

Head 19 – Office of the Leader of the Opposition in 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 2020 comprising the statement of financial position as at 31 December 2020 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 2021 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 26 July 2021. This report will be presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the 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 2020, 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

My opinion is qualified based on the matters described in paragraph 1.6 of this report. 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 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 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 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 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 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

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 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.
- 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(1)(d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements were consistent with the preceding year.
- (b) Recommendations made by me relating to the previous year financial statements had been implemented.

1.6 Comments on the Financial Statements

1.6.1 Non-compliance of Financial Statement with Circular Provisions

The financial statements should be prepared in terms of Guideline 06 issued by the Department of State Accounts. However, instances of non-compliance with those provisions appear below.

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
As per paragraph 3.1 of the Guideline, the statement of financial performance should be prepared based on the figures in the Treasury books, nevertheless the advance receipts and payments of Rs.211,450 in the financial performance statement had been shown in less than the figures shown in the Treasury books.	The value of Rs. 211,450 has been identified and this change will be rectified in the preparation of financial statements for the coming year as instructions have been received from the Department of Public Accounts to rectify this discrepancy.	Financial statements should be prepared as per Guidelines.

1.6.2 Cash Flow Statement

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Advance recovery of the year under review amounted to Rs.1,625,100 had not been shown in the cash flow generated from investment activities.	Although the recovery of advances amounted Rs. 1,625,100 had been shown in the Office books during the year under review, that amount had not been shown in the cash flow generated from investment activities.	Cash flow statement should be prepared accurately.

1.6.3 Imprest Balance

Audit Observation	Comments of the Chief Accountng Officer	Recommendation
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Rupees 106,110 received from other sources mentioned in the imprest account had not been included in the statement of financial performance.	Action will be taken with the Treasury to resolve the discrepancy stated between the imprest account and the SA -70 statement issued by the Treasury.	Financial statements need to be prepared properly.

2. Financial Review

2.1 Entering into Liabilities and Commitments

Following observations are given.

Audit Observation	Comments of the Chief Accountng Officer	Recommendation
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(a) As per paragraph 3.4 of the State Accounts Circular No. 271/2019 of 03 December 2019, the commitments and liabilities mentioned in the financial statements, which were not included in the declaration of Treasury, amounted to Rs. 307,521 had been settled in the year 2021.	The amount of Rs. 307,521 due in the previous year was not presented at the time of closing accounts and as it was a mandatory payment, it had been settled using the provisions of the year 2021.	Liabilities should be correctly identified and financial statements should be prepared in accordance with the circulars.
(b) According to Financial Regulation 94(2), the annual recurring liabilities of Rs. 475,407 in respect of supplies and services were not mentioned in the statment of liabilities.	Agree	Liabilities should be correctly identified as per Financial Regulation and financial statements and notes should be prepared.

2.2 Operation of Bank Accounts

Audit Observation	Comments of the Chief Accountinng Officer	Recommendation
Two cheques over 06 months valued at Rs.38,375 not presented to bank had not been included in the position report of the bank accounts as at 31 December 2020.	That this cheque will be dealt with, in accordance to the Financial Regulations in future.	Correct information should be included under the notes in the financial statements.

3. Operating Review

3.1 Planning

3.1.1 Action Plan

Audit Observation	Comments of the Chief Accountinng Officer	Recommendation
----- As per paragraph 03 of the Public Finance Circular No.02/2020 dated 28 August 2020, the action plan submitted for the year under review did not include the cash requirement plan and procurement plan for the annual activities.	----- The cash requirement plan and the procurement plan were prepared but not included in the action plan. That it will be included from the current year.	----- The action plan should be prepared in accordance with the circular.

3.1.2 Procurement Plan

Audit Observation	Comments of the Chief Accountinng Officer	Recommendation
----- As per paragraph 04 of the Public Finance Circular No.02/2020 dated 28 August 2020, the Procurement Plan for the year under review had not been prepared.	----- Procurement Plan and its progress will be presented from the current year.	----- The Procurement Plan should be prepared as per the circular.

04. Human Resource Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
----- As at 31 December 2020 the approved cadre was 103 and the actual was 98 There were 05 vacancies and two of them were senior level officers.	----- Nor replied.	----- Action should be taken to fill the vacancies for essential posts.