

Head 17 - Office of the Leader of the House of Parliament

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Office of the Leader of the House of Parliament for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 30 June 2021 in terms of Section 11(1) of the National Audit Act No. 19 of 2018. Detailed Annual Management Audit Report relating to the Office of the Leader of the House of Parliament in terms of Section 11(2) of the National Audit Act, No. 19 of 2018 was issued to the Chief Accounting Officer on 22 July 2021. This report will be presented in Parliament in pursuance of provisions in Article 154(6) of the Constitution 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 Leader of the House of Parliament as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified on the basis of the information mentioned in chapter 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of 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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer determines 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 system and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibility for 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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, significant audit findings, any significant deficiencies in internal control and other matters 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) According to the observation mentioned in the paragraph 1.6.2 of this report, the financial statements did not comply 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

The Financial Statements should be prepared in terms of the Guideline No.06 issued by the Department of State Accounts. However, instances of non-compliance with those provisions appear below.

Audit Observation

The values in the financial statements should be in agreement with the values in the treasury books. However, advance received Rs.2,059,514 included in the treasury books had been shown in the financial statements as Rs.1,928,299 made a difference of Rs. 131,215.

Comments on Chief Accounting Officer

The advance account had that been compared with the balance in the Treasury Books as instructed in Guideline 3.1 and the correct amounts had that been entered in the ACA 5 specimen in accordance with paragraph 3.6 of the Guideline.

Recommendation

Financial Statements should be prepared according to the relevant Guidelines.

1.6.2 Financial Position Statement

Property, Plant and Equipment

Audit Observation	Comments on Chief Accounting Officer	Chief Recommendation
Although it should be ensured that the financial statements audited under Section 6 (1) (d) of the National Audit Act No. 19 of 2018 correspond with the previous year. However, there was a difference of Rs. 9,100,100 between the value stated in the non-financial assets statement as at 31 December 2019 and the value of the Statement of Non-Financial Assets as at 01 January 2020 of the Financial Statements of the year under review.	All omissions and errors have been corrected and compared and this is a process to correct errors in the Treasury software system and not an error within the Office.	The financial statements to be audited should correspond to the previous year.

1.6.3 Cash Flow Statement

Deposits

Audit Observation	Comments on Chief Accounting Officer	Chief Recommendation
Deposits receipts and payments of Rs. 186,610 in the year under review were not included as deposits receipts and payments received from the financial activities of the Cash Flow Statement.	Instructed to correct.	Cash flow statement should be prepared correctly.

2. Financial Review

2.1 Non-compliance to Laws, Rules and Regulations

Instances of non-compliances with the provisions of Laws, Rules and Regulations observed at the sample test checks are analyzed below.

Reference to Laws, Rules and Regulations	Non-compliance	Comments on Chief Accounting Officer	Recommendation
(a) Public Administration Circular No.09/2009 dated 16 April 2009, Circular No.09/2009(I) dated 17 June 2009 and Circular No.03/2017 dated 19 April 2017.	The Office had not been used a fingerprint machine to record the arrival and departure of officers.	Arrivals and departures will be confirmed by the fingerprint machine from 01 January 2021.	Action should be taken as per circular provisions.
(b) Public Administration Circular No.09/2009 dated 16 April 2009	If the time is taken as a base for payment of allowances after regular working hours, that time would have to be confirmed by fingerprinting machines, but on the contrary attendance allowances and remaining leave allowances had been paid.	Must be present in the office on duty on the days of Parliament sittings and arrangements have been made to pay the allowance at meetings held after 6.30 pm.	Action should be taken as per circular provisions.

3. Operating Review

3.1 Procurement Plan

Audit Observation	Comments on Chief Accounting Officer	Recommendation
According to the National Budget Circular No. 128 dated 24 March 2006, the estimated cost of procurement in the Procurement Plan should be the same as the estimated estimates in the Budget, but the cost of purchase of furniture and office equipment had been Rs. 1,250,000 as per revised Procurement Plan of the year	The Office had not received funding to purchase fixed assets for the first quarter of 2020. However, the procurement plan had been prepared in accordance with the circular instructions. After the proper completion of this work as it was essential to purchase a part of the office equipment, a letter was sent to the Budget Department on 19.06.2020	Should be act as per circulars.

under review where as it was Rs. 1,500,000 as per annual budget estimate.

to prepare a revised procurement plan for the month of June 2020 and to obtain provisions for the purchase of goods in accordance with that plan. However, by mistakenly in submission to the audit, only the January 2020 Procurement Plan had been submitted and the revised Procurement Plan had not been submitted.