

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 2019 comprising the statement of financial position as at 31 December 2019 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 30 June 2020 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report of the Office of the Chief Government Whip of Parliament in terms of Section 11 (2) of the National Audit Act was issued to the Chief Accounting Officer on 19 August 2020. 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 prepared in accordance with provisions in the State Accounts Circular No.271/2019 give a true and fair view of the financial position of the Office of the Chief Government Whip of Parliament as at 31 December 2019, 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 (1) (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) The financial statements were consistent with the preceding year.
- (b) The recommendations I made on the financial statements for the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Performance

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
(a) In terms of Paragraph 3.1 of the State Accounts Circular No.271/2019 dated 03 December 2019, the value of Rs.4,806,474 to be shown as receipts of advances under the non-revenue receipts in the statement of financial performance had not been included.	The value of Rs.4,806,474 to be shown as receipts of advances should be separately included in the statement of financial performance under the non-revenue receipts.	Accept. This total amount has been stated under the non-revenue receipts. It will be separately stated in the future.
(b) Other receipts totalling Rs.403,610 received during the year under review had not been stated under other receipts in the statement of financial performance.	Except for the treasury imprests, the other receipts of the institute should be included under other receipts in the statement of financial performance.	Accept. This total amount has been stated under the non-revenue receipts. It will be separately stated in the future.

1.6.2 Statement of Financial Position

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
(a) The opening balance of the total fixed assets owned by the Office for the year, purchases and disposals during the year and the total of the closing balances had not been stated against the Code No.611 in the statement of non-financial assets stated under the format ACA-6 presented together with the financial statements.	The opening balance, purchases and disposals during the year and the total of the closing balances should be stated against the Code No.611.	Financial statement is correct. There are some differences in the Treasury Statements. Action will be taken to make relevant corrections in the year 2020.
(b) According to the statement of on-financial assets shown in the format ACA-6 presented together with the financial statements 2018, the value of other plant and machinery as at 31 December 2018 amounted to Rs.6,355,556, whereas the corresponding value shown as at 01 January 2019 had been Rs.6,632,337. Accordingly, a difference of Rs.276,781 was observed.	The values stated in the financial statements as at 31 December 2018 should be equal to the values as at 01 January 2019.	Financial statement is correct. There are some differences in the Treasury Statements. Action will be taken to make relevant corrections in the year 2020.
(c) Opening balances of 05 asset categories to be stated under the other plant and machinery in Code No.61122 in the financial statements had not been classified. Further, a difference of Rs.257,443 was observed between the opening balance shown under the Code No.61122 and the opening balance stated in the assets report as per the CIGAS programme. Likely, the opening balances of 05 asset categories	The values stated in the assets report as per the CIGAS programme in Format ACA-6 in the financial statements of the year under review and the values stated in the code numbers of the assets record of the State Accounts Department should be tallied.	Financial statement is correct. There are some differences in the Treasury Statements. Action will be taken to make relevant corrections in the year 2020.

recorded under the Code No.61122 as per the CIGAS programme and the assets record of the State Accounts Department were not tallied.

- (d) Although the purchase of office equipment under Code No.6112201 in the format ACA-6 of the financial statements amounted to Rs.650,209, it was Rs.4,350 in the assets report as per the CIGAS programme. Further, that value as per the assets records of the State Accounts Department amounted to Rs.1,868. As purchase of communication equipment, a sum of Rs.38,920 had been recorded under the Code 6112204 only in the assets record of the State Accounts Department.
- The values stated in the assets report as per the CIGAS programme in Format ACA-6 in the financial statements of the year under review and the values stated in the code numbers of the assets record of the State Accounts Department should be tallied.
- Financial statement is correct. There are some differences in the Treasury Statements. Action will be taken to make relevant corrections in the year 2020.
- (e) No disposals whatsoever had been reported during the year under review in the assets report as per the CIGAS programme in Format ACA-6 relating to the statement of non-financial assets. Nevertheless, disposals under other plant and machinery totalling Rs. 295,445 had been reported in the assets record of the State Accounts Department.
- The assets report as per the CIGAS programme in Format ACA-6 in the financial statements of the year under review and disposal value as per the assets record of the State Accounts Department should be tallied.
- Financial statement is correct. There are some differences in the Treasury Statements. Action will be taken to make relevant corrections in the year 2020.
- (f) Closing balances of 05 asset categories to be stated under the other plant and machinery in Code No.61122 in the financial statements had not been classified. Further, the closing balance stated under the Code No.6112 in the financial statements, the closing balance in the assets report as per the CIGAS programme and the closing balance as per the assets
- The assets report as per the CIGAS programme in Format ACA-6 in the financial statements of the year under review and value as per the assets record of the State Accounts Department should be tallied.
- Financial statement is correct. There are some differences in the Treasury Statements. Action will be taken to make relevant corrections in the year 2020.

record of the State Accounts Department had been recorded at Rs.6,889,780, Rs.6,894,130 and Rs.6,377,681. The reasons for the differences among those values could not be ascertained in audit. Likely, the closing balances of 05 asset categories recorded under the Code No.61122 as per the CIGAS programme and the assets record of the State Accounts Department were not tallied.

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| (g) | Total of the net assets pertaining to the years 2019 and 2018 had been understated by Rs.7,178,547 and Rs.5,169,754 respectively in the financial statements presented as at 31 December 2019. | Totals of the statement of financial position should be correctly stated. | The statement of financial position is correct. Totals should be corrected. |
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1.6.3 Imprest Balance

Audit Observation

Recommendation

Comments of the Chief Accounting Officer

Even though an expenditure of Rs.47,480 had been incurred by other departments for the Object No.18-01-01-1003 as per the Financial Regulation 208, without being stated that amount by an adjustment account, it had been deducted and shown under the subsidy grants and transfers in the statement of financial performance presented for the year ended 31 December 2019. As a result, recurrent expenditure, total expenditure and the imprest balance had been understated by Rs.47,480 in the statement of financial performance.

Expenditure incurred by the other departments should be correctly accounted for in terms of Financial Regulation 208.

Accept. It has been omitted to state the amount by an adjustment account. Nevertheless, accounts have been correctly prepared in the financial statements.

1.6.4 Non-compliance with Laws, Rules and Regulations

The following observations are made.

Reference to Laws, Rules and Regulations	Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) Public Administration Circulars -----			
(i) Circular No.09/2009 dated 16 April 2009, 09/2009(1) dated 17 June 2009 and 03/2017 dated 19 April 2017.	No finger scanner had been used for recording arrival and departure of the officials of the Office.	Finger scanners should be used as per the provisions of the circulars.	It is informed that since duties have to be performed in addition to the office hours, during the weekends and holydays and the scanner used by Parliament cannot be used due to not belonging to Parliament staff action is taken properly by closing the attendance register on time. Accordingly it is found difficult to implement the circulars.
(ii) Paragraph 6 of the Circular No.09/2009 dated 16 April 2009.	If time is used as a basis for payment of allowances made after regular duty hours the times should be confirmed through the finger scanners. Nevertheless, without doing so, the Office had paid allowances of Rs.2,554,512 for attendance allowance and the unavailed leave.	Action should be taken in accordance with the circulars.	Payments for the attendance allowance and the unavailed leave have been made based on the matters in the above paragraph.

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| (b) National Budget Circular No.1/2014 dated 01 January 2014 | Although expenditure of Rs.2,997,724 relevant to the training and skills development of the officials of the Office should have been accounted for under the Object No.2401, it had been erroneously brought to account under the Object No.1102, expenditure of foreign tours. | Amounts should be accounted for under the correct Object. | Officers have been instructed to follow the circular instructions. |
| (c) Public Finance Circular No.431(1) dated 16 February 2016 | Although action should be taken in accordance with the provisions of the Procurement Guidelines in the purchase of airline tickets, without being complied with those instructions, the Office had spent Rs.262,500 for the purchase of airline tickets. | Action should be taken in accordance with the provisions in the circular. | Officers have been instructed to take steps in accordance with the provisions in the Procurement Guidelines in the future. |

2. Financial Review

2.1 Incurring Liabilities and Commitments

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) Even though liabilities of Rs.269,777 stated as per the provisions in Note (iii), statement of commitments and liabilities in the financial statemets,2019 had not been stated in the statement of commitments and liabilities issued by the General Treasury in relation to each Expenditure Head, it had been settled in the year 2020.	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 and action should be taken in accordance with circulars.	It will be correctly stated in the future.

- (b) Liabilities of Rs.118,587 had not been stated in the Note (iv) submitted together with the financial statements for the year 2019. Liabilities should be correctly stated. It will be correctly stated in the future

3. Human Resource Management

The approved cadre and the actual cadre stood at 44 and 41 respectively by the end of the year under review and accordingly, there were 03 vacancies.