

Head 22 - Office of the Parliamentary Commissioner for Administration

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Office of the Parliamentary Commissioner for Administration for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019, the statement of financial performance and cash flow statements 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 including my comments and observations on the financial statements of the Office of the Parliamentary Commissioner for Administration was issued to the Chief Accounting Officer on 10 July 2020 in terms of Sub section 11 (1) of the National Audit Act, No. 19 of 2018. The Detailed Annual Management Audit Report of the Office of the Parliamentary Commissioner for Administration was issued to the Chief Accounting Officer on 21 September 2020 in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018. This report will be presented to Parliament in pursuance of provisions in 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.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared in terms of provisions of State Accounts Circular No.271/2019 of 03 December 2019 give a true and fair view of the financial position of the Office of the Parliamentary Commissioner for Administration as at 31 December 2019, and its financial performance and cash flow 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 responsibility for the Financial Statements, are further described in the Auditor's Responsibilities section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibility of the Chief Accounting Officer for 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 provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the Office of the Parliamentary Commissioner for Administration 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that effective internal control system for the financial control of the Office of the Parliamentary Commissioner for Administration exists 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 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 the Auditor General'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 misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions 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 Office's internal control.
- Evaluate the structure and content of the financial statements containing the disclosures and the transactions and events that underlie the financial statements in an appropriate and reasonable manner.
- That the transactions and events underlying the structure and content of the financial statements are appropriately and fairly presented when submitting financial statements as a whole.

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 Requirements

As required by Sub-section 6(1) (d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings:

- (a) that the financial statements are consistent with the preceding year,
- (b) that the recommendations made by me on financial statements of the preceding year with regard to the observation in paragraph 1.6.2 of this report, had not been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Performance

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>(a) In terms of paragraph 3.1 of the State Accounts Circular No.271/2019 of 03 December 2019, a sum of Rs. 1,046,377 should be indicated as receipts of advances under non-revenue receipts of the statement of the financial performance prepared in accordance with the Specimen Form ACA-F attached with financial statements of the year under review. However, a sum of Rs. 830,934 had been indicated as receipts of advances. Moreover, even though a sum of Rs. 2,317,945 should be indicated as payment of advances, only a sum of Rs. 1,599,249 had been indicated as payment of advances.</p>	<p>Figures and information should be accurately indicated in financial statements in accordance with Specimen Forms introduced in the State Accounts Circular No. 271/2019 of 03 December 2019.</p>	<p>Even though the total receipts of advances amounted to Rs. 1,046,377, out of that, advances of Rs. 830,934 has been received by cash whilst the remaining sum of Rs. 215,443 was received through cross entries. As such, only a sum of Rs. 830,934 has been indicated as non-revenue receipts. Payment of advances for the staff in the year 2019 had been only Rs. 1,599,249 and the remaining sum of Rs. 718,696 is the settlement of loan balances of officers who had transferred between departments and ministries. As such, the said amount has not been indicated in the statement of financial performance.</p>

1.6.2 Statement of Financial Position

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Chief Accounting Officer -----
As asset balances had not been prepared in accordance with the CIGAS Programme for the year under review and the Asset Report issued by the Department of State Accounts had not been obtained by the Office, the said asset balances could not be compared with asset balances indicated in the statement of non-financial assets prepared in accordance with the Format ACA – 6 of the financial statements.	Asset balances prepared as per the statement of non-financial assets should be compared with the Asset Report issued by the Department of State Accounts.	The CIGAS Programme was commenced since the year 2019 in our Office and information of assets could not be entered due to defects in the said Programme. As such, the Asset Report could not be obtained.

1.6.3 Non-compliance with Laws, Rules and Regulations

----- Reference to Laws, Rules and Regulations -----	----- Observation ----- Non-compliance -----	----- Recommendation -----	----- Comments of the Chief Accounting Officer -----
----- Public Finance Circulars -----			
Paragraph 03 of the Circular No.05/2016 of 31 March 2016	The Annual Board of Survey for the year 2019 had not been completed and a copy of the report thereof not made available to Audit.	The Annual Board of Survey should be completed and a copy of the report thereof be made available to Audit.	Prompt action will be taken to complete the Annual Board of Survey for the year 2019 and to make available a copy of the report.

2. Operating Review

2.1 Performance

- (a) The number of complaints that remained outstanding, to be investigated and reported as at 01 January 2019 stood at 479. The total number of complaints to be investigated in the year 2019 including 1,888 complaints received to the Office from January to 31 December of 2019 stood at 2,367.
- (b) The Office had taken action regarding those complaints as follows.
- (i) The number of complaints investigated and reported after inter-partes inquiry were 63.
- (ii) The number of complaints for which requests had been fulfilled after calling for reports were 233.
- (iii) The number of complaints for which further action had not been taken after calling for reports from relevant institutions and informing the complainant, were 616.
- (iv) The number of complaints concluded summarily stood at 494.
- (c) There were 961 complaints remaining to be investigated and reported as at 31 December 2019.

2.2 Planning

2.2.1 Action Plan

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
A difference of Rs. 470,000 was observed between figures of the Annual Budget Estimate and the Action Plan.	The Action Plan should be prepared in compliance with the Annual Budget Estimate.	The Expenditure Estimate had been forwarded to the National Budget Department prior to preparing the Action Plan, thus resulting in those differences.

2.2.2 Procurement Plan

The following matters were observed with regard to the Procurement Plan.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
<p>(a) Even though the estimated provision for 02 Objects of the year under review had been Rs. 1,100,000, according to the Procurement Plan, the expected expenditure had been Rs. 1,732,000. Accordingly, the Procurement Plan had been prepared exceeding the estimated provision by Rs. 632,000.</p>	<p>The Procurement Plan should be prepared in compliance with the estimated provision.</p>	<p>The Expenditure Estimate had been forwarded to the National Budget Department prior to preparing the Action Plan, thus resulting in those differences.</p>
<p>(b) Seven activities estimated to the value of Rs. 622,000 and included in the Procurement Plan as procurements envisaged for the year 2019 had not been carried out.</p>	<p>Action should be taken as planned.</p>	<p>Purchases indicated in the Procurement Plan had not been made due to matters such as imposing constraints on capital expenditure as per the Budget Circular No.05/2019, failure in making purchases due to limits set for releasing imprest for capital expenditure etc.</p>

2.2.3 Delays in Execution of Projects

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
<p>Even though sums of Rs. 500,000 for the installation of a software system to manage affairs on petitions and Rs. 150,000 for networking of computers in the Office had been allocated by the Annual Estimate - 2019, those activities had not been carried out in the year under review.</p>	<p>Action should be taken as planned.</p>	<p>Purchases indicated in the Procurement Plan had not been made due to matters such as imposing constraints on capital expenditure as per the Budget Circular No.05/2019, failure in making purchases due to limits set for releasing imprest for capital expenditure etc.</p>