

Head 022 - Office of the Parliamentary Commissioner for Administration

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 022 - Office of the Parliamentary Commissioner for Administration 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 Parliamentary Commissioner for Administration was issued to the Chief Accounting Officer on 23 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 Parliamentary Commissioner for Administration was issued to the Chief Accounting Officer on 09 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, 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 2022, 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 Responsibility 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 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 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.
- 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 not consistent with the preceding year according to the following audit observations.

Audit Observation

Ref. to the paragraph

Net assets to the Treasury

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

1.6.1 Accounting Deficiencies

(a) Net assets to the Treasury

Audit Observation

**Comments of the Chief
Accounting Officer**

Recommendation

Although the net assets to the treasury are Rs. 3,436,555 according to the audited financial statements of the previous year, that balance was stated as Rs. 3,463,555 as at 31 December 2021 in the statement of financial position of the year under review.

The correct balance is Rs. 3,436,555 and due to a clerical error in preparing the financial statements for the year 2022, it is recorded as Rs. 3,463,555.

Values of the financial statements of the previous year should be accurately reflected in the financial statements of the year under review.

(b) Reconciliation Statements on Advance Account to Public Officers

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the treasury computer printouts, the loan balance in the advance account of public officers was Rs. 3,328,909 at the end of the year under review and there was a difference of Rs. 36,757 due to that the total of individual balance classification summary was Rs. 3,292,152. No action was taken to settle the difference during the year under review.	This could not be corrected yet due to lack of necessary data and information.	Arrangements should be made to settle the differences.

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observations	Comments of the Chief Accounting Officer	Recommendation
(a) Rs. 652,060 were transferred from 06 recurrent expenditure subjects for the year under review to 05 other recurrent expenditure subjects by F.R. 66 due to that the estimates were not prepared as per Financial Regulation 50. Out of this, Rs. 325,000 had been transferred under F.R. 66 for one expenditure subject and the remaining provision was Rs. 718,750.	Due to the insufficiency of the allocations allocated in the relevant expenditure subjects to bear the unexpected essential expenses incurred during the year, the allocations had to be transferred from the remaining expenditure subjects. As per the circular instructions issued by the National Budget Department regarding the control of public expenditure, provisions were saved in several expenditure subjects.	Arrangements should be made to prepare accurate estimates as per the Financial Regulations.

- (b) It was observed that the institution had made over-provisions for those expenditure subjects due to that the balance of the allocation of 05 expenditure subjects was in the range of 8 percent to 88 percent and the reason given was the “Adequacy of the expenditure incurred”. The savings in those expenditure subjects have been affected the control of expenditure according to the instructions of the circular issued by the National Budget Department and not incurred the expected expenditure during the year. Estimates should be prepared with accurately identify the expenditure.

2.2 Non-compliance of Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the sample audit tests are analyzed and mentioned below.

Audit Observations		Comments of the Chief Accounting Officer	Recommendation
Reference to Laws, Rules and Regulations	Amount Rs.	Non-compliance	
Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulations 137 and 201	20,444	A salary voucher had been paid without an approval.	The relevant voucher has not been signed due to an omission. Payments should be made only for approved vouchers as per Financial Regulations.

(ii)	Financial Regulations 139(5), 264 and 267(1)	23,197	Confirmation of obtaining money was not obtained for two vouchers and confirmation of payment of salary to payee was not obtained for a pay slip.	Voucher No. 09 has not been signed as that money was received due to omission and voucher No. 12 has not been signed as that money has been received, but the relevant request letter has been signed as that money has been received.	Action should be taken to obtain confirmation as that the money has been received as per the Financial Regulations.
(iii)	Financial Regulation 232 (2)	11,292,266	The paid amount was not mentioned by letters in 12 vouchers.	Arrangements have been made to record the paid amount in the monthly payroll list in future.	The paid amount in the vouchers should also be mentioned by letters according to the Financial Regulations.
(iv)	Financial Regulation 262 (2)	10,315,989	11 Paid vouchers were not stamped as "Paid".	Action will be taken to stamp as "Paid" on monthly personnel payrolls also in future.	Arrangements should be made to stamp as "Paid" on paid vouchers as per the Financial Regulations.

3. Operational Review

3.1 Non-performance of Duties

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The total number of complaints to be investigated during the year was 2,174 as 928 complaints that were remained from the previous year and 1,246 complaints received by the institute during the year under review were to be investigated and reported by 01 January 2022. Out of that, 1,475 complaints were act in during the year and 699 complains further remained to be investigated and reported as at the last date of the year under review.	Given figures are correct.	Complaints should be solved promptly.

4. Human Resource Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The approved staff of the office was 32 as at 31 December 2022 and due to the actual staff was 20; there were 12 vacancies or 37 percent out of the approved staff.	Requests have been sent to the Ministry of Public Administration to fill the vacancies.	Vacancies in essential posts, which adversely affected to the performance, should be filled.