

## **Head 19 – Office of the Leader of the Opposition in Parliament**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Office of the Leader of the Opposition in 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 Leader of the Opposition in Parliament was issued to the Chief Accounting Officer on 30 June 2020 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 09 September 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 paragraph 1.6 of this report, the accompanying financial statements prepared in terms of the provisions of the State Accounts Circular bearing No. 271/2019 of 03 December 2019 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 2019, 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**

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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**

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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 of the Leader of the Opposition in 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 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 Leader of the Opposition in 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 Responsibility for the Audit of the Financial Statements**

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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

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

- (a) The financial statements presented for the year under review were consistent with the preceding year.
- (b) Recommendations made by me under Paragraphs 1.6.1 (b) (ii), 1.6.1 (b) (iii), 1.6.1 (e) (ii), 1.6.1 (e) (iii) in my report on the financial statements related to the previous year had not been implemented.

## 1.6 Comments on the Financial Statements

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### 1.6.1 Statement of Financial Position

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accountng Officer</b>
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(a) Even though fixed assets of 41 units of 17types of goods identified as as unusable items in the survey of goods in the year 2018 had been disposed by destruction during the year under review, action had not been taken to report in relation to those assets under disposals in the statement of non financial assets under ACA Format No.6 of the financial statements or to disclose by financial statements.	Disposals during the year should be disclosed in financial statements.	Since these assets were not included in the fixed assets register and it is not possible to indicate those assets in the statement of non financial assets, the assets have not been stated so. All the assets have already been included in the Fixed Assets Register and I would like to state that action would be taken to adjust the future disposal of assets by the Statement of Non-Financial Assets.

- (b) Purchases of lease assets should be brought to accounts in accordance with National Budget Circular No. 03/2018 of 16 July 2018 and Letter No. SA/AS/AA/Circular of 19 August 2019. Even though the purchase of 07 leased vehicles totaling to Rs. 59,044,000 during the year under review had been brought to accounts in the statement of Non-financial Assets in the financial statements, purchases of leasehold assets were recorded only for two leasehold vehicles amounting to Rs. 16,910,000 in the asset record according to new CIGAS programme of the office. Accordingly, the total value of Rs. 42,134,000 of the remaining 05 leasehold vehicles had been brought to accounts as direct purchases.
- Leasehold assets should be brought to accounts in accordance with the provisions of the Circular.
- Action has already been taken to correct the specified code as mentioned.

#### 1.6.2 Non-maintenance of Regsisters and books

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 The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accountng Officer
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<p><b>(a) Official Telephone Register</b>            -----            The official telephone register had not been updated in terms of FR 845 (1).</p>	<p>The official telephone register should be updated and maintained in terms of Financial Regulations.</p>	<p>In payment of telephone bills, payment, relavant payment details should be documented and payments have been made and the relevant officers were instructed to update further if there are any defects in it.</p>
<p><b>(b) Vehicle log books</b>            -----</p> <p>Vehicle log books had not been updated in terms of FR 1645 (a).</p>	<p>Vehicle log books must be kept up-to-date with respect to each vehicle in accordance with the Form General 267 in terms of financial regulations.</p>	<p>As per your notification, relevant officers were notified to inspect again and to correct any errors if there are any.</p>

(c) Vehicle listing Register

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 A vehicle listing register Had not been maintained as per FR 1647 (e).  
 A vehicle listing register should be maintained in terms of Financial Regulations.  
 A detailed report of all vehicles, which are in the possession of the office was updated and maintained by the computer and action has been taken to provide those details to you. However, the officers were instructed to maintain the relevant details as a register.

### 1.6.3 Non-compliance with Laws, Rules and Regulations

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The following are the instances of non-compliance with the provisions of laws, rules and regulations.

Reference to Laws, Rules and Regulations	Non-compliance	Recommendation	Comments of the Chief Accounting Officer
----- <b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b> -----	-----	-----	-----
(i) FR 109	Out of the loss of Rs.358,721 occurred due to a car accident in September 2017, Rs.10,809 had not been recovered from the responsible parties until the end of the year under review.	It is required to take action in relation to losses / damages in accordance with the provisions of the Financial Regulations	The relevant Ministry has been instructed to recover this amount from the driver who was found guilty of the accident and to pay it to this office. The officers were instructed to inquire this matter again with the relevant Ministry.

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| (ii) FR 104   | The number of road accidents in 2017, 2018 and 2019 was not disclosed and there was no evidence that investigations into vehicle accidents had been completed in accordance with Financial Regulations. Copies of the final reports to be prepared in that relation had not been submitted to the audit until 03 June 2020. | Action on losses / damages should be taken in terms of the provisions of the Financial Regulations and copies of the relevant reports should be submitted to the audit within the due period. | A preliminary investigations had been conducted in relation to the motor vehicle accidents that occurred during the year ended 31 December 2019 and action has been taken to finalize the file based on the findings of the investigation and the recommendations of the Preliminary Investigation Officer. Action will be taken to make these files available for audit. |
| (iii) FR 138(5),<br>231(1)                              | Payments had been made for 31 vouchers amounting to Rs.2,502,559, after certifying vouchers with invoices obtained via fax and emails and photocopies of the invoices instead of getting originals of invoices.   | Attention should be paid on the provisions of the Financial Regulations.  | This has to be done in case where payment has to be made in advance to obtain the relevant product or service from the institution, which provides the relevant product or service. Any irregularity had not taken place since there are no differences between the original and the fax / photocopy.   |
| (iv) FR 208 (3),<br>211 (3), 145<br>(3), 146 and<br>449 | Action had been taken to settle the advance amounting to Rs.600,000 given to the Sri Lanka Navy without obtaining bills.  | Action should be taken in accordance with the provisions of the Financial Regulations.  | Action had been taken to provide imprest advances to the Sri Lanka Navy and to carry out the repairs as it was not possible to accomplish the relevant task by  |

allocating financial provisions to the Sri Lanka Navy in carrying out these repairs.

**(b) Public  
Administration  
Circulars**

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- (i) Circulars bearing No. 09/2009 of 16 April 2009 and No. 09/2009 (I) of 17 June 2009 and No.03/2017 of 19 April 2017. Although all public servants, including ministerial staffs, secretaries of the Ministries and Heads of Institutions, are required to confirm the arrivals and departures to and from their workplaces by fingerprint machines, all the officers of the office had not done so. Action should be taken in accordance with the provisions of the Circulars. I would like to mention that the payments have been made after confirming the arrivals and departures properly.
- (ii) Paragraph IV of Circular No. 09/2009 of 16 April 2009 If the time is considered as the base for paying allowances for duties carried out after the regular working hours, that time should be confirmed by fingerprint machines. However, a total of Rs. 5,415,975 had been paid comprised of transportation (meeting) allowance of Rs. 2,051,575 at the rate of Rs.750/- per one officer per one day for instances where parliamentary session were ended after 6.30 pm during the year under review without stating the time of arrival and departure in the fingerprint machine and overtime and holiday pay of Rs.2,207,109 and encashment of leaves amounting to Rs. 1,157,291 without recording the arrivals and departures in the fingerprint machine. Payments should be made in accordance with the Provisions of the Circulars. I would like to mention that the payments have been made after confirming the arrivals and departures properly.

**(c) Public Finance  
Circulars**

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| (i) Circular No. 431 (1) of 16 February 2016               | In the purchase of airline tickets in terms of the provisions of the Circulars, a sum of Rs. 308,546 had been spent on the purchase of airline tickets without complying with the provisions of the Procurement Guidelines.              | Action should be taken in accordance with the provisions of the Circulars.                                    | Air tickets have been purchased from the National Airlines.   |
| (ii) Paragraph 03 of Circular No. 05/2016 of 31 March 2016 | Goods survey reports as at 31 December 2019 pertaining to the Government Bungalow at B-12 and the Wijerama Official Residence, the two official quarters of the Leader of the Opposition, had not been submitted to the Auditor General. | Reports on the survey of Goods should be submitted to the Auditor General as per provisions of the Circulars. | As the B-12 official quarters have been transferred to the Ministry of Parliamentary Affairs, issuing orders have been sent to the Ministry of Public Services, Provincial Councils and Local Government on 02.06.2020 for the goods of this official quarters. |

**(d) National Budget  
Circulars**

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| (i) Paragraph 2.1.4 of Circular No. 1/2014 of 01 January 2014 | Even though expenditure related to training and capacity building of public servants was to be borne by the capital provisions, a total of Rs. 447,823 incurred on training and capacity building during the year under review had been brought to accounts under recurrent provision. | Action should be taken in accordance with the provisions of the Circulars. | Although additional allocations were requested from the General Treasury under Object Code 2401 for this purpose, allocations were not received and it has been informed by the letter of the Director General of Budget bearing No. BD/GPS/19/1/2/1- |
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2019 of 08.10.2019 to manage the expenditure within the approved provisions for the year 2019.

(ii)	Circulars No. 03/2019 of 08 April 2019 and 04/2019 of 17 June 2019	Without adhering to provisions of the Circulars, expenditure totalling to Rs. 1,380,308 had been incurred during the period from May to October of the year under review comprised of a sum of Rs. 932,485 on a foreign tour / study tour for 07 officers using local funds and Rs. 447,823 for two travel / study tours of three officers in contrary to the instructions issued on the minimization of foreign travel expenses as much as possible.	Action should be taken in compliance with the provisions of the Circulars.	Seven officers of this office have been given the opportunity to study abroad for three days for studying the Malaysian Parliamentary system. Also, three officers have been given the opportunity for study programme in China and the relevant payments have been made for them as per the Ministry of Finance Circular No. 01/2015/01.
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**2. Financial Review**

**2.1 Entering in to Liabilities and Commitments**

Audit Observation	Recommendation	Comments of the Chief Accountintg Officer
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In accordance with the provisions of paragraph 3.4 of the State Accounts Circular No. 271/2019 of 03 December 2019, the liabilities and commitments mentioned in the financial statements should be reconciled with the statement of liabilities and commitments issued by the General Treasury. Although any unreported commitments or	In accordance with the provisions of the Circulars, the commitments and liabilities set out under Note (iii) of the financial statements shall be in compliance with the statement of commitments and liabilities issued by	Liabilities outlined in Note (iv) of the Financial Statement will be liabilities incurred in the anticipation of paying out of the provision of the ensuing year. Liabilities can be incorporated through CIGAS computer software within default provision limits. Accordingly, it would

liabilities should not be settled as expenditure of the previous year, an amount totalling to Rs. 213,710, which was not reported in the statement of commitments and liabilities issued by the General Treasury on the final day of the year under review, had been settled in the year 2020 as commitments and liabilities related to the year under review.

the General Treasury and any such unreported commitment or liability shall not be settled in the year 2020 as an expenditure of the previous year.

not be possible to include those liabilities during the year 2019 in the CIGAS software as liabilities. Therefore, I state that these values have not been included in the Statement of Liability issued by the Department of State Accounts.