

Update to the measures adopted by SLAASMB on the new normal

Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) established under Act No. 15 of 1995, is the independent accounting and auditing regulator in the country.

Functions of SLAASMB are to monitor compliance with Sri Lanka Accounting Standards by commercially significant entities specified in the schedule to the act and to monitor compliance with Sri Lanka Auditing Standards by the auditors, when conducting audits of such Specified Business Enterprises (SBEs).

The regulatory mechanism of SLAASMB is focused at enhancing reliability in financial reporting in Sri Lanka. In furthering the said focus, SLAASMB has been engaged in financial statement regulation since 2000 and in audit regulation since 2007 and has been continuing to be engaged in the regulatory activities.

However, during the years 2020 and 2021, SLAASMB experienced the effects of COVID 19 pandemic on the preparers of financial statements, auditors, and on the regulatory activities of SLAASMB itself. In May 2020 and January 2021, SLAASMB issued Notices on Measures adopted to assist entities and auditors during the COVID 19 pandemic.

Currently, amidst the COVID 19 pandemic, SLAASMB being fully aware of the implications of the situation on the SBEs and auditors, recognized the need to continue the move towards the new normal into the year 2022 as well.

While our commitment to our work remains unchanged, in adhering to the new normal, we give priority to the health and safety of our employees and other stakeholders with whom we interact. Accordingly, SLAASMB has taken the following measures in pursuing with the operations during this trying period.

1. Compliance with Sri Lanka Accounting Standards and Sri Lanka Auditing Standards

1.1 All SBEs and auditors are required to comply with the applicable accounting and auditing standards issued by the Institute of Chartered Accountants of Sri Lanka

(CA Sri Lanka), when preparing the financial statements and when conducting audits of such financial statements.

1.2 CA Sri Lanka has issued the following guidelines relating to the preparation of financial statements and conduct of audits of financial statements of SBEs:

- Application Guidance for COVID -19 pandemic: The Implications on Financial Reporting issued by the Accounting Standards Committee of CA Sri Lanka
- COVID -19 pandemic: Guidance Notes on the Implications of Auditing issued by the Auditing Standards Committee of CA Sri Lanka.

2. Monitoring Financial Statements

2.1 Submission of Financial Statements

2.1.1 All SBEs who are listed on the Colombo Stock Exchange are required to submit the audited financial statements to SLAASMB at the time of submitting the respective audited financial statements to the Colombo Stock Exchange.

2.1.2 All other regulated entities are required to submit the audited financial statements at the time such entity submits the audited financial statements to the applicable governing regulator.

2.1.3 All non-regulated entities are required to submit copies of the audited financial statements relating to the financial periods ending in December 2021 and March 2022 or thereafter, to SLAASMB, at the time such financial statements are issued to the shareholders in accordance with the requirement of the Companies Act No 7 of 2007.

2.1.4 All SBEs who are unable to submit financial statements to SLAASMB within 6 months of the date of the Statement of Financial Position, are required to inform the SBE Administration Officer of SLAASMB, of the delay in submission and based on applications made by such SBE, SLAASMB will

consider extending the deadline for submission of audited financial statements of such SBE in appropriate circumstances.

- 2.1.5 When submitting the audited financial statements by SBEs, one printed copy of the audited financial statements, with an electronic copy of such financial statements should be dropped into the “collection box of SLAASMB” available at the security desk of the ground floor of SLAASMB office premises.
- 2.1.6 The receipt acknowledging the receipt of the audited financial statements by SLAASMB, will be issued subsequent to verifying the completeness of the submission as explained above.
- 2.1.7 If the entity is a parent entity who prepares and presents consolidated financial statements, it’s the duty of such SBE to submit the audited consolidated financial statements to SLAASMB. SLAASMB will make every effort to issue the receipt only on submission of the audited consolidated financial statements of the group. In the event an SBE submits only the separate financial statements and SLAASMB issues a receipt for such submission, upon identification that the required financial statements have not been submitted, such receipt will not be considered as such SBE being compliant with the statutory duty of submitting financial statements to SLAASMB.

2.2 *Submission of Information and Conduct of Meetings*

- 2.2.1 Staff will request information under Sections 25 or 26 of Act No. 15 of 1995 by letter or email and a period of one week will be granted to the SBEs to submit such information. The information letters can be submitted as scanned copies and be emailed to the staff requesting such information, as a temporary arrangement until 30 June 2022.
- 2.2.2 When it is necessary for the staff to have meetings with the officials of SBEs, such meetings may be conducted remotely, through electronic means of communication or physically, considering the circumstances prevailing at that time.

2.3 *Submission of Contact Information*

2.3.1 During these challenging periods, for staff of SLAASMB to contact the officials of the SBEs to meet the requirements in 2.1 and 2.2 above, SBEs are required to inform the name, designation, contact mobile number and email address of the Chief Financial Officer to Ms. Shiromi Abeykoon, SBE Administration Officer by email to shiromia@slt.net.lk. SBE should keep the said information updated from time to time.

2.4. *Communication*

2.4.1 Discussions with SBE will be as stated in 2.2 above. However, review findings and undertakings sought and Directions issued will be followed up with letters sent by post or scanned and emailed.

3. Inspection of audits

3.1 *Submission of Audit Working Paper Files for Inspection*

3.1.1 The inspection of all statutory audit working paper files maintained in *electronic form* may be conducted as physical or virtual inspections considering the circumstances prevailing at that time. Inspections conducted as virtual inspections will use virtual platforms with SLAASMB being enabled to navigate the files maintained in *electronic form*

3.1.2 Audit documents relating to electronic files, maintained in hard copy form, are subject to inspection as scanned copies when the inspection is carried out virtually or as described in 3.1.3 below.

3.1.3 The inspection of audit files maintained in the *manual form* are ascertained by SLAASMB, and retained within the premises with the aim of isolating the files for 3 days prior to commencement of the inspection. In such a situation, the auditors are required to number all pages of the file and submit a letter confirming the page number sequence of the file handed over.

3.2. *Communication*

3.2.1 Discussions with auditors are conducted remotely, through electronic means of communication as far as possible, unless decided otherwise, and

correspondence with auditors would primarily take place through email. However, inspection findings communicated as Draft and Final Observations will be followed up with letters sent by post or scanned and emailed.

3.2.2 Based on the necessity, discussions referred in 3.2.1 above are conducted physically with a limit to the number of persons attending from the SBE or auditor for such discussion.

3.3. *Response to audit inspection findings*

When auditors are required to respond to the draft observations on the audit inspections, a period of one week will be granted to submit such information. The response letters can be submitted as scanned copies and be emailed to the staff requesting such a response, as a temporary arrangement until 30 June 2022.

3.4 *Submission of Contact Information*

During these challenging periods, for staff of SLAASMB to contact the officials of the auditors to meet the requirements in 3.1 and 3.2 above, the auditors are required to inform the name, designation, contact mobile number, and email address of the Senior Partner or Head of the audit to Ms. Shiromi Abeykoon, SBE Administration Officer by email to shiromia@slt.net.lk The auditor should keep the said information updated from time to time.

4. General Administration

4.1 SLAASMB office remains operational as determined by the Government, but the office will have restrictions on visitors until further notice.

4.2 All communication is encouraged to be done through email, instead of or in addition to, regular mail unless specified above.

4.3 If any stakeholder requires to contact the staff of SLAASMB, the email contacts of Inspection staff and of key Administration staff are given in the Website.

Further, any clarification could be obtained by calling on + 94 112310210 (during the official working days) or by sending an email to slaasmb@slt.net.lk

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