

Head - 22 Office of the Parliamentary Commissioner for Administration

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Office of the Parliamentary Commissioner for Administration 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 Parliamentary Commissioner for Administration was issued to the Chief Accounting Officer on 05 May 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 Parliamentary Commissioner for Administration in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Chief Accounting Officer on 07 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 Parliamentary Commissioner for Administration 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 Parliamentary Commissioner for Administration 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 Parliamentary Commissioner for Administration 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 of Commissioner'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) 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.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of Financial Statements with Circular Provisions

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

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The financial statements should be prepared in accordance with the treasury books. However, values such as receipt of advances Rs.450,000 , payment of advances Rs.225,000 shown in the financial performance statement and the advance account balance of Rs. 450,000 shown in the Financial Position Report were different from the values shown in the treasury books.	In September 2020, the Ministry of Buddhashasana, Religious and Cultural Affairs had erroneously credited Rs.450,000 to the advance account of our Office, which was later rectified. Due to that reason, as you have pointed out, there are differences in the advance receipts and advance payments between the financial performance statement and the treasury books. However, the entire year-end balance of advance account had been reconciled with the Treasury accounts.	Financial statements should be prepared according to the relevant guideline.

- (b) Contrary to guidelines, net assets Rs.4,154,698 had not been stated in the financial position statements. I observe that the error mentioned in (a) above also affected this. Financial statements should be prepared according to the relevant guideline.

1.6.2 Cash Flow Statement

(a) Non-revenue Receipts

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The revenue collected on behalf of the Revenue Accounting Officers Rs.729,481, had been shown in the cash flow statement as Rs. 1,315,809 showing an excess of Rs.586,328.	The difference was occurred due to the calculation of deposit received and advance account receipts as non-revenue receipts in the cash flow statement.	Correct information should be included in financial statements.

(b) Advances to Public Officers Account

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) The rent and work advance reserve of Rs.4,604,698 indicated in the Financial Position Statement did not match with the Office books.	The rent and work advances reserve shown in the Financial Position Statement is the final balance of the ACA 5 specimen form. I will take action to correct this in the coming year.	The accurate information should be included in the financial statements.
(ii) Advance recoveries Rs.803,222 and advance payments Rs.1,670,303 had not been shown in the Cash flow statement during the year under review.	Mistakenly it was not included in the cash flow activities in the cash flow statement and I will take action to correct this error in preparing the cash flow statement for the coming year.	Cash flow statements should be prepared by entering accurate information.

(c) Property Plant and Equipment

Audit Observation

Construction or acquisition of physical assets and acquisition of other investments during the year under review had been shown in excess by Rs.1,453,408 from Rs.1,639,986 and Rs.186,578 in the Cash flow statement.

Comments of the Chief Accounting Officer

I will work to correct this error when preparing the cash flow statement for the coming year.

Recommendation

According to relevant specimen forms correct information should be included in the financial statements.

1.6.3 Reconciliation Statements on the Public Officers Advance Account

Audit Observation

Although the final loan balance was Rs.4,154,698 according to the advance control account and Treasury computer printouts and it was Rs. 4,117,941 in accordance to the individual balance classification summary resulting a difference of Rs.36,757.

Comments of the Chief Accounting Officer

This difference of Rs.37,157.14 includes the difference of Rs.36,757.14 also which has been in existence since before 1997. It is difficult to deal with the above difference as the Office does not have records on advances of government officials relevant to that period.

Recommendation

Action should be taken to identify and correct the differences between the accounts.

2. Financial Evaluation

Expenditure Management

Audit Observation

Although expenditure estimates should be prepared accurately, the entire provision of a recurrent expenditure Rs.60,000 had been remained unspent.

Comments of the Chief Accounting Officer

Although allocations were made for the object of expenditure in anticipation of expenses would be incurred during the year, due to non-occurrence of expected expenditure and minor repairs

Recommendation

Annual expenditure estimates should be prepared in accordance to Financial Regulation 50.

were carried out by the building owner, the provision for the object was entirely spared.

3. Operational Review

3.1 Planning

Following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Estimate should be prepared in accordance with the Procurement Plan in terms of Paragraph 4.2 (ii) of the National Budget Circular No.02/2016 dated 02 August 2016, the Procurement Plan had been prepared in excess of the annual allocation provision of Rs.692,000 for the year under review.	Prior to the preparation of Procurement Plan for the year 2020, the Expenditure estimate for the year 2020 had been forwarded to the National Budget Department. As a result, there are anomalies mentioned in your paragraph	Procurement plan should be prepared in accordance with the estimated provision.
(b) Goods and services included in the cost estimates and procurement plan valued at Rs.1,742,000 had not been procured during the year under review and work and activities valued at Rs.700,000 also had not been done. However, equipment valued at Rs.186,578 which was not included in the Plan had been purchased.	Although it was expected to make purchases of goods and services during the year as you mentioned in your paragraph, purchases were made on the basis of the amount of funding received and necessity of purchases for the year.	Action should be done as planned.

3.2 Performance

The total number of complaints to be investigated during the year under review was 2,194, in which 961 complaints remained that had to be conducted investigations and reported were received for the period 2016 to 2020 and complaints received for investigations during the year under review was 1,233.

3.3 Assets Management

Audit Observation

As per the Public Finance Circular No.05/2016 dated 31 March 2016, Board of Survey for the year 2020 had not been conducted and the relevant reports had not been submitted to the Auditor General.

Comments of the Chief Accounting Officer

The Board of Survey activities for the year 2020 has been completed and the report will be submitted to you soon.

Recommendation

The Annual Board of Survey should be completed and a copy of the report should be submitted to the Audit.

4. Human Resources Management

Audit Observation

At the end of the year under review, there were eight vacancies in the Office, including the post of Administrative Officer (Complaints) which had been vacant for many years.

Comments of the Chief Accounting Officer

It is correct that there were 08 vacancies. Even though a request has been made to the Ministry of Public Administration to fill the vacancy for a post of Administrative Officer which has been vacant for many years, it had not been received so far. I will re-request for an officer in the forthcoming new recruitment.

Recommendation

Action should be taken to fill the vacancies for essential posts.