

Head 16 - Parliament

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Parliament for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 Parliament was issued to the Chief Accounting Officer on 07 August 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Parliament was issued to the Chief Accounting Officer on 12 July 2019 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the Parliament as at 31 December 2018 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities on the financial statements are 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 Chief Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Parliament is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Parliament in terms of Sub-section 38 (1) (c) of the

National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running effectively.

1.4 Auditor's Responsibility on Audit of 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 General'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.
- It is not intended to express an opinion on the effectiveness of internal control of the Parliament to plan appropriate audit procedures in a timely manner.
- Evaluate structure of financial statements including disclosures and content-based transactions and events the structure that the financial statements are appropriate and reasonable.
- That the transactions and events underlying the structure and content of the financial statements are appropriately and fairly presented when submitting financial statements as a whole.

The Chief Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I express the following matters in accordance with Section 6 (d) and Section 38 of National Audit Act No. 19 of 2018.

- (a) As there was no need to prepare financial statements for the previous year, it was impossible declare the financial statements for the year under review were consistent with those of the previous year.

(b) As there was no need for the Parliament to prepare financial statements for the previous year, the recommendations for the financial statements had not been furnished.

1.6 Comments on Financial Statements

1.6.1 Submission of Accounts

The Parliament had not submitted the following account to the audit as of the due date .

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|---|--|
| <p>Statement of Reconciliation of Advances to Public Officers Account</p> <p>Although the Statement of Reconciliation of Advances to Public Officers Account Item No. 01601 should be submitted to audit before 28 February 2019 in terms of State Accounts Circular No. 267/ 2018 of 21 November 2018, it had been submitted to audit on 15 May 2019 after a delay of 2 1/2 months.</p> | <p>Actions should be taken to submit the Reconciliation Statements to audit in terms of the State Accounts Circular No. 267/ 2018 of 21 November 2018 .</p> | <p>Actions will be taken to submit the Advances to Public Officers ‘B’ Account to audit without delay hereafter.</p> |

1.6.2 Non-compliance of Financial Statements with Circular Provisions

Although the financial statements should have been prepared in accordance with the State Accounts Circular No. 267/ 2018 of 21 November 2018, the instances of exclusions to those requirements are as follows.

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|--|--|---|
| <p>(a) Seven expenditure items had been overstated and the value of an expenditure item had been understated among the Budget Figures of the year 2018 shown in the left column of the statement of financial performance presented in the ACA-F format for the year under review and the values</p> | <p>The Financial statements should be prepared in terms of the Circular.</p> | <p>As the Appropriation Account should be submitted before 28 February 2018, it has been set up including in actual expenditure so as not to damage the basic requirements. Nevertheless the estimated value was changed when stating the estimated value. It is expected</p> |

shown in the financial statements.

to record accurately in future.

- (b) Although only in the event that damage to a public property cannot be recovered from the responsible party, should be included in statement of write offs from books of financial statements in terms of Financial Regulations 109, the loss of Rs. 374,628 occurred by the unrest situation in the Chamber of Parliament in November 2018, instead of being included in the statement of write offs from the books of financial statements of the year 2018, had been included in the statement losses and omissions. Further, copies of the general 283, 284 and 285 reports which be prepared in accordance with the Financial Regulations had not been submitted to the Auditor General.
- Act in accordance with Financial Regulations and the information should be included in the formats introduced in terms of instructions in the Circular.
- Since the insurance claims are sought for loss on equipment that loss cannot be included in the Register of Loss or Damages. Further it is stated that due to judicial actions taken, the damaged equipment has been presented as productions and final decision have not been taken in this regard.

1.6.3 Accounting Deficiencies

(a) Non-income Receipts

Audit Observation

Even though it had been included a value of Rs. 2,538,700,000 as Treasury imprest receivables under the non-income receipts in the statement of financial performance in the ACA-F format for the year under review, the Treasury Imprests receipts had been shown as grants receivables without including under Non-income Receipts in

Recommendation

The values and information should be included in the financial statements as per the formats introduced in terms of the State Accounts Circular No. 267/2018 dated 21 November 2018 .

Comments of the Chief Accounting Officer

The clear instructions for preparation of formats which were introduced from the year 2018 were not presented furnished with the relevant circulars. However, it is expected to record the matter accurately in future.

the cash flow statement prepared as at the date.

(b) Property Plant and Equipment

| Audit Observation ----- | Recommendation ----- | Comments of the Chief Accounting Officer ----- |
|--|---|--|
| <p>(i) According to ACA-6 format in the financial statements, the value of property, plant and equipment was Rs. 8,816,905,074, as a result of that the figure is doubled in the statement of financial position as at 31 December of the year under review, the value of property, plant and equipment, total assets and total liabilities had been overstated by a sum of Rs. 8,816,905,074 in the statement of financial position as at 31 December 2018.</p> | <p>The accurate values should be included in the financial statements as per the formats introduced in terms of the State Accounts Circular No. 267/2018 dated 21 November 2018 .</p> | <p>This mistake has occurred in counting the number of property and plant assets. It is expected to correct that in future.</p> |
| <p>(ii) Assessing of several lands and buildings belonging to the Parliament and taken into the accounts had not been completed.</p> | <p>As stated in Paragraph 3 of the Department of State Accounts Circular No. SA/AS/AA 24 January 2013, non-current assets should be assessed and accounted for.</p> | <p>Madiwala Housing Complex, Senpathy Medura in Nuwara Eliya, Jayawadanagama Homes and the lands belonging to them have been sent to the Department of Valuation. Reminder letters have been sent to get the assessment done as soon as possible. As soon as the assessment is received, it will be accounted for.</p> |
| <p>(iii) The change occurred in the value of assets whilst revaluation and accounted for the assets belonging to Parliament amounted to Rs. 119,937,371 had been adjusted under disposals (transfers) without adjusting under the changes in the statement of non-financial assets</p> | <p>Adjustments should be made under changes (Value change profit/ loss) in the statement of non-financial assets whilst revaluation the assets and taken in to accounts.</p> | <p>Although it was stated in the disposal column as adjusted to match with the code numbers of the Appropriation Account, an explanatory note has been put in place in the lower part of the format for that.</p> |

(Changes of value profit / loss)
for the year under review .

- (iv) The change occurred in the value of assets whilst revaluation and accounted for the vehicles belonging to Parliament amounted to Rs. 223,232,620 had been adjusted under acquisitions as transfers (from other institutions) without adjusting under the changes in the statement of non-financial assets (Changes of value profit / loss) for the year under review .
- Adjustments should be made under changes (Value change profit/ loss) in the statement of non-financial assets whilst revaluation the assets and taken in to accounts.
- A special clarification note was stated in the lower section of the ACA 6 format is placed on the change in value of these vehicles.

(c) Reconciliation Statement of Advances to of Public Officers Account

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|--|---|
| ----- | ----- | ----- |
| (i) In terms of the reconciliation statement submitted to audit, the total of outstanding balances as at 31 December 2018 was Rs. 3,175,733 excluding loan balances of officers who had transferred and of which the arrears of Rs. 1,321,379 had remained for a period ranging from 01 year to 23 years. | The provisions of Paragraph 1 of the National Budget Circular No. 118 of 11 October 2004 , and the provisions of Section 4 of Chapter XXIV of the Establishments Code for the Paragraph 8 of the above Circular referred to the Sections 8.1 and 8.2 of Chapter XLVII of the Establishments Code should be followed. | Out of the total outstanding loan balance amounted to Rs. 3,175,733.12, a sum of Rs. 1,321,378.76 has remained for more than 01 year. |
| (ii) A difference of Rs. 166,314 was observed between the Advance Control Account and the Summaries of Individual Balances of classification as at 31 December 2018 . | Necessary corrections need to be made after comparison with the balances. | Actions will be taken to compare the difference between the total of the Advance Control Account and the Summaries of Individual Balances of classification as at 31 December 2018 in future. |

(d) Imprest Balances

| Audit Observation ----- | Recommendation ----- | Comments of the Chief Accounting Officer ----- |
|---|--|--|
| <p>(i) The difference of Rs. 3,164,525 occurred in the adjustment account that had been prepared to compare the difference between the Imprest Balance as at 31 December 2018 included in the statement of financial performance (ACA-F Form) for the year under review and the Treasury Imprest Balances, had been under the column of total of imprest balance as at 31 December 2018 in the ACA-3 format prepared for the Imprest Account of the Financial Statements. That difference had not been recognized as an expenditure of Rs. 3,164,525 incurred for the Department of Pensions under the Head of the Parliament</p> | <p>The accurate values should be consisted in accounts.</p> | <p>The imprest balance has been properly reconciled. Nevertheless, even though advices appear regarding the data in those forms, since there was no clear direction has been made, the officials of the Department of State Accounts were contacted over the phone but no definite answer could be obtained. The documents have been prepared so as not to damage relevant concepts.</p> |
| <p>(ii) Even though the imprest receipts from the Treasury during the year 2018 was Rs. 2,538,700,000 and added other receipts of Rs. 47,581,736 to that value, the imprest receipts had been shown as Rs 2,586,281,736 in ACA-3 format of the financial statements.</p> | <p>Accurate values should be included in the financial statements.</p> | <p>It was entered in to the ACA 03 considering the imprests received from Treasury in accordance with the instructions given under Circular 07 (ii) of Financial Statements 2018.</p> |
| <p>(iii) Even though the imprest receipts from other sources during the year under review was Rs. 40,188,320 that value had been stated in the financial statements ACA-3 as Rs. 5,763,246 .</p> | <p>Accurate values should be included in the financial statements.</p> | <p>The value of Rs. 5,763,246 has been included when comparing the imprest caused by the computing of net asset under Circular 07 (v) of the Financial Statements 2018 .</p> |
| <p>(iv) The total of the imprest receipts was Rs. 2,578,888,320 as imprest receipts from Treasury during the</p> | <p>Accurate values should be included in the financial</p> | <p>That difference had occurred since the value included in the calculation under the Circular</p> |

year 2018 amounted to Rs. 2,538,700,000 and receipts from other sources amounted to Rs. 40,188,320. Even though that figure was equal to the Treasury computer prints, that amount had been stated as Rs. 2,592,044,982 in the ACA-3 format of the financial statements.

(v) The imprest had been settled by the expenditure of Rs. 2,578,882,815 during the year 2018 and although that value had matched with the Treasury prints, the settlement of imprest by expenses had been stated as Rs. 2,588,874,950 in the ACA-3 format of the financial statements .

(vi) Even though the total of imprest settlement by expenditure and cash in the year under review was Rs. 2,578,888,320, that figure had been stated as Rs 2,588,880,455 in the ACA-3 format of the financial statements.

(e) Maintenance of Documents and Books

In the course of audit test checks carried out, it was observed that the following documents were not maintained by Parliament and some documents were not maintained up to date.

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|--|--|
| Inventory book | | |
| The inventory book was not updated in accordance with Rule 454 (1). | The inventory books should be updated and maintained in accordance with the general format 44 in terms of section 454 (1) of the Financial | Since there is no official representing the Parliament of the institutions located within the Parliamentary Complex, in practice, inventory books are not updated. |

Regulations.

(f) Certificates to be made by the Chief Accounting Officer

In terms of the provisions of section 38 of the National Audit Act No. 19 of 2018, the Chief Accounting Officer should have been certified as follows but had not complied.

| Audit Observation ----- | Recommendation ----- | Comments of the Chief Accounting Officer ----- |
|--|--|--|
| Although the Chief Accounting Officer should ensure that all audit queries are answered within the specified time period as required by the Auditor General, one audit query was not answered in terms of section 3.6 of the report. | It should act in accordance with the provisions of Section 38 of the National Audit Act No 19 of 2018. | By the letter of the Director (Finance) No. 1A / 22 / XXII of 27 February 2019 has requested for a period of three months to answer the audit query. |

(g) Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in Laws, Rules, Regulations observed during the audit test checks are described below.

| Observation ----- | Recommendation ----- | Comments of the Chief Accounting Officer ----- |
|--|--|--|
| Reference to Laws, Rules and Regulations ----- | | |
| (i) Establishment Code of the Democratic Socialist Republic of Sri Lanka ----- | | |
| Section 3.5 of Chapter XXIV | Although the deduction from an officer's monthly payroll shall not exceed 40 percent of the salary in accordance with the provisions of the Code, loan installments in the | Shall comply with the provisions of the Establishments Code. Since 2017, the condition has been controlled not to exceed 40 per cent of the monthly deduction from the payroll list and loans granted after 2017 have |

month of November 2018 of 103 officers had reduced beyond the 40 percent threshold of their monthly salary. been deducted subject to the 40 per cent limit.

(ii) Financial Regulation of the Democratic Socialist Republic of Sri Lanka

Financial Regulations 104, 109

The total loss of 13 vehicle accidents during the year 2018 was Rs. 1,611,376 and these Regulations have not been followed for those accidents.

Action should be taken in terms of financial regulations regarding damages and copies of reports prepared by General 283, 284 and 285 should be submitted to the Auditor General in due period.

The relevant officials have been advised to comply with the Financial Regulations, from the year 2019 as stipulated.

Finance Regulations 804 (1) (2)

Although, 90 items for the Chief Government Whip located within the Parliament complex, 181 items for the opposition leader's office, 123 items for the Leader of the House totaling 304 items have been given in accordance with the Financial Regulations, no action had been taken to transfer to be able to take in to inventory which can be done at those offices.

Actions should be taken in accordance with Financial Regulations.

Agree with the basic content of the Paragraph.

(iii) Circulars of the Presidential Secretariat

Circular No. PS / SP

Notwithstanding these

Actions should be

The Circular

/ SB / 21/2018 dated 07 December 2018 related to Presidential Secretariat No. SP / SB / 07/15 dated 25 September 2015, circular provisions a sum of Rs. 942,559 was spent to train the staff at three occasions taken as per Circular provisions. No. PS / SP / SB / 21/2018 has been issued on 07December. Training programs had been held the previous days.

2. Financial Review

2.1 Expenditure Management

The observations revealed in preparation of Annual Budget Estimates, transfer of allocations , obtaining and utilizing provisions through supplementary budget estimates, utilizing the provisions, and savings that have been made are as follows.

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|--|--|
| (a) Out of the net recurrent expenditure amounted to Rs. 803,450,000 for 19 recurrent expenditures, a sum of Rs. 115,757,623 had been saved and it had ranged in between 11 to 88 per cent of the provision made for it. | Accurate estimates should be prepared in accordance with Financial Regulations 50. | The provisions had saved due to lack of adequate imprest from the Treasury and non-submission of the Annual Budget. |
| (b) A sum of Rs. 428,895,566 had been saved from the net provision of Rs. 494,650,000 for 14 capital expenditure objects, it had ranged in between 11 to 98 percent of the provision made for it. | Accurate estimates should be prepared in accordance with Financial Regulations 50. | Due to the non-implementation of the projects, provisions were left. |
| (c) Within the provisions made available for 05 expenditure objects for the acquisition of Capital Assets there was a provision of Rs. 77,650,000 and savings amounted to Rs. 35,169,702 and when considering the amount of | Accurate estimates should be prepared in accordance with Financial Regulations 50. | Due to availability of limited apace in Appropriation Account, there is no possibility of giving variety of reasons. |

savings and the reasons set out in the financial statements, it was observed that the Parliament had made provisions for the acquisition of capital assets without properly recognizing the requirement.

2.2 Entering in to Commitments and Liabilities

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|--|---|
| <p>(a) Statement of commitments and liabilities under Note No. iii should agree with the statement of commitments and liabilities issued for each expenditure Heads by the Treasury in terms of Paragraph 3.4 of the Public Accounts Circular No. 267/2018 dated 21 November 2018 and although any such liabilities or commitment should not be settled as an expense in the previous year, in the year 2019, the recurrent expenditure of Rs.36,862,264 had been settled in the year 2019 that had not stated in the statement the commitments and liabilities issued by the Treasury in respect of each Expenditure Head.</p> | <p>Commitments and Liabilities set out in Note (iii) to the Financial Statements in terms of the Circular should agree with the statement of Commitments and Liabilities issued by the Treasury and any Commitment and Liability that had not been reported should not be settled in the year 2019 as an expense of the previous year.</p> | <p>Because the relevant recurrent and capital expenditures have been delayed from the relevant Divisions , have been delayed to include in liabilities.</p> |
| <p>(b) Although the liabilities cannot exceed the savings in terms of 94 (i) of the Financial Regulations (Excluding Supplies and Services in terms of 94 (ii) of the Financial Regulations) the institution had entered into liabilities exceeding the savings amounted to Rs. 2,114,557 for 04 expenditure Objects.</p> | <p>It cannot be entered in to liabilities exceeding savings in terms of 94 (i) of the Financial Regulations.</p> | <p>Although liabilities cannot be entered in to , it had been entered in to liabilities exceeding the savings because of the relevant services and supplies are essential and urgent.</p> |

3. Operating Review

3.1 Performance

3.1.1 (a) Conducting Parliamentary Meetings

There were 77 meetings in the 8th Parliament during the year 2018 and less than 25 Hon.Members of Parliament had attended one of those 77 meetings, and more than 200 Hon.Members of Parliament participated in six meetings. Further, four meetings were completed within 05 to 26 minutes and three meetings were completed within 38 to 56 minutes.

(b) The Passing of Bills

Out of the 39 Government Bills presented to Parliament in the year 2018, thirty five had been passed by Parliament and 06 Private Members' Bills presented had been passed by Parliament.

(c) Committee on Public Accounts

The Public Accounts Committee summoned 18 institutions in the year 2018 and held 20 meetings and 04 inquiries on specific matters had been held . A Major Report comprising of institutions investigated by the Public Accounts Committee was presented to Parliament on 19 June 2018.

(d) Committee on Public Enterprises

The Committee on Public Enterprises (COPE) had held meetings in 2018 to report to Parliament on the performance and current affairs of 32 institutions and a report on the investigating bodies was submitted to Parliament on 21 August 2018.

(e) Committee on Public Petitions

The number of petitions submitted to the Committee in 2018 was 621 and there were 239 petitions not accepted by the Bureau for non-compliance with Standing Orders. During the year, 19 meetings were held and 382 petitions were considered. Of these, 92 petition files had been finalized and five petitioners had been granted relief.

3.2 Planning

3.2.1 Action Plan

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|---|---|
| <p>(a) Although the Action Plan for the year 2018 had been prepared, including the functions that Parliament has to perform as per Public Finance Circular No. 01/2014 dated 17 February 2014, that plan was not designed obtaining the relevant information before the year begins. Further, the Plan had been approved on 20 July 2018 and therefore it was not possible to work out an approved Action Plan for the first half of the year 2018.</p> | <p>The Action Plan should be prepared in terms of the circular provisions.</p> | <p>The Action Plan has already been drafted even by the beginning of 2018 and it was executed according to its objectives.</p> |
| <p>(b) The performance and expected outcomes of the Action Plan had not been adequately verified by reviewing, monitoring and supervision .</p> | <p>It should be adequately ensure that performance and expected outcomes of the Action Plan are achieved.</p> | <p>The functions of Parliament and its Committees are determined by the Committee on Parliamentary Business as per the day-to-day requirements. Corresponding to that, the activities of the Office of the Secretary General of Parliament is also changed. Therefore, it is difficult to implement it as planned by the Office of the Secretary General of Parliament.</p> |
| <p>(c) Since the Progress Reports were not prepared in accordance with the Action Plan, the audit was unable to check progress in accordance with the Action Plan.</p> | <p>The progress should be monitored in accordance with the Action Plan.</p> | <p>Tasks that were carried out in accordance with the Action Plan and unexpected works carried out is included in the Performance Report.</p> |

3.3 Failure to Perform Duties

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|--|--|---|
| ----- Twelve works with an estimated cost of Rs. 294,641,000 within the Total Estimated Cost for the tasks of the Revised Procurement Plan amounted to Rs. 645,850,000 had not been performed during the year under review. | ----- It should be responsible to prepare estimates according to the Procurement Plan and carry out the procurements according to the Plan. | ----- The reasons for the inability to execute the projects have been stated as at 31.05.2019. |

3.4 Delays in Execution of Projects

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|---|--|
| ----- Even though it had been proposed to complete 03 Procurement activities which were included in the Procurement Plan for the year 2018 amounted to Rs. 167,000,000 during the year under review, it had not been completed within that year. | ----- It should be responsible to carry out procurements as per the Procurement Plan . | ----- The reasons for the delay in each procurement process are stated. |

3.5 Asset Management

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|--|---|
| ----- | ----- | ----- |
| (a) The acquisition of the land where the Govijana Mandiraya belonging to the of Parliament located and the land where the Shravasti Mandiraya is located had not been completed. | Action should be taken to ensure the ownership and existence of the lands belonging to Parliament. | Acquisition of the land and the building where the Govijana Mandiraya the Shravasthi Mandiraya are located and the buildings are being carried out. |
| (b) Although the Board of Surveys for the year 2018 should be conducted and submitted to the Auditor General on or before 17 March | Actions should be taken as per the circular. | Though it is not possible to finalize due to increased workload and the scope of coverage, |

2019 in terms of the Public Finance Circular No. 05/2016 of 31 March 2016, the Board of Surveys Report for the year 2018 had been submitted to the Auditor General on 30 September 2019 .

the report is scheduled to be delivered before 15 July 2019 .

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|-----|---|--|--|
| (c) | As per the Combined Services Circular No. 02/2017 issued by the Ministry of Public Administration and Management on 04 May 2017 and in terms of Section 3.1 of the National Library and Documentation Services Board No. 2004 எஃ/ 1 (2016-Revised) of 22 December 2016 , the library materials including written, printed, audio and electronic media, for the use of the library by the readers should be subjected to the Annual Board of Surveys . Nevertheless, the library books had not been verified for the year 2018 . | Action should be taken as per the relevant circular provisions. | The report of the Board appointed for the stock survey has been finalized and handed over. |
| (d) | There was a shortage of 184 units of items assigned to the Opposition Leader's Office during the last inspection of the Parliament's survey (in 2014 and 2017). | Action should be taken as per financial regulations regarding shortage of goods. | Agreed with the basic content of the paragraph. |

3.6 Uneconomic Transactions

Audit Observation

Due to the failure of 46 officers to attend two workshops planned to train 142 officers in the year under review and a total of Rs. 187,819 incurred as a sum of Rs. 153,499 spent for Holiday Bungalows for them and a sum of Rs. 34,320 for purchasing clothes for these officers, had become an uneconomic transaction.

Recommendation

It should be responsible to act as planned.

Comments of the Chief Accounting Officer

One workshop was facilitated with 100 officers for two days. Twenty nine people did not participate in the program for acceptable reasons. The reason for not attending the other workshop was obtained in writing.

3.7 Procurements

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|--|--|--|
| <p>(a) Even though a closed security television system was installed for the Parliamentary police on 05 November 2008 at a cost of Rs. 13,329,732 and as a result of inability to maintain the system by correcting the malfunctions of the system from the beginning, seven years later or by 29 April 2015 it had proposed to install a new system. Accordingly, even though the procurement works had been commenced in the year 2018 to install a new system at an estimated cost of Rs. 159 million, despite the many shortcomings of the system established in 2008, the expected contract for the CCTV system to be purchased in the year 2019 was also awarded to the same Company that provided the system to Rs. 116.5 million on April 2019 . Weaknesses in the CCTV system installed in 2008 at a cost of Rs. 13,329,732 and the shortcomings observed in procurement decisions were as follows.</p> | <p>In accordance with the Paragraphs 1.2.1 (a) and (d) of the Government Procurement Guidelines, it is needed obtaining maximum economic benefits resulting from lower costs with high quality, performing of quality procurement on time and to get work done promptly.</p> | <p>The contracting company in relation to the shortcomings and defects was informed , and even though they have told that the repairs would be completed soon after inspection by the agencies, according to the report submitted on 15 January 2019, due to the delay shortcomings were completed on several occasions after notifying the institution.</p> |
| <p>(b) Without completing the deficiencies that existed at the time of handing over the CCTV system after installing to Parliament, the payment of Rs. 12,663,245 besides the retention to the contractor on 02</p> | <p>Actions should be taken in accordance with the Government Procurement Guidelines.</p> | <p>At the instance of the system was taken over to Parliament on 05 November 2008, all installations and functioning of the system was in properly placed and</p> |

December 2008.

the related devices of the system was handed over to the parliamentary police. Accordingly action has been taken to pay the cost of installation of the system besides the withholding amount.

- (c) Despite it had been recommended that payments for the variable camera installed in Jayanthipura, which had defective since January 2009, should be made after repairs, without doing that repair and considering of the success of the system , release of retention money amounted to Rs. 666,487 to the contractor.
- Actions should be taken in accordance with the Government Procurement Guidelines.
- Release of Rs. 333,243.30 or fifty per cent of the amount on 10 May 2010 after the Hayleys confirm that it will be installed a new variable camera for Jayanthipura at the relevant location soon. After a bank guarantee was furnished by Hayleys, the remaining fifty per cent amounting to Rs. 333,243.30 has been released. Actions have been taken by the Hayleys to install a new camera with a higher technology by 30 June 2010 .
- (d) When handing over this system to Parliament, it had not been act in accordance with the Paragraph 8.12.1 and 8.12.3 of the Government Procurement Guidelines. Since there was not a persuasive test as per the agreement, initially, the recognizing of defects and the possibility of transferring defective items had also been missed.
- Actions should be taken in accordance with the Government Procurement Guidelines.
- After installing the system and checking its proper functioning, the equipment was handed over to the Parliament Police and repairing the defect conditions in the system later on and transferring of items were done by the relevant institution, without payment, subject to the warranty period.
- (e) Before even 07 months elapsed the malfunction of the camera had occurred in the system on 22 May 2009 and due to system defects and malfunctions of CCTV, the system had been repaired on 27 occasions within
- Actions should be taken in accordance with the Government Procurement Guidelines..
- Even in a new system, technical errors may occur for various reasons, It is possible to rectify these errors without paying the amount during the above revealed period and

- | | |
|---|---|
| <p>one year of handing over the system.</p> | <p>several repairs were made so to the system.</p> |
| <p>(f) Although the malfunction and defects of the CCTV system had been periodically informed to the contractor, the system had not been rectified during the warranty period and from 05 November 2008 when the system was installed and handed over up to the year 2015, new cameras and accessories valued Rs. 1,757,793 were purchased from the contractor and installed from time to time. Although 04 CCTV cameras including 10 accessories were sent to the contractor for repairs from 04 April 2014 to 07 March 2017 they had not been repaired and obtained even by 15 February 2019.</p> | <p>Arrangements should be made in accordance with the agreements.</p> <p>The supplier has been notified with several reminders to return all equipment to Parliament. These activities are currently being done..</p> |
| <p>(g) As a result of the wiring used for the CCTV system, that are more than 10 years old prior to 2008 had given the opportunity to use or remove it for the new system, whether the contractor use the old cable for the new system, or the old wires were used, and the previous contractor had not checked whether the old wiring was suitable for the new system; it had not been tested whether the camera malfunctions were caused by old wiring.</p> | <p>Actions should be taken in accordance with the Government Procurement Guidelines 1.2.1</p> <p>Good quality cables in the main building of the previous system with 28 surveillance camera stations were used in the installation of the new system and new wires were used for 41 surveillance cameras and for all the additional cameras in the new system.</p> |
| <p>(h) The contractor had guaranteed that the spare parts would remain in the market for 10 years, due to the difficulty of getting parts for repairs by 2015, as some problems such as taking long period and some repairs are not carried out by the contractor,</p> | <p>Actions should be taken in accordance with the agreement.</p> <p>Parliament is in the process of installing a complete digital security camera system covering most of the Parliament complex and the condition of the developed technology in the field</p> |

it was proposed to replace the existing system with a new one on 29 April 2015 .

considering the technical defects in the existing system and the difficulties of security investigation.

- (i) Two cameras in the Jayanthipura security camera system were inactive from 01 February 2012 to 15 February 2019, actions had not been carried out for the repairs.
- Actions should be taken in accordance with the Government Procurement Guidelines 1.2.1
- On the agreement of reimbursement by the Army at the first instance, the supplier submitted an estimate of Rs. 96,717.63 for repairs of wire jointing by the supplier and it was then decided that the repairs should be carried out by the Parliament and again called for new estimates and For that the supplier had submitted an estimate of Rs. 666,600 . The above work was suspended until the construction of the Army was completed.
- (j) Even though the Microphone Installation Contract in Chamber of Parliament, valued at Rs. 103,248,943 in the year 2017, the new CCTV system to be installed for the Parliament Police valued at Rs. 116.5 million, had been awarded to the same contractor on 10 April 2019, before awarding those contracts, the defects in CCTV system which was installed in the year 2008 incurring a sum of Rs. 13,329,732 had not been tested.
- Actions should be taken in accordance with the Government Procurement Guidelines 1.2.1.
- Even though the Tender Board for the microphone supply and installation contract in the Chamber of Parliament has noted the shortcomings of Hayleys Industrial Solutions, according to the tenders received, the Tender Board had decided that the shortcomings were not enough to cause the company to not issue the tender.
- (k) The Apple Mack Book Pro laptop which had been received for the Police CCTV system, without handing it over to the police by the Engineering Division 11 November 2008, a
- Actions should be taken in accordance with the Financial Regulations.
- The Apple Mack Book Pro laptop computer system has been placed in the Coordinating Engineer's Office as a remote control computer.

HP Compaq Dx2810 computer and the related accessories had been handed over to the Parliament Police on 17 August 2009 from the warehouse of the Parliamentary Supplies Division. However, the received Apple Mack Book Pro laptop which was taken in to inventory as for CCTV system, had not been handed over to the Parliament Police even by 15 February 2019 .

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| <p>(l) Even though the Master Procurement Plan which includes procurement activities expected for a minimum period of 3 years by the procurement entity and prepares the procurement for next coming year in detail, accordingly, procurement entity has to make procurements during the year in accordance with the Guidelines 4.2.1 of the Government Procurement Guidelines, the Master Procurement Plan had not been prepared by Parliament.</p> | <p>Shall comply with the provisions of the Government Procurement Guidelines.</p> | <p>Changing the functioning of Parliament and its committees in accordance with the day-to-day conditions of the country, limited allocation, even the annual procurement plan has to be revised for various reasons, non-receipt of treasury grants and it is very difficult to prepare the procurement plan for three years, as planned proposals are also not implemented within that year.</p> |
| <p>(m) In accordance with 4.2.2 and 4.2.3 of the Government Procurement Guidelines, from the beginning of each procurement, process of determining the procurement steps and timelines that will be described in a timely manner until the completion of each procurement process had not been carried out.</p> | <p>Actions should be taken in accordance with the Government Procurement Guidelines .</p> | <p>Actions will be taken to prepare such plans in future.</p> |
| <p>(n) The Procurement of the Outdoor Lamp posts in the Speaker's Residence had not been not included as amendments to the</p> | <p>Prepare the estimates according to the Procurement Plan and make sure the procurement</p> | <p>The Plan for the year 2018 was prepared with proposals requested by each of the sectors for the</p> |

Procurement Plan for the year 2018 and a sum of Rs. 1,655,080 had been spent for this purpose.

is done according to plan. year 2017. Nevertheless, according to a later request made by the Hon. Speaker's Office, in the event of a subsequent need the proposal had to be implemented as a new proposal.

4. Human Resource Management

4.1 Expenditure on Approved Cadre, Actual Cadre and the Expenditure on Personnel Emoluments

A sum of Rs. 36.46 million had been incurred by Parliament on the Object of personal emoluments for the year under review.

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|--|--|
| <p>(a) The approved cadre of the Parliament as at 31 December 2018 was 930 and the vacancies were 101 and the excesses were 06 as at that date.</p> | <p>Actions should be taken to fill the vacancies.</p> | <p>A total of 101 vacancies had remained in the staff by the December 2018,.</p> |
| <p>(b) A number of 477 officers of the Parliament staff had been trained by incurring a sum of Rs. 3,723,250 for staff training during the year under review and the utilization thereon amounted to 74 per cent of the total allocation.</p> | <p>Arrangements should be made to work as planned.</p> | <p>It has been Planned to to train 331 of the staff during the year 2018 and a sum of Rs. 5,000,000 had been allocated for this purpose. It is emphasized that no additional provisions have been made for the training of more people as planned. However, the relevant officials were instructed to try to train the staff as per the approved plan as much as possible in future.</p> |