

Head -18 Office of the Chief Government Whip of Parliament

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Office of the Chief Government Whip 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 Chief Government Whip of Parliament was issued to the Chief Accounting Officer on 15 June 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 Chief Government Whip of Parliament was issued to the Chief Accounting Officer on 27 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 Chief Government Whip of Parliament 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

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

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 Chief Government Whip 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 Chief Government Whip 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 Office of the Chief Government Whip of Parliament'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.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of financial statements with Circular Provisions

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.

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

The balance remitted by the institute to the treasury at the end of the financial period should not be included in the Statement of Financial Position as per the paragraph 7.9 of the guideline, but the amount of Rs. 7,183 paid to the treasury by the institution at the end of the year had been included in the statement of financial position.

It was noted that the balance remitted to the treasury at the end of the financial period should not be included in the Statement of financial position.

Should be followed the circular guidelines.

1.6.2 Accounting Deficiencies

(a) Non-revenue Receipts

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

Rs. 123,139,364 received imprest from the treasury during the year under review was understated by Rs. 46,364 and indicated as Rs. 123,093,000 in the Statement of financial performance.

The imprest received during the year under review is Rs. 123,093,000 as per treasury print out. (SA-70)
The remaining Rs. 46,364 is other receipts from auction of scrap goods, sale of old newspapers etc. and since this department is taken under Category B, that receipts have also been referred to the government revenue codes.

Should be followed the circular issued regarding preparation of financial statements.

(b) Reconciliation Statement on Advances to Public Officers Account

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(i) Although the advance payments during the year were Rs. 2,769,649 as per Advance Account (ACA-5), there was a difference of Rs. 152,319 due to the recording of Rs. 2,617,330 in the Statement of financial performance.	This difference is observed due to the correction of the note of Rs. 135,100 mentioned under (b) above and the correction of the loan interest amount of Rs. 17,219 which was wrongly entered in the year 2019.	Figures should be reconciled in accordance with the guidelines.
(ii) Although the advance receipts during the year were Rs. 3,135,510 as per Advance Account (ACA-5), there was a difference of Rs. 282,600 due to the recording of Rs. 2,852,910 in the Statement of financial performance.	ACA-5 is adjusted according to the treasury printout (Summary). The difference of Rs. 282,600 was observed due to the amount of Rs. 147,500 not entered by the treasury for the month of December 2020 and the amount of Rs. 135,000 entered in the year 2021.	Figures should be reconciled in accordance with the guidelines.

02. Financial Review

2.1 Expenditure Management

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

The Chief Accounting Officers are required to prepare the accurate estimates in terms of financial Regulations 50 and although the strict attention should be paid to variances between the amount provided and the expenditure in the estimates according to the terms of Financial Regulations 127(5), savings were from 40 percent to 100 percent for 09 recurrent expenditure subjects and the initial expenditure estimate subject 01-1202 had been increased by 123 percent at the end of the year.

No answers have been given.

Expenditures should be accurately assessed and annual expenditure estimates prepared.

03. Operational Review

3.1 Planning

3.1.1 Procurement Plan

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

Although the procurement plan for the year should be prepared according to the annual estimate, the annual estimated allocation of Capital-2102 and recurrent- 1201 expenditure subjects in the year 2021 was exceeded by Rs. 1,100,000

Due to it is essential to purchase new office equipment for the position and since this office has been newly assigned the role of receiving the opinions and suggestions of the members of the government party when

The procurement plan for the year should be prepared according to the annual estimate.

and the procurement plan had been prepared. supporting the duties of 159 members of the government party and enacting new constitutions in the parliament as approved by the cabinet, as it was expected that an amount of 02 million would be spent for these stationery and office needs, that amount was included in the procurement plan.

3.2 Uneconomic Transactions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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A distance of 812 km was driven outside Colombo on 02 occasions to find a suitable place for an annual residential training programme of the office and although Rs. 15,890 was spent on fuel, no residential training programme was conducted in those areas during the year.	Although Rs. 15,890 was spent on fuel in going to the pre-site inspection to conduct the training workshop, it was not possible to hold the relevant training workshops due to the suspension of the training workshops and imposition of provincial travel restrictions by the circulars issued by the Ministry of Health according to the current situation.	Consideration should be given to decision-making after considering effectiveness.

04. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Appropriate capacity development programmes were not prepared to achieve the competency targets identified for each officer level	It was not possible to organize capacity programmes due to the Corona epidemic situation in	Should be act in accordance with circulars.

according to paragraph 6.3 of the Public Administration Circular No. 02/2018 dated 24 January 2018.

the first 03 quarters of the previous year. However, 04 capacity building programmes have been conducted to achieve the competency targets covering all the officers in the last quarter.

- (b) Annual performance agreements were not signed for the entire staff based on the format shown in Annexure 01 of the said circular.

Officials have been directed to sign annual performance agreements for the entire staff from the year 2022 onwards.

Should be act in accordance with circulars.