

**1. Financial Statements**

**1.1 Qualified Opinion**

The audit of the financial statements of the Official Languages Commission (Commission) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 2024, 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>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(a) In accordance with Paragraph 76 of Sri Lanka Public Sector Accounting Standard No. 19, the present value of the post-employment benefit obligation and the related current service cost pertaining to the gratuity provision amounting to Rs. 6,239, 488 had not been taken to accounts.	Adjustments will be made when prepare the Financial Statements in 2025.	In accordance with Sri Lanka Public Sector Accounting Standards, the present value of the obligation related to gratuity provisions and the associated current service cost should be recognized in the accounts.
(b) The opening balances of cost and accumulated depreciation of computers under the property, plant and equipment in the statement of financial position had not been forwarded.	It was observed that, in preparing the final accounts for the year 2023, the accumulated depreciation of computers had been overstated beyond their total cost. As a result, both the cost and the related depreciation values were removed, and therefore no financial impact had occurred. Accordingly, both relevant amounts had been eliminated.	The opening balances of cost and accumulated balances in the statement of financial position should be recorded in the accounts.

## 1.5.2 Accounting Deficiency

Audit Observation	Comments of the Management	Recommendation
(a) Office furniture and office equipment had been revalued in the year 2024. However, as the cost and accumulated depreciation of those assets had not been removed from the accounts, the net value of those assets as at year-end had been misstated in the statement of financial position, being overstated by Rs. 50,761 and understated by Rs. 198,061 respectively.	As the cost relating to these items could not be identified, the values could not be adjusted. Necessary adjustments will be made in the year 2025	The cost and accumulated depreciation relating to the disposed assets should be properly adjusted in the accounts.
(b) Gratuity payments amounting to Rs.1,035,590 made to employees who left the institution during the year had been debited to the gratuity provision account and also as gratuity payments under employee salaries and wages in the statement of financial performance. As a result, the deficit for the year had been overstated by an equivalent amount.	Although it had been debited under employee salaries and wages, it had been deducted under the employee gratuity adjustment. Accordingly, this amount had been reduced in relation to the provision as at 31 December.	Transactions should be accounted accurately.
(c) A total of Rs. 1,494,576 relating to four expenses for the year 2024 had been paid in 2025. However, as these expenses had not been recognized as expenses of the year 2024, the deficit and liabilities for the year had been understated by an equivalent amount.	I admit that it is a defect.	Expenses should be identified and accounted correctly.
(d) A motorcycle received from a project had not been valued and recognized in the accounts.	Action has been taken to obtain the valuation, and it will be recognized in the accounts once it is received.	Steps should be taken to assess and account for the seized assets.

## 1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions

<b>Reference to Laws, Rules, Regulations etc.</b>	<b>Non-compliance</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
Section 11.3 of National Budget Circular No:01/2024 dated 10 January 2024	Rs. 2,987,887, the total of remaining amount of recurrent and capital allocations as at 31 December 2024, should have been remitted to the Treasury Operations Department before the end of the year, it had not been done.	It has been asked from the Treasury regarding this. Action will be taken on their respond.	As per the provisions of the circulars, cash in hands should be remitted to the Treasury at the end of the year.

## 2. Financial Review

### 2.1 Financial Results

The operating result of the year under review amounted to a deficit of Rs. 5,852,620 and the corresponding deficit in the preceding year amounted to Rs. 5,218,396. Therefore a deterioration amounting to Rs. 634,224 of the financial result was observed. The reason for the deterioration is due to increase in salaries and wages and supply and service expenses by Rs. 687,383 while receiving Treasury allocations by Rs. 2,473,500 less relatively.

## 3. Operational Review

### 3.1 Management Inefficiencies

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
The website created spending Rs. 614,800 for the Commission in year 2018, was not in operation as at 24 October 2025.	The website created in year 2018, was in operation until year 2024. Actions are being taken to select an Institute for maintenance of the website. Since this commission does not have an IT officer, it is not possible to handle matters related to the website efficiently.	Actions should be taken to maintain the created website up to date.

### 3.2 Human Resource Management

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
The approved cadre of the Commission was 42 and the actual cadre as at 31 December 2024 was 14. The total number of vacancies on that date was 28 and the approved senior level cadre was 2 and it was totally vacant.	The examination to recruitment for the posts of Language Officer and Language Promotion and Investigating Officer was held. Applications are subjected to be called for recruitment for the posts of Driver. Actions will be taken to recruit for other posts in the year 2026.	The Cadre requirement should be reviewed on timely basis and necessary recruitments should be made.

## 4. Accountability and Good Governance

### 4.1 Submission of Financial Statements

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
Although the financial statements should be submitted to the Auditor General for audit within 60 days of the end of the year in accordance with Section 6.6 of the Operational Manual for State Owned Enterprises, introduced by Public Enterprise Circular No. 01/2021 dated 16 November 2021, the financial statements for the year 2024 were submitted to the Auditor General with 208 days delaying.	Since the Commission does not have an Accountant post, the duties are covered by the Acting Accountant. It will be taken steps to prevent this delay in the future.	The annual financial statements should be submitted to the Auditor General within 60 days of the end of the year.

### 4.2 Annual Action Plan

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
Although it has been planned to supervise the conduct of language audits in 60 of Government and	This 52 percent progress has been achieved through minimum human resource, comprising only three of	Plans should be prepared considering practical circumstances and action should be taken to

Semi-government institutions according to the annual action plan, only 31 of supervisions have been carried out. Although it has been planned to investigate all complaints received regarding language rights, violations of the official language policy, etc., only 22 out of 83 received complaints were resolved during the year. Furthermore, the number of complaints resolved was 65 during the year under review with respect to previous years.

Language Promotion and Investigating Officers. Language audits had been discontinued after the resignation of the Commission on 01.10.2024. The total number of complaints settled during this year is 87. Furthermore, there is a pool of complaints that are being investigated according to the complaint investigation period.

accomplish the expected tasks outlined in the plan.