

Sustainable Development Council - 2022

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sustainable Development Council for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 2022, 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.

The following observations are made.

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 January 12, 2019	Audit and Management Committee meetings had not been held during the year under review.	Appointing a chairman for the council has also been delay in the year under review, Also, a internal audit department / a internal auditor position has not been established in determining the staff. The line ministry was informed in regard this.	Action should be taken in terms of rules and regulations.
(b) Monetary Regulations Code No. 756 (6) of the Democratic Socialist Republic of Sri Lanka.	The Reports of the Board of Survey related to the year under review had not been submitted to the Auditor General.	The necessary preliminary work for the goods survey has already been done and instructions were given to submit the Report of the board of survey to the audit as soon as possible.	Arrangements should be made to conduct a good survey to verify the existence of the physical assets of the council.
(c) State Business Circular No. PEC 01/2021 dated 16 November 2021	Although the financial statements related to the year under review of the Sustainable	The financial statements for the year under review had been submitted for audit on 27/02/2023 before the due	That the financial statements should be submitted on the due date according to

Development Council date. circulars.
 should be submitted to
 the Auditor General
 within 60 days after
 the end of the financial
 year, the financial
 statements had been
 submitted for audit on
 May 12, 2023 after a
 delay of more than 02
 months.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 5,689,193 and the corresponding surplus in the preceding year amounted to Rs. 3,074,662 Therefore, an improvement amounting to Rs. 2,614,531 of the financial result was observed. The reasons for the improvement are mainly due to decrease in operating expenses.

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 3 years had passed as of the date of the report.

Management Comment

A National Steering Committee on Sustainable Development (National Steering Committee on SDGs) has been appointed under headed by the Prime Minister and action had been taken to mainstream the institutions related to the respective scopes regarding the results to be achieved through the seventeen (17) sustainable development goals and the 169 related indicators.

In addition to this, the coordination needed to include sustainable development goals in accordance with the national policy related to each subject was accomplished by the Sustainable Development Council. Furthermore, according to the requests presented from time to

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.

time and the needs of the subject institutions, the coordination necessary to include the sustainable development goals related to the respective scope will be further done by the Sustainable Development Council.

By including the Sustainable Development Goals in the policies decided by the relevant sustainable development goals and by providing the relevant guidelines by the Sustainable Development Council, it will be possible to make the national policies related to the Sustainable Development Goals subjects more effective.

4. Human Resource Management

Audit Observation

It was observed that there were 14 vacancies or 73.6 percent of approved staff vacancies at the end of the year under review.

Management Comment

This was due to the restriction of public service recruitments. Since a staff is needed to maintain the Sustainable Development Council, requests have been submitted for the appointment of public service officers. It is expected to receive a significant response in the next review year (2023).

Recommendation

Vacancies should be filled properly.