

## **Head -16 Parliament**

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### **1. Financial Statements**

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#### **1.1 Opinion**

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The audit of the financial statements of the 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 Parliament was issued to the Chief Accounting Officer on 18 July 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 Parliament was issued to the Chief Accounting Officer on 25 July 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 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**

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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**

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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 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 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**

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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 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**  
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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 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**  
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**2.1 Expenditure Management**  
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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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<p>Although accurate expenditure estimates should be assessed and annual expenditure estimates should be prepared as per Financial Regulations 50, the entire allocation of 02 recurrent expenditure subjects and one capital expenditure subject was not utilized and there were savings in the range of 25 percent to</p>	<p>Agreed. This situation occurred due to the lack of expenditure under the budget as expected due to the impact of the Covid epidemic and the current economic situation in the country.</p>	<p>Accurate expenditure estimates should be assessed and annual expenditure estimates should be prepared as per the Financial Regulations.</p>

99.5 percent of the net allocation in 09 capital expenditure subjects and 13 recurrent expenditure subjects.

## 2.2 Incurring into Liabilities and Obligations

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Liabilities amounting to Rs. 18,968,618 related to the year under review were settled in the year 2022, which was not included as liabilities in the treasury computer printed CA82 and note (iii) of the financial statements.	The values related to obligations and liabilities for which the finance section could not find details are not included in the statement of liabilities at the time of preparing the financial statements and necessary instructions have been given to minimize this situation in future.	All liabilities should be entered correctly in the relevant formats of the financial statements.

## 3. Operational Review

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### 3.1 Planning

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#### 3.1.1 Procurement Plan

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Although the procurement plan prepared for the year under review was revised on 28 April 2021, 12 tasks with an estimated cost of Rs. 20,954,882 were not included in the procurement plan of the year.	After revising the procurement plan on 28 April 2021, 12 tasks worth Rs. 20,954,882 had to be implemented and out of this, more than Rs. 5 million had to be spent to cover the damage caused to the properties of the premises due to lightning strikes and faults in the electricity system. Apart from this, 12 tasks had to be	Arrangements should be made to include all the procurement activities carried out during the year in the procurement plan.

implemented after preparing the procurement plan for the year 2021 due to matters such as obtaining office equipment as the priority requirements of various offices.

### 3.2 Non-performing Duties

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>Estimated cost of 10 tasks amounting to Rs. 176,600,000 included in the total estimated cost of Rs. 239,964,070 allocated to the tasks mentioned in the revised procurement plan for the year under review were not performed.</p>	<p>08 tasks included in the procurement plan prepared for the year under review with an estimated cost of Rs. 143,100,000 could not be performed due to the lock down of the country due to the Corona epidemic situation and 02 tasks costing to Rs. 33,500,000 could not be executed due to non-matching of bids and limitation of time to change the estimates.</p>	<p>Action should be taken to accomplish the tasks included in the procurement plan.</p>

### 3.3 Delays in Project Execution

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>Although 04 procurement works included in the procurement plan of the year under review amounting to Rs. 29,310,000 were proposed to be completed during the year, less than 50 percent of the work had been completed.</p>	<p>The progress of those works was less than 50 percent due to the difficulties in procurement work for the relevant suppliers due to the economic crisis in the country and the closure of offices due to the Corona epidemic situation.</p>	<p>The tasks included in the procurement plan should be completed within the year.</p>

### 3.4 Assets Management

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>-----</p> <p>The board of survey was not done up to date in accordance with Sub No. 06 of the paragraph 11.1 of Ministry of Finance circular of Public Finance Circular No. 01/2020 dated 28 August 2020 and the work had not been completed and the reports had not been submitted to the Auditor General until now.</p>	<p>-----</p> <p>The board of survey for the year 2021 has already commenced and instructions have been given to proceed as per the circular without further delay.</p>	<p>-----</p> <p>According to the circular, the board of survey should be updated and the reports should be submitted to the Auditor General.</p>

### 3.5 Unresolved Audit Paragraphs

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>-----</p> <p>A formal approval regarding the “Issuance of concessional motor vehicle licenses to three members of the parliamentary staff who do not have six years of active service in a senior level executive position contrary to the Paragraph 1.2 of the Trade and Policy circular No. 01/2018 dated 15 February 2018 regarding the scheme for motor vehicle licensing on concessional basis and letter No. TIP/SS/01/84 dated 25 April 2019 issued by the Director General of the Department of Trade and Investment Policy to the Secretary General of parliament” mentioned in the</p>	<p>-----</p> <p>Concessionary motor vehicle licenses were given to the relevant officials of the parliament with the approval of the cabinet from a long time based on the criteria of the Department of Trade and Investment Policy. The system of issuing concessional licenses on that basis was temporarily suspended due to the Director General of the Department Of Trade and Investment Policy given a contrary opinion later and this fact was paid to the attention of an audit query. In the inquiry done by the</p>	<p>-----</p> <p>Action should be taken in accordance with circular provisions.</p>

paragraph 3.4 of the Auditor General's summary report for the year 2020 No. JPA/D/PAR/FS/2020/01 and 05 July 2021 had not been submitted to the audit until now.

treasury, The Department of trade and Investment Policy have informed to the Hon. Speaker on 14.02.2022 with a copy to me that it is not appropriate to give that relief to the relevant officers of the parliament based on the existing circular provisions. Accordingly, the issuance of concessionary motor vehicle licenses has been suspended on that basis.

#### 4. Good Governance

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##### 4.1 Audit and Management Committee

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The minimum number of audit and management committee meetings required to be held during the year under review had not been arranged.	Agreed. Instructions were given to hold maximum audit committee meetings in future.	Minimum number of audit and management committee meetings should be arranged.

#### 5. Human Resource Management

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The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) There were 159 vacancies and 4 excesses in the approved staff carder due to that approved staff was 1082 and actual staff was 927 as at 31 December 2021. Accordingly, there were 14 percent vacancies in the entire staff.	There were total of 159 staff vacancies as at 31 December 2021.	An approved staff should be maintained and vacancies should be filled.

- (b) 04 employees were hired on casual/contract basis in excess of the approved number of employees due to the approved number of employees on casual/contract basis was 08 and actual employees were 12.
- 03 officers who were retired due to the service requirement of the parliamentary staff were appointed on a daily basis during the period of the budget debate and another retired officer was appointed on casual basis. The service of the above officers has been terminated on 31.12.2021.
- Arrangements should be made to maintain an approved number of employees.