

## Head 22 - Office of the Parliamentary Commissioner for Administration

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### 1. **Financial Statements**

#### 1.1 **Qualified Audit Opinion**

The audit of the financial statement of the Office of the Parliamentary Commissioner for Administration for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018, 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 Parliamentary Commissioner for Administration was issued to the Chief Accounting Officer on 27 August 2019 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018. The Detailed Annual Management Audit Report of the Office of the Parliamentary Commissioner for Administration in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Chief Accounting Officer on 15 August 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 accompanying financial statements give a true and fair view of the financial position of the Office of the Parliamentary Commissioner for Administration as at 31 December 2018, and of 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 of the Financial Statements, are further described in the Auditor's Responsibilities 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 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 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 Parliamentary Commissioner for Administration 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 Parliamentary Commissioner for Administration 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 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.
- 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's internal control.
- Evaluate the structure and content of the financial statements containing the disclosures and the transactions and events that underlie the financial statements in an appropriate and reasonable manner.
- 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.

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 Parliamentary Commissioner for Administration to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

**1.6 Comments on Financial Statements**  
**16.1 Presentation of Accounts**

The following account had not been presented to audit by the Institute on the due date.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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Although annual financial statements should be submitted to the Auditor General before 28 February 2019 as per Public Accounts Circular No. 267/2018 dated 21 November 2018, it had been submitted for audit on 31 May 2019 after a delay of 03 months.	Action should be taken as per the relevant circular provision.	According to Public Accounts Circular No.267/2018, when preparing financial statements for the first time, since we do not have an accountant in our office, we faced many problems. Therefore, there was a delay in preparing the financial statements by resolving those issues.

**1.6.2 Non-compliance of Financial Statements with Circular Provisions**

Although the financial statements had to be prepared in accordance with the Public Accounts Circular No. 267/2018 dated 21 November 2018, the deviations to these requirements are shown below.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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Even though the values and information should be included as per the formats introduced in terms of the Circular No. 267/2018, the value of Rs.771,682 to be shown as advance received under non-income received in the financial performance statement under the ACA-F format for the year under review had not been included.	Financial statements should be prepared in terms of the circular provisions.	Action will be taken to accurately prepare as possible when the preparation of financial statements for future years by identifying the shortcomings and various mistakes that happened in preparing the financial statement as per Public Accounts Circular 267/2018.

**1.6.3 Accounting Deficiencies**

**(a) Non-revenue Receivables**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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Although the value of subtotal and the grand total should be zero under	The value of subtotal and the	This difference is caused by errors when finding totals in

transfers of FR 66/69 mention in format grand total should relevant numerical values by  
 ACA-2 of the financial statements, the be zero under formulas in Excel  
 values such as Rs.1,257,500 and transfers of FR spreadsheets.  
 Rs.1,940,500 had been shown. 66/69.

**(b) Deposits**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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Since the General Deposit Account had not been maintained in terms of Financial Regulation 565, the entries relating to the received amounting to Rs.10,155 to the office in the year 2018 and the payment amount of Rs.8,455 had been entered only in the Cash Book.	The General Deposit Account should be maintained in accordance with the Financial Regulations 565.	I have informed that the activities relating to the General Deposit Account will be taken in terms of the circulars in the future.

**(c) Property Plant and Equipment**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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(i) Although the value of property plant and equipment as at 31 December 2018 as per (Format ACA-6) Non-Financial Assets Statement was Rs.10,476,145, those value in the statement of financial position as at that date had been shown as Rs.10,556,145.	The accurate values should be included in the financial statements.	In the statement of financial position, the value prior to adjusting the value of disposal assets in the year had been shown. Therefore, those value had been overstated by Rs.80,000.
(ii) The estimated assets totalling Rs.91,500 had been disposed by transferring during the year under review and a sum of Rs.80,000 had been deducted under disposals in Non-financial Assets Statement under format ACA-6 in the financial statements instead of the cost of those assets.	The accurate values should be included in the financial statements.	The value shown as Rs.80,000 under disposals in the statement of financial position should be corrected as Rs.91,500.

- (iii) Since the asset balances are not prepared according to the CIGAS programme for the year under review and since the Assets Report issued by the Department of Public Accounts has not been obtained by the office, those asset balances could not be compared with the asset balances set forth in the Non-Financial Assets Statement in accordance with ACA-6 format of the Financial Statements.
- The asset report issued by the Department of State Accounts should be compared with the asset balances prepared in accordance with the Statement of Non-Financial Assets.
- Our office was commenced the CIGAS programme since the year 2019 and the information on the asset could not be included due to a defect that arose in it. Therefore, the asset report could not be obtained.
- (iv) There was a difference of Rs.963,327 as at 01 January 2018 and Rs.926,882 as at 31 December 2018 in between those balances included in the fixed asset register and the balance of Other Machinery and Equipment Code No. 61122 as at 01 January 2018 and 31 December 2018 in the Statement of Non-Financial Assets (ACA-6 format) in the financial statements.
- The correct values should be included in the Financial statements.
- Purchased Value of Fixed Assets of this institute is only available for assets purchased after 01 January 2008. The value of assets previously purchased was estimated in 2014. But the balance had been carried forward by adjusting the values of the assets disposed and purchased during the year in future years to the balance values of total assets prevailing in the Annual Appropriation Account prior to year 2008. It is clear that this balance is not correct because the assets purchased before year 2008 included the purchased values. Accordingly, steps will be taken to rectify this balance expeditiously.

(d) **Non-maintaining of Documents and Books**

The following documents were not maintained by the Institute.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
----- <b>Register for Cheques, Money Orders etc.</b> -----	-----	-----
A Register of Cheques, Money Orders had not been maintained in terms of Financial Regulation 451.	A register should be maintained to be able to record Cheques, Money Orders received as per G.A.M. 83 form in terms of the provisions of Financial Regulation 451.	It was not entered in the relevant register due to omission.

**2. Financial Review**

**2.1 Entering Commitments and Liabilities**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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(a) In terms of the Paragraph 3.4 of the Public Accounts Circular No. 267/2018 dated 21 November 2018, The Statement of Commitments and Liabilities under Note No. iii should be agreed with the Statement of Commitments and Liabilities issued by the Treasury in respect of each Expenditure Heads and any commitments or liabilities that had not been reported should not be settled in 2019 as an expense of the previous year. However, an amount of Rs.389,837 had shown in (Note iii) the Statement of Commitments and Liabilities in the financial statements in the year 2018 had been settled in 2019 since it was not stated in the Statement of Commitments and Liabilities issuing by the Treasury in respect of each Expenditure Head.	The commitments and liabilities set forth in Note (iii) of the Financial Statements should be agreed with the Statement of Commitment and Liabilities issued by the Treasury and any commitments or liabilities that had not been reported should not be settled in 2019 as an expense of the previous year.	It is expected that this problem has arisen due to the failure of the relevant liabilities in the Statement of Liabilities prepared by the Treasury and I make a note to look into this in the future.

- (b) The arrears rent of Rs.110,875 for the month of December 2018 of the office building had paid by voucher No.35 on 21 February 2019, which was not contained in the Liabilities Statement (Note iv) and Liabilities Schedule furnished with the Financial Statements of 2018. Should be included in the Statement of Commitments and Liabilities and the Liabilities List presented with the financial statements (Note iv). It was not entered in the Liability Register and Statement of Liabilities due to omission.

### 3. Operational Review

#### 3.1 Performance

- 3.1.1 Details of the performance of the Office of the Commissioner for the year under review and the last 04 years are given below.

Description	2018	2017	2016	2015	2014
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<b>(a) Complaints to be investigated</b>					
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(i) Complaints brought forward from last year	616	457	459	421	527
(ii) Complaints received during the year	1588	1380	1422	1120	1087
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(iii) Total number of complaints to be investigated	2204	1837	1881	1541	1614
<b>(b) Following is the current progress of the office of the Commissioner regarding the above complaints</b>					
(i) The number reported after investigations carried out and inter-party inquiries	16	24	29	27	26
(ii) Number of complaints forwarded to the relevant institutions for appropriate action	40	47	35	28	100
(iii) The number of complaints that prevent further action after calling the reports from the relevant institutions and informing the complainant	379	318	425	388	237
(iv) The number of complaints that were fulfilled the requests after the reports were called	109	103	110	-	-
(v) Number of complaints settled without carrying out inspections					

	451	69	100	73	224
(vi) The number of complaints completed as abridge					
	<u>730</u>	<u>660</u>	<u>725</u>	<u>566</u>	<u>606</u>
Number of remaining complaints to be investigated and reported	479	616	457	459	421
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### 3.2 **Plaining**

#### 3.2.1 **Action Plan**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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Progress reports had not prepared in accordance with the approved action plan.	Action should be taken in terms of Public Finance Circular No. 01/2014 dated 17 February 2014.	Since the main objective of this office is not to make a profit, the action is being taken to prepare an Annual Action Plan which includes activities aimed at achieving the objectives set out in the relevant Act.

#### 3.2.2 **Procurement Plan**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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(a) The main procurement plan which includes expected procurement activities for at least 03 years had not been prepared by the procurement entity in terms of 4.2.1 of the Government Procurement Guidelines.	Action should be taken in terms of 4.2.1 of the Government Procurement Guideline.	Since some limited number of purchases are being made in the short term requirements, the Procurement Plan will be prepared only for a year.
(b) The Procurement Plan for the year under review had not prepared in accordance with the format specified in 4.2.1 of the Procurement Manual	Action should be taken in terms of 4.2.1 of the Procurement Guideline.	The items of lesser value only are being purchased to the office within the authority limit of the Head of Department. Since they are often being purchasing under the Shopping Method, the Procurement Plan is difficult to prepare in accordance with the format in the 4.2.1 of the Procurement Manual.



- (c) In terms of paragraph (ii) of the National Budget Circular No. 02/2016 dated 02 August 2016, although all estimates must comply with Procurement Plans prepared in terms with the Procurement Guidelines, the Procurement Plan had been prepared for the year under review exceeding the estimated provision by Rs.1,417,000 due to the estimated budget for the year under review was Rs.1,500,000 and the expected cost is Rs.2,917,000.
- Action should be taken in terms of the Circulars.
- The expenditure estimates for 2018 had been forwarded to the Department of National Budget prior to the preparation of the Procurement Plan for 2018. Therefore, there were anomalies as mentioned in your paragraph and steps will be taken to prepare a Procurement Plan to minimize such discrepancies in the future.

### 3.3 Delays in the execution of the projects

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
----- A sum of Rs.500,000 to install a software system for managing the petition activities and Rs.150,000 for the networking of the office computers were allocated for the year 2018, but the above works had not been completed during the year under review.	----- Action should be taken as planned.	----- The installation of a software system and networking of computers had been delayed due to various unavoidable issues, including the lack of provisions. Once the allocations are made available for this year for the above works, steps can be taken to complete those tasks.

### 3.4 Procurements

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
----- (a) The purchases amounting to Rs.622,000 included in the Procurement Plan as procurements to be done during the year under review had not been conducted during the year.	----- Action should be taken as planned.	----- Purchased during the year are the most essential office equipment to be purchased as per the amount of funds allocated for the year 2018.
(b) The equipment valued at Rs.128,355 not included in	Action should be taken as planned.	The purchases were made outside the Procurement Plan due to the

the Procurement Plan for the year under review had been purchased during the year.

sudden need for a new fingerprint machine, computer tables and 06 UPS equipment.

### 3.5 Annual Performance Report

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
----- The Performance Report for the year 2018 which was to be tabled in Parliament within 150 days of the end of the financial year had not been tabled by 09 August 2019 according to the Public Finance Circular No. 402 of 12 September 2002.	----- Action should be taken in terms of the Circulars.	----- After the Cabinet decision has been notified to us for this by the Presidential Secretariat in the future, steps will be taken to send the required CDs and printed hard copies to the Leader of the House of Parliament.

### 4. Human Resources Management

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
----- (a) There were 09 vacancies as the Approved Cadre was 32 and the actual staff was 23.	----- Action should be taken to fill the vacancies.	----- 04 vacancies had been filled in the year 2018 and one vacancy in year 2019 had been filled.
(b) A letter had been sent to the Director General of Combined Services on 29 March 2017, requesting the appointment of an officer for the post of Administrative Officer (Complaint) which had been vacant for many years, but the vacancy remained without change.	Action should be taken to fill the vacancies.	The request had made from Director General of Combined Services by a letter to fill the vacant post of Administrative Officer on 29 March 2017 and the request had not been fulfilled yet.
(c) There were 23 permanent officers in the office in 2018 but only 03 of them had been trained during the year.	Staff need to be trained.	Applications were not presented for training courses from staff officers and the participated training courses were also conducted free of charge.