

Head 333 – Comptroller General’s Office

1. Financial Statements

1.1 Opinion

Head 333 - The audit of the financial statements of the Comptroller General’s Office for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and statement of financial performance and the 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. In terms of section 11(1) of the National Audit Act No.19 of 2018, the summary report including my comments and observations on the financial statements of Comptroller General’s Office had been issued to the Accounting Officer on 22 May 2024. As per section 11(2) of the Audit Act, Annual Detailed Management Audit Report had been issued to the Accounting Officer on 05 August 2024. In terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with section 10 of the National Audit Act No.19 of 2018, this report will be tabled to the Parliament.

In my opinion, the financial statements give a true and fair view of the financial position of the Comptroller General’s Office as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka 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 audit evidence I have obtained is sufficient and appropriate to provide a basis for opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and the provisions of section 38 of the National Audit Act No.19 of 2018 for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

In terms of subsection 38(1) (c) of the National Audit Act, the Accounting Officer should ensure that an effective internal control system had been prepared and maintained for the financial control of the Office and the changes required enabling to effectively carry out the system should be made having made a review from time to time about effectiveness of the system.

1.4 Auditor's Responsibilities 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 judgement and maintain professional scepticism throughout the audit. I also

- Appropriate audit procedure were designed and performed identify and assess the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained 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 office's internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions

I communicate with the Accounting Officer regarding among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on other Legal Requirement

In terms of the section 6(1)(d) of National Audit Act No.19 of 2018, I state the under-mentioned facts.

- (a) The financial statements are inconsistent with the preceding year.
- (b) The recommendations made by me on the financial statements in the preceding year had been implemented.

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Without making provisions from the basic estimate, the provisions had been made for 04 objects worth of Rs. 1,349,142 from the provisions of supplementary estimates in the year under review and F.R.66.	It had not been estimated for the foreign tours and it had occurred to make additional provisions as per Financial Regulations for engagement of one officer for foreign training, expansion of the office facilities, incurring necessary expenses for purchase of required equipment and purchase of essential equipment for implementation of online non-financial asset management system.	As per F.R. 50, the preparation of the estimates should be carried out accurately and realistically.
(b) Even though Rs.869, 967 i.e. a provision similar to 6 percent of the total provisions for the all other recurrent expenditure except the provisions allocated for the objects indicated under paragraph 02(a) of Budget Circular No.01/2023 dated 27 January 2023 of the Secretary to the Treasury should be written off minimally, it was observed that an amount of Rs. 74,479 i.e.0.5 percent had been only written off.	In accordance with 07 (1) (b) of circular, the estimates had been prepared only for the provisions required for maintaining the essential functions. Accordingly, since there were no inessential expenses to be written-off as per the instructions of Budget Circular 01/2023, the action had been taken to write off provision in maximum manner.	The action should be taken as per circular.

3. Operational Review

3.1 Performance

The Comptroller General's Office had been established as per a budget proposal approved by Parliament of Sri Lanka in 2017 with objectives of management of government assets, cost management on assets and monitoring through the central documentation of the all assets of the government. The central documentation of the all assets of government locally and internationally including land, buildings, motor vehicles, ships, aircrafts, and machineries had been identified as a priority task to be performed by Comptroller General's Office. However, even though 06 years had elapsed as at 31 December 2023 from the establishment of Comptroller's Office, the Comptroller General's Office could not perform the central documentation including all the above-mentioned assets. The under-mentioned observations are made on status in relation to the central documentation on the assets by Comptroller General's Office as at 31 December 2023.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Even though 1, 773 public institutions (public institutions and public enterprises, provincial councils and local government institutions) on which the information related to central database on non-financial assets of the government should be inserted had been identified as at 31 December 2021, the information on land and buildings had not been updated in the data system with regard to such institutions by office.	It had been taken efforts to establish this central data system through online information management system since 2017, online Non-Financial Assets Management System (NFAMS) had been established with effect from 01.09.2023 through Assets Management Circular No.06/2023 and the information on vehicles had been called as its first module on 01.09.2023.	The action should be taken to fulfill the objectives of the establishment of Comptroller General's Office.
(b) Moreover, even though Non-Financial Assets Management System (NFAMS) had been established on 01 September 2023, the information on vehicles had been called only covering that date under vehicle module. However, the information on ships, aircrafts, trains, and passenger transport buses belonging to the government	- Do -	The action should be taken to establish Non-Financial Assets Management System by immediately calling the information.

- couldn't be entered into the data system so far.
- (c) As per the information given to the audit, the information on vehicles, buildings and lands with regard to 699 public institutions couldn't be obtained even up to 24 August 2023. - Do - - Do -
- (d) Even though it had been informed to submit the information on plants, machineries, constructions, office equipment and furniture through Assets Management Circular No.01/2017 of Comptroller General, it couldn't be obtained the information from any institute up to 31 December 2023. - Do - - Do -
- (e) A method for reporting the information on purchase and disposal of other assets except vehicles by the public institutions to the Office had not been established even up to 04 September 2024. Non-Financial Assets Management System (NFAMS) is an online information system which reports current data reports and the vehicle module had been implemented as the first module and the action will be taken to systematically implement the other non-financial assets modules. The steps should be taken to expeditiously establish Non-Financial Assets Management System having entered the information on purchase of assets and disposals.
- (f) As per the directives given by Committee on Public Accounts on 09 August 2023, a time frame within the time range from 31 December 2023 to 31 December 2025 had been submitted for completion by implementing online data system for each asset for entering data into NFAMS by Office. Accordingly, even though it had been indicated that the data system will be completed by implementing the vehicle module Progress on the implementation of vehicle module of NFAMS system – Presently, 95 percent of data entry points of the public institutions (public institutions, public enterprises, provincial councils and local authorities) had reported the information. The information system should be updated having immediately obtained the information from the public institutions which had not provided the information.

since 01 September 2023, the information on vehicles of 110 public institutions couldn't be obtained as at 31 December 2023.

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| (g) | It couldn't be verified the accuracy of the non-financial assets balance mentioned in the government account owing to non-preparation of the central document included the assessment value on all non-financial assets of government by comptroller General's Office. | The vehicle module had been implemented as the first module of Non-Financial Assets Management System (NFAMS) and the measures will be taken to systematically implement the other non-financial asset modules. | The prompt action should be taken to prepare the system enabling to accurately show the value of the non-financial assets indicated in the government account. |
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3.2 Procurement

The following observation is made.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>In terms of the Public Finance Circular No.05/2018 dated 23 October 2018 and No.08/2019 dated 17 December 2019 on introduction of the public electronic procurement system to the public institutions, it had been indicated that the functions such as Public procurement entities registration, registration of coordinating officers, registration of suppliers, submission of annual procurement plan, publication of procurement advertisements and use of electronic procurement system to shopping method should be performed by the all public institutions. However, the goods worth of Rs.831,900 had been supplied through the shopping method without using electronic procurement system at 02 occasions in 2023 and not taking the action as per above circular by Office.</p>	<p>The public sector procurement activities are performed as per the Procurement Guideline and Procurement Manual and the incidental circulars and the procurements made under the shopping method in 2024 had been commenced through electronic procurement system.</p>	<p>The procurement activities should be carried out by using electronic procurement system as per circular.</p>

4. Human Resource Management

The under-mentioned observation is made.

Audit Observation	Comments of the Accounting Officer	Recommendation
As at 31 December 2023, there were 09 vacancies in the office and 06 vacancies out of that existed in the senior level. It was 50 percent from approved number of posts.	In order to maintain the functions of this office, it is required to fill the vacancies. It had been informed to fill the vacancies.	The action should be taken to fill the essential vacancies or revise the approved staff for performing the role of the department.