 242 – Department of Management Services**

### **1. Financial Statements**

#### **1.1 Opinion**

Head 242 - The audit of the financial statements of the Department of Management Services for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 Management Services was issued to the Accounting Officer on 16 May 2023 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 30 June 2023 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, the financial statements prepared give a true and fair view of the financial position of the Department of Management Services as at 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **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 evidences I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Responsibilities of the Chief Accounting Officer and 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.

## 2. Financial Review

### 2.1 Losses and Damages

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) The amount of Rs. 290,090 recovered from the value of vehicle accident stated in Statement of Losses and Waivers under F.R. 109 in the annual financial statements amounted to Rs. 352,050 , and the balance carried forward without writing off therein amounted to Rs. 61, 960 had not been recorded in the Register of Damages and Losses of the Department.	The value of Rs.352,050/- stated under number 1 of the number of cases exceeding Rs.25,000/- which occurred during the year 2022 in the statement of losses and waivers under Section 109 submitted with the annual financial statement, has been attached in an information file related to vehicles.	Registers of Damages and Losses should be carried out in terms Financial Regulation 110 .

## 3. Operating Review

### 3.1 Planning

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
In preparing the Action Plan for the year under review, it was not observed in audit that the relevant activities were included to cover the main tasks identified by the Department in order to fulfill the main objective of the Department of Management Services which is	A challenging impact was placed on forecasting human resource requirements in the public sector due to the influence of various factors. It was really a challenge to prepare the Action Plan for the year under review to	A formal Action Plan should be prepared by including activities to achieve the main objectives.

“Management of Employees and Industry”. cover all the tasks identified to be done by the Department in those circumstances.

### 3.2 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It was observed that there were deficiencies in recording in the inventory book and the vehicles owned by the Department were entered in the inventory book without being entered in the Register of Vehicles as per the reports related to the Board of Survey which was conducted for the year 2022.		It should maintain books and records as per Financial Regulation 445.
(b) The quarterly cadre details mentioned in the Action Plan of the year 2022 had was not been submitted to the Cabinet of Ministers.	Steps will be taken from this year to report annually to the Cabinet of Ministers and a Note of Cabinet of Ministers in this regard will be presented in due course .	It should be submitted to the Cabinet of Ministers in accordance with the Action Plan.

### 4. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
There were 20 positions in vacant out of the approved cadre of the Department by the end of the year under review and 13 positions from that were senior level posts.	Comments have not been given.	Arrangements should be made to fill up essential vacancies and to amend vacant posts if any, in approved cadre to carry out to fulfill the role of the Department.