

Head 18 - Office of the Chief Government Whip of Parliament

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Office of the Chief Government Whip of 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 Chief Government Whip of Parliament was issued to the Chief Accounting Officer on 31 May 2019 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Chief Accounting Officer on 30 May 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 the Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Office of the Chief Government Whip of Parliament as at 31 December 2018, and of its financial performance and 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 opinion.

1.3 Responsibilities of Chief Accounting Officer and 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 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 of the Chief Government Whip of 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that effective internal control system for the financial control of the Office of the Chief Government Whip of Parliament 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 Responsibilities 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Chief Government Whip of Parliament's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Accounting Officer regarding, 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 preparation of 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 Chief Government Whip of Parliament to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

1.6 Comments on Financial Statements

1.6.1 Non-compliance with Provisions in Circulars on Financial Statements

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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In terms of paragraph 3.1 of State Accounts Circular No. 267/2018 of 21 November 2018, Final Treasury Accounting Statements had not been enclosed to the financial statements as an annexure.	Final Treasury Accounting Statements should be enclosed to the financial statements as an annexure.	The annexure will be duly submitted in due course.

1.6.2 Statement of Financial Performance

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) Even though values and information should be included in the financial statements as per the specimen forms introduced in terms of instructions in the State Accounts Circular No. 267/2018 of 21 November 2018, the value of Rs.2,122,766 which should be shown as receipts of advances under non-revenue receipts in the statement of financial performance as per format ACA-F, had not been included in the year under review.	The value of Rs.2,122,766 shown as receipts of advances should be included under non-revenue receipts in the statement of financial performance.	It will be accurately stated in due course.
(b) Other receipts totalling Rs.195,076 received during the year under review had been brought to account as imprest received from the Treasury without being stated under other receipts in the statement of financial performance.	The value shown as other receipts should be included under other receipts in the statement of financial performance.	As a "B" Grade Department, any other method of stating these receipts has not been identified.
(c) Instead of statistics of the Budget of the year 2018, the value of net provision made as at the end of the year had been included in the left side column in the statement of financial performance under ACA-F in the financial statements of the year under review. As such, the total expenditure and the	The relevant estimated values should be included in the statement of financial performance.	I agree.

recurrent allocation had been overstated by Rs.3,600,000 and Rs.600,000 respectively.

<p>(d) In terms of paragraph 09 of State Accounts Circular No. 259/2017 of 13 December 2017, the values shown in columns of Note 6,7,8,9 in the statement of financial performance prepared and presented for the preceding year were not equivalent to the values shown under year 2017 in the statement of financial performance of the financial statements in the year under review.</p>	<p>In the inclusion of values pertaining to the preceding year in the financial statements of the year under review, such values should be equivalent to the values of preceding year.</p>	<p>Printing errors have occurred in the relevant notes pertaining to the preceding year (2017) in the statement of financial performance.</p>
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1.6.3 Statement of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>(a) According to the statement of non-financial assets shown in the format ACA-6 of the financial statements as at 01 January 2018, the value of plant and machinery as at 01 January 2018 was Rs. 42,208,774. Nevertheless, the said balance amounted to Rs.56,707,950 as per the CIGAS programme of the institution as at 01 January 2018, thus the difference amounted to Rs.14,499,176. The said difference had been adjusted to the profit/loss column of changes in value, in the</p>	<p>Opening balance of the year in the statement of non-financial assets should be tallied with the balance of assets prepared as per the CIGAS programme of the institution.</p>	<p>I agree.</p>

statement of non-financial assets of the year 2018.

(b) Even though the balance of Opening balance of the I agree.
 other plant and machinery as at year in the statement of
 01 January 2018 amounted to non-financial assets
 Rs.6,278,673 as per the should be tallied with the
 statement of non-financial assets, balance of assets
 it was Rs.989, 417 as per the prepared as per the
 CIGAS programme of the CIGAS programme of
 institution, thus the difference the institution.
 amounted to Rs.5,289, 256.

(c) The Asset Report issued by Balances in the I agree.
 the Department of State statements of non-
 Accounts for the year under financial assets should be
 review had not been obtained by tallied with the Asset
 the Office and as such, the Report issued by the
 balance of assets prepared as per Department of State
 the CIGAS programme could not Accounts.
 be tallied with the statement of
 non-financial assets.

1.6.4 Reconciliation Statement on Advances to Public Officers Account

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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Loan balance of festival advances and distress loan totalling Rs.188,250 recoverable from an officer transferred out to the Colombo Municipal Council on 20 August 2018 , was not possible to be recovered even by 31 December 2018.	Action should be taken in terms of paragraph 1 of the National Budget Circular No. 118 of 11 October 2004.	The Municipal Commissioner of Colombo Municipal Council has been informed on 20 December 2018 to settle this loan balance.

1.6.5 Non-maintenance of Registers and Books

The following observation is made.

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
A register of cheques, money orders, etc. -----		
The register of cheques, money orders had not been updated.	In terms of provisions in the Financial Regulation 451, A register of cheques, money orders must be kept as per Form G.A.M. 83 to record sums received.	Once the direct cash receipts are received by the Finance Assistant, a receipt in form General 172 is issued. Cheques, money orders received by post are recorded in the register as per G.A.M. 83.

1.6.6 Certifications by the Chief Accounting Officer

The following observation is made.

Audit Observation -----	Recommendation -----	Comments of the Office -----
According to the provisions in Section 38 of the National Audit Act, No.19 of 2018, The Chief Accounting Officer or the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the office and carry out periodic reviews to monitor the effectiveness of such system and make alterations as required for such system to be effectively carried out. Copies of the reviews shall be submitted to the Auditor General. Nevertheless,	Action should be taken in terms of provisions in Section 38 of the National Audit Act, No.19 of 2018.	I agree. Action will be taken in due course.

statements to the effect that such reviews were carried out, had not been submitted to audit.

1.6.7 Non-compliance with Laws, Rules and Regulations

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

Observation	Recommendation	Comments of the Chief Accounting Officer	
Reference to Laws, Rules and Regulations	Non-compliance		
(a) 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 2008.	In the payment for a sample of 23 vouchers totalling Rs.1,920,779 during the year under review, the relevant stamp duty had not been recovered.	Attention is needed in respect of the recovery of stamp duty in the payment for vouchers.	Action will be taken in due course to duly recover the stamp duty in terms of Sections 3 and 6 of the Stamp Duty (Special Provisions) Act, No.12 of 2006.
(b) Provisions in the Financial Regulations 139(4),260 and 264 of the Democratic Socialist Republic of Sri Lanka	In the payment for a sample of 43 vouchers totalling Rs.1,856,581, there was no evidence to the effect that the identity of payee was established that the gross amount in the voucher was received and the correct party was paid.	A confirmation should be obtained from the payee to the effect that the gross amount in the voucher was received.	Action will be taken in due course to establish the identity of payee and to pay the correct party.
(c) Paragraph 6 of the Public Administration	Even though time is used as a basis for payment of	Finger scanners should be used in terms of the	I further informed that allowances paid after normal

Circular No.09/2009 of 16 April 2009, Circular No.09/2009(I) of 17 June 2009 and Circular No.03/2017 of 19 April 2007. allowances made after regular duty hours the times should be confirmed through the finger scanners, a sum of Rs.795,000 had been paid as allowances contrary to the provisions. circular provisions. duty hours have been duly paid from January to November 2018.

2. Financial Review

2.1 Incurring Liabilities and Commitments

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
<p>(a) In terms of paragraph 3.4 of State Accounts Circular No. 267/2018 of 21 November 2018, the statements of liabilities and commitments under Note(iii), should be in line with the statement of commitments and liabilities issued by the General Treasury in relevant to each Expenditure Head. Any commitment or liability which had not reported in such a way should not be settled in year 2019 as a previous year expenditure. Even though liabilities</p>	<p>The value shown in the statement of liabilities and commitments should be in line with the statement of commitments and liabilities issued by the General Treasury in relevant to each Expenditure Head.</p>	<p>It is agreed. Proper action will be taken with the concurrence of the Treasury in due course.</p>

amounting to Rs.129,122 in the statement of liabilities and commitments under Note(iii) of the financial statements-2018 had not been shown in the statement of commitments and liabilities issued by the General Treasury in relevant to each Expenditure Head, it had been settled in January 2019.

<p>(b) Commitments amounting to Rs.123,032 had not been stated in Note iv (statement of commitments (i) incurred in terms of F.R.94(2)and (3))presented along with the financial statements of the year 2018.</p>	<p>The commitments incurred during the year in terms of F.R.94(2)and (3) should be included in the statement of commitments.</p>	<p>It has been stated under Note iii that the details of these commitments were included in the preparation of Appropriation Accounts of the preceding years.</p>
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2.2 Management of Expenditure

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>(a) Excess provision had been made for 07 recurrent Objects and as such the savings, after the utilization of provisions, ranged between 12 per cent to 94 per cent of the net provisions relating to the respective Objects.</p>	<p>In terms of Financial Regulation 50, the Estimates of Expenditure should be prepared accurately.</p>	<p>The reasons for the said savings had been the 05 vacancies existed in the permanent staff throughout the year 2018 and the non-payment of additional allowances with the salary due to the failure to present the Appropriation Act for the</p>

year 2019.

(b) Even though provisions amounting to Rs.600,000 had been obtained for one Object through a supplementary estimate during the year 2018, a saving of Rs.629,623 existed in the said Object as at 31 December 2018.

(c) Excess provision had been made for 03 capital Objects and as such the savings, after the utilization of provisions, ranged between 12 per cent to 75 per cent of the net provisions relating to the respective Objects.

The reasons for the said savings had been the non-payment of fuel allowance (paid with the salary) from September 2018 as the post of Senior Assistant Secretary was abolished.

Posts remained vacant and non-presentation of Appropriation Account - 2019 caused the minimum efficiency and as such, old equipment was being used without new purchases.

3. Operating Review

3.1 Procurements

The following observation is made.

Audit Observation

No government agency will qualify for automatic direct contract award unless the requirements stipulated in 3.5.1(c) of the Government Procurement Guidelines are satisfied. Nevertheless, in case of failure to qualify for direct contract award, purchases totalling Rs.245,310 had been made from a government agency in 07 instances by using the said method.

Recommendation

Action should be taken in accordance with 3.5.1(c) of the Government Procurement Guidelines.

Comments of the Chief Accounting Officer

The relevant purchase has been directly made from the State Trading (General) Corporation being a Government institution and thereby it has been done in a transparent manner without causing any loss to the Government. Action will be taken in due course as per 3.5.1(c) of the Government Procurement Guidelines.

3.2 Losses and Damages

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
----- The value of Rs.16,000 being the loss caused by an accident to a motor vehicle on 10 July 2018 had not been included in the statement of write off and recovery during the year in Note (ii) to the financial statements in terms of F.R. 109.	----- Action should be taken in terms of Financial Regulation 109.	----- As there was no write off performed as yet, it has not been included in the financial statements.