

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

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Office of the Leader of the House of Parliament for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 Leader of the House of Parliament was issued to the Chief Accounting Officer on 26 May 2022 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 Leader of the House of Parliament was issued to the Chief Accounting Officer on 20 June 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. 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 true and fair view of the financial position of the Office of the Leader of the House of Parliament as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

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 Responsibilities 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 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 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 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 summary 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 Leader of the House of Parliament office’s 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.

1.5. 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.

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

2. Financial Review

2.1 Expenditure Management

2.1.1 Preparation of Estimates

| Audit Observation ----- | Comments of the Chief Accounting Officer ----- | Recommendation ----- |
|--|---|---|
| The annual expenditure estimates should be accurately assessed and prepared in accordance with the Financial Regulations 50 and according to Financial Regulations | Since the arrival of visitors was limited due to the Covid-19 situation, steps were taken to get provision with the | Should be accurately assessed expenditures and prepared annual expenditure estimates. |

127(5), although the estimates of the department require strict scrutiny of significant variances between the amount provided and the expenditure, the initial expenditure estimate of Rs. 1,500,000 for the expenditure subject 17-01-01-2102 had been increased by Rs. 1,060,000 or 70 percent as Rs. 2,560,000 at the end of the year.

agreement of the treasury to establish a video conference system at a minimum cost in the office of the Leader of the house of parliament.

2.1.2 Underutilization of Provisions

| Audit Observation | Comments of the Chief Accounting Officer | Recommendation |
|--|---|--|
| ----- | ----- | ----- |
| <p>Although the Chief Accounting Officer should be prepared accurate estimates as per Financial Regulations 50, the net allocation under the expenditure subject 01-2401 was Rs. 500,000 in the expenditure inspection and due to that, the expenditure was Rs. 263,500 and there was a saving of Rs. 236,500 or 47 percent.</p> | <p>The estimated provision was saved due to health advice of not to send staff to training programmes other than essential training programmes to prevent the gathering of staff due to the prevailing Covid situation.</p> | <p>Arrangements should be made to utilize the provisions allocated by the estimates.</p> |

2.2 Incurring into Liabilities

| Audit Observation | Comments of the Chief Accounting Officer | Recommendation |
|--|--|--|
| ----- | ----- | ----- |
| <p>The values of the liabilities under note (iii) to the financial statements should be compared with the statement of commitments and liabilities issued by the treasury and although any unrecorded obligation or liability should not be settled in the year 2022 as an expense of the previous year, the</p> | <p>That is not included in the statement of obligations and liabilities issued by the treasury due to a commitment upload is not done prior to incurring expenses in the Cigas system of a class "B"</p> | <p>The guidelines issued in relation to the preparation of financial statements should be reconciled with the statement of liabilities issued by the treasury.</p> |

amount of liabilities of department. Rs. 96,102, which was not mentioned in the statement of obligations and liabilities issued by the treasury, was settled in the year 2022.

Since the Department of Public Accounts has not issued any new instructions regarding the keeping accounts for the class “B” departments, I kindly inform you that we will carry out the necessary activities as per the instructions given to us in future regarding accounting matters.

3. Operational Review

3.1 Planning

3.1.1 Procurement Plan

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

According to Section 04 of the Public Finance Circular No. 2/2020 dated 28 August 2020 of Ministry of Finance, the annual procurement plan for the year under review should be prepared before 10 December of the previous year, after obtaining the approval of the Chief Accounting Officer and sent a copy to the Auditor General, but it had not been done accordingly

The copy of the procurement plan for the year 2021 has been missed to be submitted to the audit office due to the inconvenience in carrying out official work due to the Covid-19 situation in the country. Advice was given to act correctly in future.

Should be followed the circular.