

Head 017 – Office of the Leader of the House of Parliament

1. Financial Statements

1.1 Opinion

The audit of the financial statements of Head 017 - the Office of the Leader of the House of Parliament for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 12 May 2023 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 07 June 2023 in terms of Section 11(2) of the Audit Act. 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 2022 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 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 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 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 the 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

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Chief Accounting Officers must prepare accurate estimates in terms of Financial Regulation 50. Although arrangements must be made in terms of Financial Regulation 127(5) to ensure that significant differences between the amount provided for in the estimate and the expenditure are being examined, the annual budgeted allocation of 4 recurrent objects and 2 capital objects had been increased from 8.6 percent to 150 percent not in accordance with that, by transferring as per FR 66 and the annual budgeted allocation of 7 recurrent objects had been cut in the range of 3.6 percent to 100 percent.	Estimates have been prepared correctly as per Financial Regulation 50. However, in view of rising inflation, economic recession and uncontrollable factors in the country, arrangements have been made to increase the allocations of some of the Objects mentioned in the estimate and to reduce the allocations in the face of controllable factors.	Arrangements should be made to prepare accurate estimates in terms of the Financial Regulations.

2.2 Incurring Liabilities and Commitments

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The liabilities amounting to Rs.34,704 mentioned under Annexure (iii) of the financial statements had not been included in the statement of commitments and liabilities issued by	Even though a commitment upload before incurring expenses had not been carried out in the CIGAS system of a "B" class Department, all the liabilities have been uploaded to the new CIGAS	The figures indicated in the Treasury Printouts and financial statements should

the General Treasury. However, those web application on the due date be reconciled. liabilities had been settled in the year according to the State Accounts 2023. Guidelines.

2.3 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions of Laws, Rules and Regulations observed during the audit test checks are analyzed and mentioned below.

Audit Observations			Comments of the Chief Accounting Officer	Recommendation
Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance		
(a) The Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
i. Financial Regulation 138(8)	1,185,630	Payments had been made for 02 vouchers without certifying the expenditure.	Has been omitted erroneously. Rectified and instructed to avoid such omissions in the future.	Payment for vouchers should be made after certifying the expenditure in terms of the Financial Regulations.
ii. Financial Regulation 225(4)	368,973	The officials, who had prepared or checked the 04 vouchers, had not initialed in the vouchers.	Has been omitted erroneously. Rectified and instructed to avoid such omissions in the future.	Vouchers must be initialed in terms of the Financial Regulations.

iii.	Financial Regulation 232(2) and 245(1)	168,073	The amount paid had not been expressed in words in the voucher.	Has been omitted erroneously. Rectified and instructed to avoid such omissions in the future.	The amount paid should also be expressed in words in the voucher in terms of the Financial Regulations.
------	--	---------	---	---	---

(b) **State Accounts Circulars**

Paragraph 6.2 of the Guideline No. 2022/05 dated 13 December 2022 for the Preparation of Financial Statements	Only the Objects related to the reporting institution had not been included in the forms and forms not related to their institution had also been submitted with the financial statements.	Instructions were given to remove unnecessary Objects and irrelevant parts of the forms in the ensuing year and to proceed as mentioned in the Guideline.	Action should be taken in compliance with the instructions mentioned in Circulars.
---	--	---	--

3. Operational Review

3.1 Planning

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The action plan of the year under review had not been prepared including the matters mentioned in the Guideline No. 12 of the Circular and in compliance with that Guideline as per the provisions mentioned in paragraph 03 of the Circular of the Ministry of Finance bearing No. 02/2020 dated 28 August 2020.	Instructions were given to prepare it in the future as per the Circular.	The action plan should be prepared in accordance with the Guidelines indicated in the Circular.

4. Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Chief Accounting Officer had not prepared a system necessary for the proper implementation of the internal audit duties according to Section 38 of the National Audit Act No. 19 of 2018.	I can assure you that the Office of the Leader of the House of Parliament, which is a small office with about 40 staff, is being operated under an effective system under my direct supervision.	Action should be taken in compliance with the Act.