

Head 19 – Office of the Leader of the Opposition of Parliament

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Office of the Leader of the Opposition in 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 including my comments and observations on the financial statements of the Office of the Leader of the Opposition in Parliament was issued to the Chief Accounting Officer on 04 June 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. As per Section 11 (2) of the Audit Act, the Detailed Annual Management Audit Report related to the Office was issued to the Chief Accounting Officer on 04 June 2019. This report will be tabled in Parliament in pursuance of Provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka 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 accompanying financial statements give a true and fair view of the financial position of the Office of the Leader of the Opposition in Parliament as at 31 December 2018, 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

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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

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 provisions in 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 Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Office 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.

As per Section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Office exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibility for the Audit of 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 the summary report of the Auditor General 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 scepticism 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 the Office's internal control in order to design audit procedures that are appropriate in the circumstances.
- 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, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during 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) Since there was no need for the Office to prepare financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with the preceding year.
- (b) Since there was no requirement for the Office of the Leader of the Opposition in Parliament to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

The following shortcoming could be observed in accounting property, plant and equipment.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
-----	-----	-----
Even though goods had been disposed of by auctioning 28 units of 19 types of goods to a total of Rs. 10,220 and destroying 42 units of 14 types of goods, those disposals had not been reported under disposals in the statement of non-financial assets under the format ACA-6 of the financial statements and such disposals had not been disclosed even by financial statements.	Disposals in the year should be disclosed in the financial statements.	These goods had not been included in to fixed assets register. Therefore, such adjustments had not been made as the book value of these goods had not been identified. Action would be taken to make adjustments to the values of disposals in instances where assets have been disposed from the year 2019.

(b) Non maintenance of Registers and Books

It was observed in the audit test checks that the following registers had not been maintained by the Office and certain registers had not been systematically maintained and updated.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
-----	-----	-----
(i) Register for cheques and money orders received		

In terms of the FR 451, the register of cheques and money orders had not been updated.	A register should be updated and maintained in order to mention cash, cheques and money orders received as per Form bearing G.A.M. 83 in terms of Provisions stipulated in FR 451.	It was not possible to mention the receipt of 03 cheques in that register by mistake.
(ii) Vehicle Log Book		

A Vehicle log Book had not been updated in terms of FR 1645 (a).	Vehicle log book has to be updated and maintained in relation to every vehicle as per Form General 267 in terms of provisions stipulated in FR 1645 (a).	Comments had not been made.
(iii) Register of Listing Vehicles.		

A register on vehicle listing had not been updated in terms of FR 1647 (e).	A register on vehicle listing have to be updated and maintained in relation to every vehicle as per form general 267 in terms of provisions stipulated in FR 1647 (e).	Comments had not been made.

(c) Documentary Evidences not made available for Audit

Audit evidences on the following transactions had not been submitted to the Audit.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
-----	-----	-----
(i) Evidences required to examine whether the official residence of the Government bearing B-12 provided to the former leader of opposition by the Ministry of Public Administration and inventory goods purchased by the Office and provided to the official residence from the year 2017 had been returned to the Office of the Leader of the Opposition or to the Ministry of Public Administration had not been presented to the audit.	In terms of Sections 6 and 7 of the National Audit Act No. 19 of 2018, information required by a person authorized by the Auditor General should be presented to the Audit.	Comments had not been made.
(ii) Evidences to confirm that a register for approving additional fuel to the officers who are entitled to official vehicles had been maintained by the Office in terms of Provisions of the Paragraph 04 of the Public Administration Circular No. 13/2008 of 26 June 2008 and to confirm that a register for paying allowance of 1/20 had been maintained by the Office in terms of Section 10.2 of Chapter VIII of the Establishments Code had not been presented to audit.	Action should be taken in terms of Circular instructions and Provisions of the Establishments Code and in terms of Sections 6 and 7 of the National Audit Act No. 19 of 2018, information required by a person authorized by the Auditor General should be presented to the Audit.	Comments had not been made.

(d) Responsibility of the Chief Accounting Officer

Even though the Chief Accounting Officer should be responsible for the following matter as per provisions of Section 38 of the National Audit Act, No. 19 of 2018, action had not been taken accordingly.

Audit Observation**Recommendation****Comments of the Chief Accounting Officer**

Even though the Chief Accounting Officer or an Accounting Officer shall ensure that an effective internal control system for the financial control exists in each such entity and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out and such reviews should be carried out in writing and a copy of that should be presented to the Auditor General, declaration of conducting such a review had not been presented to the audit.

Action should be taken in terms of Section 38 of the National Audit Act No. 19 of 2018.

Responsibilities as stated by you are presently being held accurately in terms of the Financial Regulations and Treasury Circulars. Therefore, it is not possible to accept this statement mentioned by you without certainty.

(e) Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Instances of non-compliances with provisions of Laws, Rules and Regulations observed at audit test checks are analysed and mentioned below.

Reference to Laws, Rules and Regulations**Non -Compliance****Recommendation****Comments of the Chief Accounting Officer****(i) Statutory Provisions**

Sections 3 and 6 of the Stamp Duty (Special Provisions) Act No. 12 of 2006 published in the Gazette Extraordinary No. 1530/13 of 01 January

The relevant Stamp duty had not been charged in making payments for a sample of 15 vouchers related to a total of Rs.798,365 during the year under review in terms of the Provisions of the Act.

Action should be taken in terms of the provisions of the Act.

The stamp duties are being charged duly at present.

2008.

**(ii) Financial
Regulations of
the Democratic
Socialist
Republic of Sri
Lanka**

FR 104 and
FR109

Copies of the reports that should be prepared in formats 283, 284 and 285 by functioning in terms of the provisions of the Financial Regulations in relation to 06 vehicle accidents of which the loss totalling Rs.492,559 occurred during the year 2017 in relation to the losses / damages and should be submitted to the Auditor General had not been presented to the audit even by September 2019 and it was not possible to recover an amount of Rs. 10,809 out of the loss of Rs.358,721 occurred due to an accident occurred to one vehicle on 19 September 2017 from the parties responsible even by the end of the year under review.

Action should be taken on losses / damages in terms of the Provisions specified from FR 102 to FR 109 and copies that should be presented to the Auditor General should be prepared within the due period in formats 283, 284 and 285.

Officers have been instructed to take action related to losses and damages.

**(iii) Public
Administration
Circulars**

Circulars bearing No. 09/2009 of 16 April 2009, No. 09/2009 (1) of 17 June 2009 and No. 03/2017 of 19 April 2017.

The Employees of this Office had not used a finger print machine for marking their arrival in and departure from their work place. Even though it had been estimated to install a finger print machine for the office before 31 May 2018 by incurring a sum of Rs. 150,000 through the Procurement Plan for the year 2018, The procurement activity had not been finalized even by the end of the year under review.

Action should be taken in compliance with provisions specified in the circulars.

Even though it had been scheduled to install a finger print machine for this function, the place offered by the parliament is not a suitable place to install the machine and therefore, it had not been installed at that place. Therefore, at present, daily arrivals and departures are been updated and maintained through registers.

Public Administration Circular No. 22/2006 of 20 April 2007.

Subsequent to the allocation of the government bungalow bearing B-12 to the former Leader of the Opposition with effect from 04 January 2017, action had not been taken to return the Samulu Niwasa of 2D in Colombo 05 allocated to the leader of the Opposition from 01 December 1997 to the Ministry of Public Administration.

Action should be taken in compliance with the provisions of the Circular.

Comments had not been made.

**(iv) Public Finance
Circulars**

Section 03 (viii) of the Public Finance Circular No. 03/2014 of 30 December 2014.

A mobile phone had been purchased at a sum of Rs. 39,100 without adhering to the instructions of the Circular and a total of Rs. 171,469 had been incurred by purchasing a mobile telephone and accessories without adhering to the circular instructions from the year 2015 up to the end of the year under review.

Action should be taken in compliance with the provisions of the Circular.

This Office performs a process which is extraneous to the functions carried out by the most of the Ministries and Departments of the Government and communication facilities required for duties are provided through mobile phones. Therefore, it is required to purchase mobile phones in this manner.

(f) Transactions not approved

The following transactions had been carried out without obtaining formal approvals.

Audit Observation

Even though a total of Rs.702,400 had been paid during the year under review to the relevant institution for the accomplishment of the janitorial function of the Office of the Leader of the Opposition at No .30, the approval had been granted to pay for janitorial employees who had signed in the attendance register on Saturdays and on Public Holidays and paying the full day wages for the work for less number of hours despite the notification made by the Officer in charge of the Office

Recommendation

Action should be taken in compliance with the provisions of the Financial Regulations.

**Comments of the
Chief Accounting
Officer**

The service of janitorial employees was obtained on the public holidays only on the exigencies of the service and payments had been made based on their attendance.

that this Office is closed on weekends and on public holidays and it is not possible to record the attendance of the janitorial employees and the manner of paying for such days had not been agreed through the service agreements.

2. Financial Review

Incurring of Liabilities and Commitments

The audit observations revealed pertaining to liabilities and commitments are mentioned below.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
-----	-----	-----
(a) In terms of the FR 94 (2), liabilities totalling Rs.252,100 relate to the recurrent expenditure annually in relation to the supplies and services, had not been indicated in the statement of liabilities under note (iv) of the financial statements.	In terms of the FR 94 (2), annual recurrent expenditure in relation to the supplies and services should be indicated in the statement of liabilities under note (iv) of the financial statements.	This Office had not made liabilities as per the FR 94 (2) and therefore, there was no need to mention in the relevant report under liabilities.
(b) In terms of provisions stipulated in paragraph 3.4 of the State Accounts Circular No. 267/2018 of 21 November 2018, the commitments and liabilities stated under Note (iii) of the Financial Statements should be agreed with the statement of liabilities and commitments issued by the General Treasury and any liability or commitment not reported so should not be settled in the year 2019 as an expenditure incurred in the previous year. However, liabilities and commitments totalling Rs. 331,146 stated under Note (iii) of the Financial Statements not recorded in the statements of	In terms of provisions of the Circulars, the commitments and liabilities stated under Note (iii) of the Financial Statements should be agreed with the statement of liabilities and commitments issued by the General Treasury and any liability or commitment not reported so should not be settled in the year 2019 as an	It should be mentioned that correct instructions were issued by the General Treasury on the inclusion of the relevant liabilities in to the CIGAS Programme was done only at the workshop conducted on CIGAS Programme on 25,01.2019. By that period, transactions of this Office related to the year 2019 had already been included in to the CIGAS Programme and as a result, this occurred so. However, I would like to mention

liabilities and commitments issued by the General Treasury had been settled in the year 2019.

expenditure incurred in the previous year.

that these liabilities had been included in to the CIGAS Programme of the year 2019.

3. Operational Review

3.1 Planning

Audit Observation

Recommendation

Comments of the Chief Accounting Officer

The Imprest Requirement Plan for annual activities had not been included in the Action Plan prepared for the year 2018 in terms of Public Finance Circular No. 2014/01 of 17 February 2014.

Action Plan should be prepared in terms of the provisions of Circulars.

I would like to mention that the Office had accurately prepared the relevant annual action plan

3.2 Procurement

The audit observations revealed in this regard are as follows.

Audit Observation

Recommendation

Comments of the Chief Accounting Officer

(a) Even though expenditure estimates amounting to Rs. 1,500,000 had been prepared for the year under review for stationery and office requirements under Object Code 19-01-01-1201, the net provisions made at the end of the year was Rs. 1,100,000. Provisions of Rs. 997,762 out of that amount had been utilized during the year and procurement activities related to it had not been included in the Annual Procurement Plan.

Estimates have to be prepared according to the procurement plan and procurement activities have to be done accordingly.

We would like to mention that the savings in this way had been made by the proper management of expenditure during the year.

(b) The following matters were observed in relation to the procurement of installing solar panel system by incurring an expenditure of Rs.3,960,000 for Official Residence bearing No. B - 12 of the Leader of the Opposition of the Parliament during the year under review.

Procurement Guidelines	Non-Compliance	Recommendation	Comments of the Chief Accounting Officer
-----	-----	-----	-----
(i) 4.2.2, 4.2.3 and Formats 2.5.1 (b), (c), 2.6.1 (a) (i), 2.11.1, 2.11.1 (b) indicated in 4.2.3 of the Procurement Manual.	A procurement timetable had not been prepared.	Action should be taken in terms of provisions of the Government Procurement Guidelines.	The duration of 01.01.2018 up to 30.06.2108 had been indicated in the Procurement plan for this procurement. Likely, I would like to mention that Committee meetings had been duly held by the Procurement Committee and Technical Evaluation Committee in relation to this procurement.
(ii) 4.3.1	Even though a cost estimate amounting to Rs. 3,200,000 had been included in the Procurement Plan in the year 2018, the total cost estimate with all the expenses included in it had not been prepared in terms of provisions of the Government Procurement Guidelines.	In terms of Provisions of the Government Procurement Guidelines, a total cost estimate should be prepared by including all the expenditure applicable to that prior to initiating the procurement activities.	The fundamental cost had been identified and accordingly, an amount of Rs.3,200,000 had been included in to the annual procurement plan of the year 2018.
(iii) 5.3.1, 5.3.3 and 5.3.3 of the Procurement Manual and Standard Bidding Documents	Bidding documents had not been prepared according to the standard bidding documents.	Bidding documents should be prepared in accordance with the Government Procurement Guidelines, Procurement Manual and Standard Bidding Documents.	All the information and instructions related to this procurement had been stated for suppliers as required. Changing matters stated in Conditions of Contract (CC) in an appropriate manner had been omitted.
(iv) 5.3.13, 5.4.10 (c) and 5.4.8 of the Procurement Manual.	Evidences for identifying the way of deciding the value of bid security had not been made available and the value of	In terms of the provisions of the Government Procurement Guidelines, value of the Bid security and	Deciding the percentage by the estimated value has been discouraged in the process of current procurement process and the bid security is obtained after deciding the fixed value

	performance bond that should be provided had not been mentioned in the bidding documents.	performance bond should be mentioned in the bidding documents after those values are decided by the Procurement Entity based on the estimated value of the contract.	in the procurement processes conducted at present. The value of bid security certificate cannot be pre-determined in rupee value. The general situation is requesting to submit a performance bond to the value of 10% of the value proposed by the selected supplier.
(v)	The procurement entity had decided to install solar panels to this official residence from the initial estimate of Rs.43,000,000 prepared for renovating this residence even without doing an alternate test for reducing the electricity consumption through personal usage.	Prior to deciding to perform a procurement of a higher value in a private official residence, attention should be focused to check the requirement, usefulness and to check whether there is any alternative that can be adopted in relation to the cost of the procurement.	I would like to inform that supplying electricity under solar power has become a priority of the Government. It is stated that many public institutions have already made arrangements to obtain solar power in this way. It is therefore, mentioned that this had been done with the actual need. Further, it is informed that this investment can be covered in a short period such as in 4 years.

3.3 Management Weaknesses

The audit observations revealed in this regard are mentioned below.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
-----	-----	-----
A total of Rs. 2,181,193 had been paid during the year under review comprised of Rs. 617,250 as transport allowances for days on which the parliament meetings were concluded after 6.30 p.m., Rs. 548,108 as overtime and holiday pay and Rs. 1,015,835 as encashment for remaining number of leave in the year 2018 based on the confirmation of the time which was the basis for allowances paid after the regular office time using the attendance	Since it is required to confirm the arrival and departure using the finger print machines in making payments on the basis of time in terms of the provisions stipulated in the circulars, the relevant officers should be made responsible for making	Replies had been provided to this issue also in the previous years. The arrival and departure of the relevant officer had been duly verified and payments had been

register rather than confirming the time using payments accordingly. made accordingly.
finger print machines.

4. Management of Human Resources

5. Staff Attached, Actual Staff and Vacant Staff

The approved Cadre, actual Staff and vacancies in staff as at 31 December in the year under review were 78, 60 and 18 respectively.