

## **Head -22 Office of the Parliamentary Commissioner for Administration**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Office of the Parliamentary Commissioner for Administration 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 Parliamentary Commissioner for Administration 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 Parliamentary Commissioner for Administration was issued to the Chief Accounting Officer on 15 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, 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 Parliamentary Commissioner for Administration as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 1.6 of this report. 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 Responsibilities 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**

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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 Parliamentary Commissioner for Administration 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 Parliamentary Commissioner for Administration 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**

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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 office of Commissioner’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**  
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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 not consistent with the preceding year according to the following audit observations.

<b>Audit Observation</b> -----	<b>Ref. to the paragraph</b> -----
(i) Making relevant adjustment to comparative figures	1.6.1 (c)
(ii) Property, plant and equipment	1.6.1(a)

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

## 1.6 Comments on Financial Statements

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### 1.6.1 Non-compliance of financial statements with Circular Provisions

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Even though the financial statements should be prepared in terms of the Public Accounts Guideline No. 2021/03 dated 26 November 2021 issued by the Department of Public Accounts, instances of non-compliance with those provisions appear below.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a) The figures in the Statement of financial performance for the year 2021 should be prepared on the basis of the figures in the books of the treasury as per paragraph 3.1 of the guideline, but it was recorded as understated by Rs. 392,925 of the opening balance of property, plant and equipment mentioned in the financial statements, Rs. 75,519 overstated the purchases of the year and the disposals were understated by Rs. 3,500 than the treasury computer printouts.	Assets were included for the first time for the CIGAS system and purchases for the year 2021 have been entered as the closing balance as at 31.12.2021. So, there have been changes.	Information contained in financial statements and treasury computer printouts should be compared.
(b) The statement of non-financial assets – SA-82 should have been used for ACA-6 form according to paragraph 06 of the guideline, but instead, a list of assets was submitted for form ACA-6.	The statements of non-financial assets generated by the CIGAS web application as given in ACA-6 format is attached in the forms submitted for preparation of financial statements.	Financial statements should be prepared according to the relevant guideline.

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| (c) | Under the paragraph No. 07 of the basis of reporting the financial statements of the year under review states that “Relevant adjustments have been made in the comparative figures for the year 2020 in accordance with the changes made in the financial statement formats for the year 2021” and last year’s figures were revised, but the related adjustments were not disclosed in the financial statements. | Although the relevant adjustments have been made in the figures for the year 2020, those adjustments have been omitted to be indicated in the financial statements. | Disclosures should be made in the financial statements. |
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**1.6.2 Accounting Deficiencies**  
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The following observations are made.

**(a) Recurrent Expenditures**  
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<b>Audit Observation</b> -----	<b>Comments of the Chief Accounting Officer</b> -----	<b>Recommendation</b> -----
Rs. 49,690 paid for newspapers expected to be purchased for the next year was included in the newspaper expenses of Rs. 79,780 in the year under review and due to inclusion of that figure in the expenditure of the year under review, the total recurrent expenditure and the total expenditure of the year were overstated by Rs. 49,690.	The subscriptions were paid in December 2021 as the previous year’s payments have to be made for the supply of newspapers for the year 2022. Therefore, I would like to inform you that the change mentioned in your paragraph has occurred.	Information related to the period should be included in the preparation of financial statements.

**(b) Capital Expenditures**

The following observations were made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Assets acquisitions of Rs. 75,519 during the year under review were included under acquisitions of capital assets in the Statement of Financial Performance, but it was not entered under the purchases in the treasury computer printed note SA-82.	Purchases of the year 2021 have been entered as the closing balance as at 31.12.2021 as assets were entered into the CIGAS system for the first time in the year 2021. Therefore, it is not included under purchases of the treasury computer printouts.	The information contained in the financial statements and the treasury computer printouts should be compared.

**(c) Reconciliation Statement on Advances to Public Officers Account**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
There was a difference of Rs. 36,757 due to that the credit balance was Rs. 3,436,555 as per the treasury computer printouts as at the last date of the year under review and the total of the single balance classification summary on that day was Rs. 3,399,798. No action was taken to settle the difference during the year under review.	Advice has been sought from the Public Accounts Department to rectify the difference and it is currently being done.	Differences between accounts should be identified and corrected.

## 02. Financial Review

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### 2.1 Expenditure Management

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#### (a) Savings of Provisions

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(i) Although annual expenditure estimates are required to be prepared with accurately assessed estimates as per the Financial Regulations 50, the entire provision of Rs. 300,000 allocated for 02 expenditure subjects was not utilized due to non-action accordingly.	Due to minor repairs of the office building were carried out by the owner of the building during the year 2021, the entire provision of the expenditure subject 1303 was saved and the allocation under the expenditure subject 2401 has been fully saved due to the non-participation of the officers for the training workshops as the result of Covid epidemic situation.	Expenditures should be accurately assessed and prepared annual expenditure estimates.
(ii) According to paragraph 3.4 of the Public Accounts Guidelines Circular No. 2021/03 issued by the Public Accounts Department on 26 November 2021, If the difference between the total net provision and the actual expenditure for each expenditure subject code for every expenditure subject is 5 percent of the net provision of the expenditure subject or Rs. 10,000, whichever is greater, the reasons for that change should be stated in the ACA-2(ii) format, but the total savings of	No reasons have been given for the savings in the same expenditure subjects for the year 2021 due to no reasons have been given for the savings in the expenditure subjects for salaries and allowances till the year 2020. I will make arrangements to prepare the accounts for the coming years according to the relevant instructions.	Financial statements should be prepared according to the relevant guidelines.

Rs. 2,996,183 in 03 expenditure subjects had not been acted accordingly.

- (iii) Rs. 4,084,881 was saved out of the total allocation of Rs. 16,655,000 for one capital expenditure subject and 11 recurrent expenditure subjects. That savings were in the range of 14 percent to 90 percent of the net allocation of the respective expenditure subject. The provisions of expenditure subject 1001 (11) and expenditure subject 1003 were saved in the year 2021 due to the transfer of several officers of the office, taking no pay leave and half pay leave and the significant decrease in the expected expenditure during the year has basically affected the saving of provisions in other recurrent expenditure subjects due to the Covid epidemic situation in the country. Provisions of expenditure subject 2102 were remained due to the abandonment of expected purchases according to verbal instructions from the National Budget Department to limit capital expenditures. Expenditures should be accurately assessed and prepared annual expenditure estimates.
- (iv) Estimated capital expenditure for the year was Rs. 1,357,000 and received provisions were Rs. 550,000. The actual expenditure of the year was Rs. 75,519 which was 5.6 percent of the estimated amount and utilization of the provisions was 13.7 percent out of the received provisions. Expected purchases were limited due to verbal instructions from the treasury to limit capital expenditures. Expenditures should be accurately assessed and prepared annual expenditure estimates.



**3. Operational Review**  
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**3.1 Planning**  
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**3.1.1 Procurement Plan**  
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The following observations are made.

<b>Audit Observation</b> -----	<b>Comments of the Chief Accounting Officer</b> -----	<b>Recommendation</b> -----
(a) The period from the initiation to the end of the procurement should be systematically indicated while indicating the expected duration of the procurement plan as per guideline 4.2.2 of the Code of Procurement Guidelines, but on the contrary, the entire period was recorded as January to December 2021 in the procurement plan and the periods were not specified separately.	I will prepare the procurement plan for the coming years according to the relevant requirements.	Should be followed procurement guidelines.
(b) The cost estimate should be prepared and included in the procurement plan as per guideline 4.3 of the Code of Procurement Guidelines, but although the procurement of office computer networking was included in the plan, its estimated cost was not included in the plan.	The estimated cost could not be included in the plan because; there was no Technical Officer with knowledge of the related tasks to get a price estimate for computer networking in the office.	Procurement should be done in accordance with guideline 4.3 of the Code of Procurement Guidelines.

### 3.2 Performance

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The total number of complaints to be investigated during the year was 2,102 as 1,274 complaints received by the institution during the year under review and 828 remaining complaints to be investigated and reported by 01 January 2021. Out of that, 1,174 complaints had been work done during the year and 928 complaints were yet to be investigated and reported as at the last date of the year under review.	The figures therein are correct.	Complaints should be resolved immediately.

### 3.3 Assets Management

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The board of survey was not done up to date in accordance with Sub No. 06 of paragraph 11.1 of the Ministry of Finance circular of the Public Finance Circular No. 01/2020 dated 28 August 2020 and the reports have not been sent to the Auditor General until now.	The board of survey related to the year 2021 has been completed and arrangements have been made to submit the report to you immediately.	Should be act in accordance with circulars.

#### 04. Human Resource Management

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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The approved number of employees of the institution was 32 as at 31 December 2021 and as the actual number of employees was 21, there were 11 vacancies.	The information given regarding the approved number of employees and the actual number of employees of the institution as at 31 December 2021 is correct and accordingly, the approved number of employees was 32 and the actual number of employees was 21, so there were 11 vacancies.	Vacancies should be filled.