

**1. Financial Statements**

**1.1 Qualified Opinion**

The audit of the financial statements of the Official Languages Commission for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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, 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 Commission as at 31 December 2023, 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 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 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

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

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

## 1.4 Auditor's Responsibility in Auditing 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 Commission'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 Commission'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 Commission 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 Commission, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Commission has complied with applicable written law, or other general or special directions issued by the governing body of the Commission;
- Whether the Commission has performed according to its powers, functions and duties; and
- Whether the resources of the Commission 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**

<b>Non-Compliance with the reference particular Standard</b>	<b>Management comment</b>	<b>Recommendation</b>
According to paragraph 49 of Sri Lanka Public Sector Accounting Standard No. 7, if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued. However, out of the Office furniture with the cost of Rs.6,234,004 cupboards valued at Rs.70,000 had only been revalued and out of the Office equipment with the total cost of Rs.882,655 only the scan machine valued at Rs.8,850 during the last year had also not been rectified during the year under review.	According to the Sri Lanka Public Sector Accounting Standard No. 7, the revaluation process of the entire class of asset of which the asset belongs to are fully depreciated commenced during the year 2024. Hence, this can be rectified in the 2024 financial statements.	Actions should be taken in accordance with the Accounting Standards.

### **1.5.2 Accounting Deficiency**

<b>Audit Issue</b>	<b>Management comment</b>	<b>Recommendation</b>
(a) According to the financial statement, the adjustment made for depreciation during the year under review amounted to Rs.3,994,537. However, the calculation made in audit for depreciation amounted to Rs.3,306,501. Hence, a sum of Rs.688,036 had been overstated in the financial statement. Further, instead of calculating the depreciation by deducting the fully depreciated amount of Rs.1,376,850 from the total cost of the computer valued at	A sum of Rs.688,425 had been increased due to an error when calculating the depreciation of computers for the year. Action will be taken to correct it in the 2024 financial statements.	Depreciation should be calculated correctly.

Rs.2,500,600 as at 01 January of the year under review this amount was added and the depreciation had been calculated. As a result, the accumulated depreciation of the computers as at December 2023 amounted to Rs.3,085,245 and cost was Rs.2,500,600. Therefore, a negative balance was observed.

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| (b) | Although the telephone allowance, language allowance and professional allowance should not be included when calculating the Gratuity provision according to the Section 20 of the Gratuity Act No. 12 of 1983, these had been included and the Gratuity provision had not been made for three permanent officers. Due to this over and under provision, the Gratuity provision for the year under review had been under provided by Rs.182,345. | Relevant officer had been advised to calculate the Gratuity provision according to the Gratuity Act in the future and to correct the under-statement of Rs.182,345 in the 2024 financial statement.   | Gratuity should be calculated correctly according to the Act. |
| (c) | In the year under review, 15 items of assets from the National Languages Equality Advancement Project and 05 tab computers from the Innovation Center had not been estimated and accounted for.   | Those items have been received as donations and currently those assets have been included in the donation register, inventory register and fixed asset register. After receiving the estimated values, these will be included in the financial statements of the year 2024. | Action should be taken to account for the asset value.        |

### 1.5.3 Unauthorized transactions

<b>Description of Unauthorized transactions</b>	<b>Management comment</b>	<b>Recommendation</b>
Out of the amount received from the Treasury during the year under review for the capital expenditure, a sum of Rs.832,846 had been used for the recurrent expenditure.	Since this commission is a statutory institution of the government, the savings of the cash received from the Treasury cannot be sent back to the Treasury at the year end. Therefore, the	Capital expenditure should not be utilized for recurrent expenditure.

money had been utilized for other essential recurrent expenses and the imprest had been managed.

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

	<b>Reference to Laws, Rules Regulations etc.</b>	<b>Non-compliance</b>	<b>Management comment</b>	<b>Recommendation</b>
(a)	Section 13(3) of the Official Languages Commission Act No. 18 of 1991	Although the Chairman is the Chief Executive Officer of the Commission, he should not be a member of the staff of the Commission. However, the Chairman had certified all expenses of the Commission from 13 March 2023 to 26 October 2023 for the payments.	Paying close attention to 13.1 of the Commission Act, it is my responsibility to prevent from the work related to all payments of the Commission. It appears that a procedural error has occurred as mentioned above.	Action should be taken according to the Act.
(b)	National Budget Circular No. 3/2022 dated 26 April 2022	According to the National Budget Circular, the buildings should not be rented for government offices. However, the commission had rented an office building for an annual rent of Rs.7,284,000.	It is not economically viable to relocate the Commission as and when the staff is reduced and this is due to the allocation spent already on setting up of the office (for office partitioning) of the Commission.	Action should be taken according to the Circular.

**2. Financial Review**

**2.1 Financial Result**

The operating result of the year under review was a deficit of Rs.5,218,396 while the corresponding deficit of the previous year was Rs.9,548,362. Accordingly, an increase of Rs.4,329,966 was observed in the financial result. This increase was mainly due to the increase in recurrent grant by Rs.6,505,000.

**3. Operational Review**

**3.1 Management inefficiencies**

<b>Audit Issue</b>	<b>Management comment</b>	<b>Recommendation</b>
Action had not been taken to settle Rs. 1,563,402	The payment could not be made due to the inadequacy of the allocation	Action should be taken to settle the

being the unpaid building maintenance cost of the previous year.

received in the year 2023. Out of the provision made, action will be taken to pay the said amount by instalments.

expenses due.

### 3.2 Human Resource Management

<b>Audit Issue</b>	<b>Management comment</b>	<b>Recommendation</b>
<p>Although the main mission of the Commission is to provide for the bilingual needs of the public through reviewing, monitoring, educating and advising on implementation of the official languages policy, vacancies of 02, 07, 03 numbers existed in skilled staff for the posts of Language Officer, Language Advancement and Inquiry Officer respectively.</p>	<p>In this regard, a discussion was held on 13.03.2024 with the Additional Secretary (Administration) of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government. As per the instructions given, a Commission Paper was submitted on the 19.03.2024 to the Commission meeting seeking approval for the recruitment of required posts. Subsequently this submitted to the Management Services Department for the approval.</p>	<p>Action should be taken to fill up the essential vacant posts or to amend the approved cadre.</p>