

## **Head -017 – Office of the Leader of the House of Parliament**

### **1. Financial Statements**

#### **1.1 Opinion**

Head 17 - The audit of the financial statements of the Office of the Leader of the House of Parliament for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement including information related to the material accounting policies 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 10 May 2024 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 2024 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 Office of the Leader of the House of Parliament as at 31 December 2023 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 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 Leader of the House of Parliament office'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.

## 2. Financial Review

### 2.1 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 below.

	<b>Observation</b>		<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>	
	<b>Reference to Laws, Rules and Regulations</b>	<b>Amount Rs.</b>	<b>Non- compliance</b>		
(i)	<b>Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>				
(a)	Financial Regulations 201(3)(a)	17,500	A certified statement of the number of days which each person is to be paid in case of payment of salary on daily	Salaries are paid using the printed notes obtained from the finger print machine and the form prepared accordingly has	Action should be taken as per the Financial Regulations.

basis, although the Certifying Officer should obtain from the approving officer, payments were made for 02 salary vouchers without confirming the number of days.

been omitted from the verification and steps have been taken to correct it.

(b) Financial Regulations 262(2) 99,400

Although that all the paid vouchers and supporting documents should be stamped as “Paid”, advance settlement voucher and related confirmation documents for obtaining fuel for official pool vehicles were not stamped as “Paid”.

The voucher relating to settlement of advances received for supply of fuel could not be stamped as “Paid” by omission.

Action should be taken as per the Financial Regulations.

**(ii) Public Administration Circulars**

Paragraph 1.2 of the Guide to Introducing the Citizen/ Client Charter No. 05/2008 dated 06 February 2008

Although an important principle in the institutionalization of the Citizen’s charter is to ensure that correct facts and information are openly provided to the public, the information provided regarding the annual performance report submissions for the

The relevant information on the official website has been corrected.

Action should be taken to enter the information correctly as per the circular.

year 2022 for each institution maintained on the official website was not correct.

**(iii) Public Accounts Circulars**

Paragraph 7.7 of Public Accounts Guide No. 05/2023 dated 30 November 2023

Although the cash flow statement should be prepared with considering both cash and cross entries, the institution had not considered cross entries in preparing the cash flow statement.

As the office is a Grade “B” department, accounting will be done through cross entries during the process of accounting.

Action should be taken to prepare the cash flow statement as per the circular.

**3. Operational Review**

**3.1 Management Inefficiencies**

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Rs. 104,250 was paid to 38 officers without documents confirming the departure of the vouchers related to the allowances paid for working after 5.30 p.m. on the days of the 8 parliamentary meetings.	After 5.00 p.m. on parliamentary session days, confirmation documents relation to the departure after 5.30 p.m. were not attached to the file by omission and those documents are now attached to the file.	Action should be taken to verify the relevant documents during the payment were done.

(b) 33 Officers were paid Rs. 65,915 without verification of finger print printout for 1/20 allowance for working on Saturday of 01 July 2023 when parliament meetings were held.	Comments were not given	When payment of 1/20 allowance, attendance and working hours should be confirmed by finger print printout and payment should be done.
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**4. Good Governance**

**4.1 Internal Audit**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
According to the provisions of section 38 of the National Audit Act No. 19 of 2018, a methodology to proper implementation of the Internal Audit duties was not prepared by the Chief Accounting Officer.	As the Office of the Leader of the House of Parliament has a very limited staff and there is an effective system under my direct supervision, it can ensure that the internal audit process is properly implemented.	Should be complies with the provisions of the National Audit Act.