

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 2013 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 15 August 2014. 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 provisions in 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 2013, it was observed that except for the effects of the general observations appearing at (a) to (f) and major audit findings appearing in paragraphs 16.4 to 16.10 herein, the Appropriation Account and the Reconciliation Statements of the Parliament had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the following registers had not been maintained by the Parliament.

Type of Register -----	Relevant Regulation -----
(i) Register of Fixed Assets on computers, accessories and computer software	Treasury Circular No. IAI/2002/02 dated 28 November 2002
(ii) Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978

(b) Lack of Evidence for Audit

The following items of accounts could not be satisfactorily vouched in audit in the absence of evidence indicated against each item.

Item -----	Value ----- Rs.	Evidence not available -----
(i) Renovation of Parliament Kitchen	14,608,780	Relevant File
(ii) Foreign Relations and expenses of Alliance Office	10,000,000	Any information
(iii) Subscriptions and contributions	9,500,000	Any information
(iv) Foreign Relations and Alliance Office and subscriptions and contributions from 2008 to 2012	237,600,000	Any information
(v) Expenses for Commonwealth Parliamentary Summit	87,300,000	Any information

(c) Replies to Audit Queries

Replies to an audit query submitted to the Parliament in the year under review had not been presented even by 31 March 2014.

(d) Budgetary Variance

Excess provisions had been obtained for 18 Objects and as such, the savings amounting to Rs.59,432,028 thereunder after utilizing the provisions ranged

between 07 per cent and 82 per cent of the net provisions relating to these Objects.

(e) General Deposit Account

The balance of the General Deposit Account as at 31 December 2013 was Rs.2,464,152 and the total of the age analysis of deposits presented to audit was Rs.2,453,502. As such, a difference of Rs. 10,650 was revealed.

(f) Reconciliation Statement of the Advances to Public Officers Account

The following observations are made.

- (i) According to the Reconciliation Statement of the Advances to Public Officers Account Item No.01601 as at 31 December 2013, the balances that remained outstanding at that date totalled Rs.1,928,695 and the follow up action on the recovery of those outstanding balances had been at a weak level.
- (ii) Outstanding balance as at 31 December 2013 was Rs. 1,928,695 and 55 per cent out of it or Rs. 1,057,862 had been balances of loans existing for more than 05 years.
- (iii) Total recoverable loan balances from interdicted officers were Rs. 94,240 and Rs. 91,990 out of it had been balances older than 16 years. No action had been taken to recover or write off the said loan balances from books even in the year under review.
- (iv) Members Loan Register had not been prepared according to the types of loans obtained by the officers.

16.4 Accountability and Good Governance

16.4.1 Annual Action Plan

Even though in terms of Paragraph 1.4.1 of the letter of the Director General of Public Finance No.PF/R/2/2/3/5/(4) dated 10 March 2010, an annual action plan should be prepared by the Parliament, it had not been prepared for the year under review even by 31 December 2013.

16.4.2 Implementation of Audit and Management Committee

Even though the Audit and Management Committee should be held once in a quarter, only three meetings had been held in the year under review.

16.5 Assets Management

The following observation is made.

(a) **Conduct of Annual Boards of Survey**

In terms of the Public Finance Circular No. 441 dated 09 December 2009 amended by the letter of the Director General of Public Finance No. PF/Boards of Survey/01 dated 17 December 2010, the annual boards of survey for the year 2013 should be conducted and the reports should be presented to the Auditor General before 31 March 2014. However, reports of annual boards of survey had not been presented to audit by the Parliament even by 30 September 2014. The last annual boards of survey had been conducted for the year 2011.

(b) **Unsettled Liabilities**

The total of unsettled liabilities as at 31 December 2013, existing for a period less than a year was Rs.32,333,311.

16.6 Non-compliances

Non-compliance with Laws, Rules, Regulations etc.

Instances of non-compliance with the provisions of laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(a) Statutory Provisions		

(i) Section 4 of the Parliamentary Staffs Act No. 09 of 1953	-	The approval of the Cabinet of Ministers had not been obtained in granting 10 salary increments in addition to the annual salary increment for the Parliamentary Staff.
(ii) Section 5 of the Parliamentary Staffs Act No. 09 of 1953	-	Financial Regulations had not been prepared in respect of Conditions on payment of salaries, rent allowances, other allowances, salary increment grants, leave, age of retirement and pensions etc., for the Parliamentary Staff Consultative Committee.
(b) The Establishments Code of the Democratic Socialist Republic of Sri Lanka		

Section 2.1 of Chapter II		<p>(i) A proper Recruitment Procedure had not been prepared by the institution.</p> <p>(ii) When approving the post of Media Officer of Parliament by the Cabinet of Ministers, approval had been made subject to recommendations of the National Salaries and Cadre Commission. An officer who had not fulfilled the minimum qualifications recommended by the said Commission had been recruited for the said post.</p> <p>(iii) An employee who served in the post of Assistant House Keeper had been appointed to the post of Receiver of Goods, an employee who served in the post of Assistant Gardener (casual) had been appointed to the</p>

post of Receiver of Goods. These appointments had been based only on the requests of the relevant employees and it had been mentioned in the letter of appointment that the appointment had been made on the employee's request.

(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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|---|-----------|--|
| (i) Financial Regulation 115(3) (b) | 1,782,523 | Payments had been made without the certificate of the authorized officer. |
| (ii) Financial Regulation 754(4) | - | Inventory on Tyres had not been maintained properly. |
| (iii) Financial Regulations 102, 103, 104 and 110 | 8,775 | No action in terms of Financial Regulations had been taken in respect of lost goods at the souvenir stall. |

(d) Public Administration Circular

Paragraph 2.11 of circular No. 41/90 dated 10 October 1990

Fuel consumption of vehicles had not been checked once in every 06 months.

(e) Public Finance Circular

Paragraph 1.1 of circular No. 353(5) dated 31 August 2004

When disposing vehicles, the priority should be given to the uneconomical vehicles over 10 years. However, attention had not been paid regarding this and the vehicles below 05 years had been disposed.

16.7 Deficiencies in the Operation of Bank Accounts

It had been shown in the bank reconciliation statement, prepared as at 01 January 2013 that an overdraft balance amounting to Rs.1,315,440 had remained as per the cash book

of the old current account closed from the year 2007 in Parliament. Further, it had been shown in the bank reconciliation statements, presented to audit as at 31 December 2013 that of the said overdraft balance, a sum of Rs.596,548 had been settled in the year 2013. Accordingly, it is mentioned in the bank reconciliation statement that an overdraft amounting to Rs.718,891 further remains in the old current account as at 31 December 2013. Overdraft and accuracy of settlement could not be satisfied due to non-submission of particulars to prove those transactions in audit.

16.8 Irregular Transactions

The transport allowance had also been paid to officers who have official transport facilities in addition to the officers who are serving after 6.30 p.m. on days on which the Parliamentary meetings are held, considering difficulties in transport.

16.9 Unresolved Audit Paras

Proper measures had not been taken in respect of audit paras in the reports of the Auditor General relevant to Parliament and the reference for those paras is as follows.

Reference to the report of the Auditor General		Referred Subject
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Year	Para No.	
2009	5(a)ii	Hence two officers in Parliament had not signed the arrival and the departure, a sum of totalling Rs. 264,910 had been paid in the years 2008 and 2009 as incentives payable for unused vacation leave.
	7(c)	Even though a sum of Rs. 20,141,658 had been spent by 30 June 2010 to modernize the kitchen in the year 2009, the water drainage system had not been constructed in a manner of preserving the purity of the kitchen.

2011 1.5(a)(i) In addition to the annual salary increment, 14 salary increments had been paid to three officers by the Secretary General of the Parliament without the approval of the Parliamentary Staff Consultative Committee.

16.10 Human Resources Management

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Approved Cadre and Actual Cadre
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The position of the cadre as at 31 December 2013 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	No. of vacancies	Excess
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(i)	Senior level	55	51	04	-
(ii)	Tertiary level	150	128	22	-
(iii)	Secondary level	208	190	18	-
(iv)	Primary level	470	445	25	
(v)	Other(Casual/Temporary/ Contract Basis)	73	83	-	10
	Total	956	897	69	10
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The following observations are made.

- (a) The institution had not taken action to fill 69 vacancies by the end of the year under review.
- (b) The institution had not taken action to obtain a proper approval for recruited excess cadre.