

## **16. Head 16 – Parliament**

### **16.1 Scope of Audit**

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Parliament for the year ended 31 December 2012 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary General of Parliament on 02 July 2013. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

### **16.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements**

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance and Administrative Regulations. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

### **16.3 Audit Observation**

According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (e) and other major audit findings appearing in paragraphs 16.4 to 16.11 herein, the Appropriation Account and the Reconciliation Statement of the Parliament had been prepared satisfactorily.

#### **(a) Non-maintenance of Registers and Books**

Parliament had not maintained a Register of Fixed Assets in terms of the provisions in the Treasury Circular No. 842 of 19 December 1978.

**(b) Non-submission of Audit Evidence**

Provisions amounting to Rs.100 million had been made in the Annual Budget Estimate for the years 2012 for the Commonwealth Parliamentary Conference held in September 2012. Even though a sum of Rs.87.3 million out of that had been transferred to an another Bank Account maintained in addition to Official Bank Account of Parliament, the expenditure incurred therefrom or any other information whatsoever relating to that had not been presented for audit.

**(c) Savings of Provisions**

Excess provision had been made for 18 Objects and as such the savings after the utilization of provisions ranged between 9 per cent to 73 per cent of the net provisions relating to those Objects.

**(d) General Deposit Account**

Even though the balance as at 31 December 2012 according to the General Deposit Account amounted to Rs.7,309,701 , the balance according to the age analysis amounted to Rs.7,273,916, thus indicating a difference of Rs.35,785. Even though a balance of Rs.25,135 had been rectified by August 2013, a further difference of Rs.10,650 remained.

**(e) Reconciliation Statement of the Advances to Public Officers Account**

According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 01601, the balances that remained outstanding as at that date Rs.3,250,590.

**16.4 Good Governance and Accountability**

**16.4.1 Corporate Plan**

Even though the Parliament should prepare a Corporate Plan at least for a period of 03 years at the beginning of the year from the year 2010 onwards in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, that Plan had not been prepared even by 31 December 2012.

The Secretary General of Parliament reported in August 2013 that the Corporate Plan on the financial and administrative affairs is being prepared.

## 16.5 Assets Management

### Conduct of Annual Boards of Survey

According to the Public Finance Circular No. 441 of 09 December 2009 as amended by the letter No. PF/Board of Survey/01 dated 17 December 2010, of the Director General of Public Finance the Annual Board of Survey for the year 2012 should be conducted and the reports thereon should be furnished to the Auditor General before 31 March 2013. Nevertheless, Parliament had not furnished those reports to audit even by 31 May 2013.

## 16.6 Non-compliance

### Non-compliance with Laws, Rules and Regulations

The instances of non-compliance with the provisions in the laws, rules and regulations observed during the course of audit test checks are analysed below.

<b>Reference to Laws, Rules and Regulations</b>	<b>Value</b>	<b>Non-compliance</b>
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	<b>Rs.</b>	
<b>(a) Statutory Provisions</b>		
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Parliamentary Staff Act, No. 09 of 1953		
(i) Section 4	-	Even though 03 salary increments in the year 2010 and 02 additional salary increments in the year 2012 had been granted, to the staff of the Parliament the approved of the Cabinet of Ministers for that in terms of the provisions in the Act had not been obtained.
(ii) Section 5	-	The Financial Regulation relating to the conditions of payment of salaries rent allowance, other allowances salary increments of granted and leave, age of

			retirement, pensions, etc had not been prepared in terms of the provision in the Act.
(b)	Establishments Code ----- Chapter II Section 2	-	According to the provisions in the Establishments Code, a Scheme of Recruitment including the salary scale of the post, qualifications, age limit and the other particulars should be prepared for recruitment to every post in the public service and obtain the required approval. But it had not been so done.
(c)	Financial Regulations ----- Financial Regulation 1645 (a)	-	The officers in charge of motor vehicles had not maintained the Motor Vehicles Log Books for each motor vehicle containing all the relevant entries.
(d)	<b>Public Administration Circulars</b> ----- Paragraph 02 of the Circular No. 30/2008 of 31 December 2008	646,340	According to the provisions in the Circular distress loans amounting to Rs.250,000 or the salary of 10 month whichever is less can be granted. But loans exceeding that limit had been granted contravening those provisions.
(e)	<b>Gazette Notifications</b> ----- Stamp Duty (Special Provisions) Act, No. 12 of 2006 as amended by Notification in Gazette Extraordinary No. 1530/13 of 01 January 2008 Item 10 (b)	5,079,710	Stamp duty at Rs.25 per payments exceeding Rs.25,000 had not been recovered.

## **16.7 Deficiencies in the Operation of Bank Accounts**

Action had not been taken for the settlement of a balance of Rs.1,315,440 appearing in the Bank Reconciliation Statements prepared for the Official Bank Account of Parliament over several years. Even though this matter was pointed out in the previous reports, the attention of the official responsible had not been paid for taking necessary action.

## **16.8 Transactions of Contentious Nature**

Certain transactions entered into by Parliament had been of contentious nature. The particulars of several such instance observed during the course of test checks are given below.

- (a) The Consultative Committee of Parliamentary Staff had decided to pay an allowance of Rs.750 per day to the staff who are required to work beyond 1830 hours on Parliament sitting days in consideration of transport difficulties. But the allowance had been paid to the officers provided with official motor vehicle as well.
- (b) Any information whatsoever relating to the expenditure incurred out of the provision of Rs.30 million under the Foreign Relations and Protocol Office and Rs.8.5 million under the Object Contributions and Subscription out of the provisions made under the Head 16 Parliament in the year 2012 had not been furnished to audit. All these provisions had been transferred to two other Bank Accounts maintained in addition to the Official Bank Account of Parliament. The entire amounts had been reported to the Treasury as expenditure for the year.

## **16.9 Irregular Transactions**

### **Deviation from the Procurement Guidelines Procedure**

Action in accordance with the terms and conditions of the bid documents had not been taken in the implementation of the projects relating to the construction of the security fence around the premises of Jayanthipura Restaurant, purchase of equipment for the kitchen and laying of concrete blocks in the premises of Jayanthipura Restaurant.

## **16.10 Uneconomic Transactions**

Even though a monthly rent of Rs.42,000 had been collected from the year 2009 by leasing out the Jayanthipura Restaurant belonging to the Parliament, the Restaurant and

the other trade stalls had been leased out at a monthly rental of Rs.30,000 from April 2012 to the Police SevaVanitha Unit without entering into an agreement. It was observed at the audit inspection that the SevaVanitha Unit had given one of the 06 trade stalls to another party at a monthly rent of Rs.30,000.

## **16.11 Human Resources Management**

### **Approved Cadre and Vacancies**

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(a) Senior Level	79	75	04
(b) Tertiary Level	127	109	18
(c) Secondary Level	208	190	18
(d) Primary Level	469	445	24
(e) Others (Casual / Temporary / Contract Basis)	88	88	-
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Total	971	907	64
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Action had not been taken even by July 2013 to fill 42 out of the 64 vacancies that existed as at the end of the year under review.