

Head 005 - Office of the Cabinet of Ministers - 2024

1. Financial Statements

1.1 Opinion

Head 005 - The audit of the financial statements of the Office of the Cabinet of Ministers for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 Office of the Cabinet of Ministers was issued to the Chief Accounting Officer on 28 May 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Office of the Cabinet of Ministers was issued to the Chief Accounting Officer on 18 June 2025 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the accompanying financial statements give a fair view in all materials of the financial statements of the Office of Cabinet of Ministers as at 31 December 2024 in accordance to the financial position, financial performance and cash flows, the basis of preparation of the financial statements mentioned in Note 1 of the financial statements.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibility Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of Matter – Basis of the Preparation of Financial Statements

It is drawn attention to Note 1 of the financial statements, which described the basis of the preparation of these financial statements. The financial statements have been prepared for the needs of the Office of the Cabinet of Ministers, the Treasury and Parliament in accordance with Public Financial Regulations 150 and 151 and Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Office of the Cabinet of Ministers, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Chief Accounting Officer is responsible for the preparation of financial statements that give a fair view in accordance with Public Financial Regulations 150 and 151 and the Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Office of the Cabinet of Ministers is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Office of the Cabinet of Ministers and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.5 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 and its materiality depends on the influence on economic decisions taken by users 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 procedures were designed and performed to identify and assess the risk 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.6 Comments on the Financial Statements

1.6.1 Property, Plant and Equipment

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the value of motor vehicles included in the non-current assets was assessed as Rs. 148,367,080, the value of non-current assets in the statement of financial position was understated by Rs. 31,601,500 by stating the value as Rs. 116,765,580 without updating the CIGAS assets registers.	The cost of acquiring the assets or the cast value stated in the receiving orders sent by the relevant institutions at the time of acquisition is stated in the CIGAS assets register.	Updated values should be indicated in the financial statements.

2. Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- The financial statements are consistent with the preceding year,
- The recommendations made by me on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Expenditure Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The annual budget allocation for 03 expenditure subjects was increased by 12 percent to 14 percent by F.R. 66 and the annual budgeted allocation for 03 other expenditure subjects had been reduced by a range of 14 percent to 69 percent as not in compliance with Financial Regulation 50.	It has been stated that additional provisions had to be transferred due to insufficient provisions for the payment of cost of living allowance, an increase of the VAT rate and insufficient allocated provisions.	Expenditure estimates should be prepared accurately in accordance with Financial Regulations.
(b) Due to failure to prepare the expenditure estimated in realistically, there was a considerable amount had been saved Rs. 36,460,485 or 17 percent to 100 percent from the total net allocation of Rs. 98,330,000 provided for 21 recurrent expenditure subjects in the year under review and Rs. 11,104,333 or 17 percent to 85 percent from the total net allocation of Rs. 17,000,000 provided for 04 other capital expenditure subjects.	Due to the purchase of only essential supplies as per the National Budget circular, expenditure management and the non-participation of officers in foreign travel due to the failure to hold expected foreign conference meetings, there was a surplus in the allocations of expenditure subjects.	Expenditure estimates should be prepared accurately.
(c) The allocation under the expenditure subject 005-1-1-0-1403, which had been allocated provisions of Rs. 15,000,000 in the year 2023, was increased up to Rs. 24,000,000 or by 60 percent in the year 2024, but Rs. 6,049,681 or 25 percent had been saved at the end of the year. Accordingly, it was observed that planning was not being used as an effective control strategy.	It is stated that the balance of provision had been mentioned due to it was not possible to accurately predict the rapid decline in the value of an electricity consumption unit in the year 2024 compared to the year 2023 and due to action have not been taken to increase the provisions with considering the rapid increase in electricity unit prices in recent years.	Expenditure estimates should be prepared accurately

3.2 Non- compliance with Laws, Rules and Regulations

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the paragraph (a) of Assets Management Circular No. 01/2018 dated 01 March 2018, although more than three years have passed since the Bajaj motorcycle worth Rs. 156,340 belonging to the institution was taken out of use, action had not been taken to dispose it or to repair and use it.	It has been stated that due to the difficulty in purchasing spare parts related to motorcycle repairs, the prices have not been submitted by the institutions and therefore it has not been possible to repair and use this motorcycle.	Action should be taken as per the referred circular.

4. Operational Review

4.1 Annual Performance Report

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the actual completion of human resource development to improve the quality of performance under the specific indicator was stated as 100 percent according to the draft performance report submitted for the year 2024, the actual output at the end of the year should have been calculated from the total not provision of Rs. 1,500,000 allocated for staff training, but it had not been done accordingly.	Seven activities have been identified and implemented to improve the quality of human resources in the Office of the Cabinet of Ministers for the year 2024 and actual output as a percentage of expected output is 100 percent. It is stated that after these activities are roughly calculated at the end of the year, approximately comparable to these percentages.	Actual output should be calculated through activity measurement.

4.2 Procurement Plan

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Procurement activities were not completed within the planned timeframe and although a revised procurement plan should be prepared by identifying procurement activities that are difficult to accomplish, the procurement plan had not been updated in the year 2024.	It has been stated that it was difficult to complete the procurement activities within the planned timeframe due to the non-providing the goods within the stipulated time by the suppliers.	The procurement plan should be updated and maintained.

4.3 Procurements

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Bids were invited from 09 institutions for the procurement of an internal telephone system with an estimated amount of Rs. 1,295,050 and only one company had submitted bids. Although a letter had been sent to Sri Lanka Telecom to obtain the assistance of an officer with technical knowledge for this purpose, action had not been taken accordingly. Also, although it was stated that a performance bond should be submitted as per paragraph 5.4.8 (a) of the Procurement Guidelines and as per the agreement agreed with the relevant institution, action had not been taken accordingly.	Although action has been taken to obtain the assistance of an officer with technical knowledge from Sri Lanka Telecom, since response had not been received up to 19.07.2024 and as this procurement need to be completed immediately, the relevant bid documents have been submitted to the procurement committee and obtained the approval. Although the selected institution was required to submit a performance bond within 14 days of placing the order, it has been stated that the work has not been completed.	Action should be taken in accordance with the instructions of the Procurement Guidelines and according to the agreed agreement.

4.4 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Loyds building, which is the Office of the Cabinet of Ministers is located, was taken over to the enjoy of the Office of the Cabinet of Ministers on 15 November 2021 through an Extraordinary Gazette Notification and action had not been taken to acquire ownership of the building until the year under review.	According to the Cabinet decision dated 23 July 2021, the relevant gazette notification regarding the acquisition of the land by the government after receiving the basic python for the relevant building was published by the Colombo Divisional Secretary on 01.06.2023 and the paper notice on 05.11.2024 and it has been stated that although officers were participated with representing this office for the claim test held at the Divisional Secretariat on 22.11.2024 and handed over the relevant documents, the transfer of the land has not been completed yet now.	Further action should be taken to acquire the land.

5. Human Resource Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The approved carder was 128 and 37 out of that or 29 percent from the total carder of the institution were vacant and the senior level vacancies were 40 percent.	Answers had not been given.	Action should be taken to fill vacancies affect to the performance of the institution.