

Head 17 - Office of the Leader of the House of Parliament

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Office of the Leader of the House of Parliament for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory 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 to be read in conjunction with provisions of the National Audit Act No.19 of 2018. The summary report including my comments and observations on the Financial Statements of the Office of the Leader of the House of Parliament was issued to the Chief Accounting officer on 29 May 2019 in terms of section 11(1) of the Audit Act No.19 of 2018. The Annual Detailed Management Audit Report of the office was issued to the Chief Accounting Officer on 27 May 2019 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 to be read in conjunction with section 10 of the National Audit Act No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report the financial statements give a true and fair view of the financial position of the Office of the Leader of the House of Parliament as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified 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 the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer in relating to the Financial Statements

The Chief 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 Provision in Section 38 of the National Audit Act No.19 of 2018 and for the determination of the internal control that 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 the National Audit Act No. 19 of 2018, the Office of the Leader of the House of Parliament 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 Leader of the House of Parliament 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.

1.4 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 judgment and maintain professional scepticism 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 Leader of the House of Parliament internal control.
- It had been included that structure and content of the financial statements are based transactions and events appropriate and fairly included when presenting the financial statements as a whole.
- 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.

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.

1.5. Report on Other Legal and Regulatory Requirements

I express the following matters in accordance with section 6 (d) and section 38 of National Audit Act No. 19 of 2018.

- (a) Since there was no need for the presentation of financial statements for the preceding years. It could not be stated that the financial statements presented was consistent with the preceding year.
- (b) Since, there was no requirement for the Office of the Leader of the House of Parliament to prepare financial statements for the preceding year, recommendations on the financial statements had not been presented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Performance

The following observations are made.

Audit Observations	Recommendation	Comments of the Chief Accounting Officer
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(a) Eventhough statement financial performance should be prepared based on formats and Notes stated in the paragraph 3.6 of the State Accounts Circular No.207/2018 dated 21 November 2018, advance receipts value amounting to Rs.1,705,632 shown in the Note 05 had not been shown in the Statement of Financial Performance.	Value amounting to Rs.1,705,632 which had shown as advance receipts has to be enter under non receipt income in the Statement of Financial Performance.	Accounting activities of this office is continue as a "B" Grade Department while the receipts of the Advance Account had not been entered as income in the financial statements but action is been taken to send to the Deputy Secretary to the Treasury by a cheque.
(b) Proceeds received from the sale of unusual goods during the year 2018 total amounting to Rs.15,800 had not been stated under	Value shown in the Statement of Financial Performance as other receipts should be include under other receipts.	Accounting activities of this office is continue as a "B" Grade Department action had been taken to send the receipts by a cheque to the Deputy Secretary to the Treasury in the reason of that it had not been entered in the

other receipts in the statement of financial performance.

financial statements as a income.

- (c) Expenditure of the main Ledger had not been shown in the statement of financial performance as per the formats stated in the State Accounts Circular No.267/2018 dated 21 November 2018. Also, value for the provision for recurrent and total expenditure had been shown in excessive by Rs.450,000 and less by Rs.1,550,000 respectively.
- Financial Statements should be prepared in regularly as per the format shown in the Circular.
- According to the paragraph 3.1 of the Circular No. 267/2018 issued by the Department of State Accounts quantitative figures had been included in terms of the statement of Treasury Final Accounts while action will be take in future year to include the estimate of the advance accounts in to the statement financial performance.

1.6.2 Statement of Financial Position

The following observations are made.

Audit Observations	Recommendation	Comments of the Chief Accounting Officer
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(a) According to the Reconciliation statement presented to audit recoveries of distress loan balance outstanding from the interdicted officer was Rs.128,800 even though that arrears loan balance had elapsed 03 years but failed to recover that.	In connection with the recovery of loan balance from a officer who retire before end of the payments of the loan amount back to the institution or get die or end the service or a officer who release to a corporation action should be take as per the section 04 of the paragraph XXIV of the Establishments Code.	In connection with the recovery of recoverable amount of the distress loan from the officer who interdicted had been referred to the Attorney General.
(b) Although according to the Assets	Balances of 3 Registers namely Assets Report of	Non-financial assets moving report own by the office upto

Report and non – the State Accounts Department, non-financial assets moving statement of the Department of State Accounts balance of the electric instruments as at 01 January 2018 and 31 December 2018 was Rs.91,601 but according to the Assets Register prepared on the basis of cigas programme that value was Rs.121,600, thus there was a difference of Rs.29,999 between this balances.

December 2018 and Treasury Reports had exist in equally. But request made by the Department of State Accounts, Assets moving Report own office had been uploaded with the State Accounts Department by the Cigas programme. On the reason of technical error occur in that instant there had been a difference of Rs.29,999. About this had been informed to the Department of State Accounts even at now and action will be take to clear that in quickly.

1.6.3 Imprest Balance

The following observation is made.

Audit Observations	Recommendation	Comments of the Chief Accounting Officer
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<p>In accounting of return on receipts on foreign travel expenses a difference of a sum of Rs.76,810 had occurred which had shown by the Financial Performance Report as at 31 December 2018 had not been settled by a Adjustment Account.</p>	<p>If there had appear a difference between the receipts as per the statement of financial performance and total expenditure, that difference should be settle by a Adjustment Account.</p>	<p>Although a sum of Rs.76,810 send to the Deputy Secretary to the Treasury by the cheque No.161106 in the month February 2018 for credit made to the expense object 17-1-1-1102 (Travelling expenses Foreign) had been accounted correctly in the Treasury Computer Printouts but it not correct in the Cigas Programme of this office, on the instructions of the Department of state Accounts it had been surcharge to the expense object 17-1-1-1102 (foreign travel) of this office. There after on</p>

checking of the Treasury Computer printouts that transaction had been accounted in twice then make prepare a transfer sheet and had been forwarded to the Department of Treasury Operations relevant transaction had accounted by the transfer sheet again prepared by that Department. Although in this way the expense Head of the office is correct and it had been entered as a sum of Rs.76,810 had received to the Imprest Account but it is inform that a imprest had not received by cash.

1.6.4 Non maintain Registers and Books

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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Register for the receiving cheques, money orders etc.		

Register for the receiving cheques, money orders etc. had not been updated in terms of financial regulation 451.	A register should be maintain to able to note receiving cheques and money orders.	Register for the cash receipts, receiving cash cheques and money orders etc. are make enter into that register and action will be take to update that in future.

1.6.5 Non-compliance with Laws, Rules and Regulations

The following observation is made.

Observation

Reference to laws, non – compliance rules and regulations	Recommendation	Comments of the Chief Accounting Officer
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Paragraph 6 of the	If time is take base Finger	Print If the meeting is hold

<p>Public Administration Circular No.09/2009 dated 16 April 2009, Public Administration Circular No.09/2009(i) dated 17 June 2009 and Public Administration Circular No.03/2017 dated 19 April 2017.</p>	<p>for the payment of allowances after the permanent office time that should be confirm by finger print recording machine without doing in that manner allowances amounting to Rs.1,339,883 had been paid.</p>	<p>Recording Machines should be used in terms of Circular provisions.</p>	<p>after the office time then the allowances are paid base in the finishing time of the Parliament meetings and it is inform this allowance had been paid only to the officers who had work after the 6.30 p.m.</p>
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2. Financial Review

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>In the reasons of over provisions had been made for 3 capital expense objects saving after the utilization of provisions the percentage had been taken ranging from 18 per cent upto 99 per cent of net provisions of relevant expense objects.</p>	<p>Correct expenditure estimates should be prepared in terms of Financial Regulation 50.</p>	<p>Necessity of repairs had not been occurred in the reasons of the vehicles own by the office are not very old and training workshops could not be hold in the reason of bad weather condition.</p>

3. Operating Review

3.1 Procurement

The following observation is made.

Audit Observation

Any government representative institution is not qualify for direct contract method except occasionally matters are fulfil as stated under the 3.5 (i) (c) of the Government Procurement Guideline. In the case of direct contract method is not suitable, using that method purchasing amounting to Rs.92,844 had been purchased from a government representative institution in 2 occasions.

Recommendation

Activities has to be done according to the Government Procurement Guideline.

Comments of the Chief Accounting Officer

Relevant purchases had been done in considering the direct contract method according to the 3.5.1 of the government procurement guideline, it is inform relevant purchases are being made in future considering the instructions given by you.