

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 2021 comprising the statement of financial position as at 31 December 2021 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 containing 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 31 May 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Office of the Leader of the Opposition in Parliament was issued to the Chief Accounting Officer on 15 June 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. 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 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 2021, and its financial performance and 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 responsibility for the financial statements is 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 the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The 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 the determination of the internal control that 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 the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Office of the Leader of the Opposition in Parliament 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 an auditor'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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.

- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Leader of the Opposition office’s internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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 terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are not consistent with the preceding year according to the following audit observations.

Audit Observation	Ref. to the paragraph
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(i) Making relevant adjustment to comparative figures	1.6.1 (b)
(ii) Property, plant and equipment	1.6.2(a)

- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of financial statements with Circular Provisions

Even though the financial statements should be prepared in terms of the Public Accounts Guideline No. 2021/03 dated 26 November 2021 issued by the Department of Public Accounts, instances of non-compliance with those provisions appear below.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Although the financial statements for the year 2021 should be prepared using the trial balance generated by CIGAS as per paragraph 3.1 of the guideline, there was a difference of Rs. 2,768,183 in the imprest receiving and the balance of the imprest due to the imprest receiving of Rs. 161,195,000 according to the trial balance were indicated as Rs. 163,963,183 in the ACA-3 form in the Statement of financial performance.	The final accounts have been prepared as per the final statements of the treasury accounts obtained from the CIGAS web application system as per the guidelines issued by the Department of Public Accounts. Accordingly, no significant difference was observed.	Financial statements should be prepared as per the guidelines issued by the Department of Public Accounts.
(b) Under the paragraph No. 07 of the basis of reporting the financial statements of the year under review states that “Relevant adjustments have been made in the comparative figures for the year 2020 in accordance with the changes made in the financial statement formats for the year 2021” and last year’s figures were revised, but the related adjustments were not disclosed in the financial statements.	I kindly mention that the relevant figures of the year 2020 compared to the year 2021 is included in the financial statements.	Adjustments should be disclosed in the financial statements as per the guidance.
(c) Although the Cash flow statement should be prepared under the direct method, taking into account both considering with the cash and cross entries as per guidelines – 7.6, the institute was not considered about the cross entries of Rs. 638,380 advance receipts and Rs. 617,364 payments.	Payments and receipts made through cross entries are not actually cash payments and receipts, so they have not been taken into account in preparing the Cash flow statement.	Financial statements should be prepared in accordance with the guidelines.

1.6.2 Accounting Deficiencies

(a) Property, Plant and Equipment

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The figures mentioned in the financial statements as at 31 December 2020 should be included as opening balance in the financial statements of the year under review, but the balance of office and computer equipment of Rs. 20,875,876 stated in the Statement of financial position as at 31 December 2020 was overstated by Rs. 663,420 and stated as Rs. 21,539,296 in the treasury computer printed SA-82 as opening balance of the year under review. That difference was not disclosed in the financial statements of the year under review. The property, plant and equipment reserve account was overstated by the same amount.	Agreed. The opening balance of the treasury computer printouts does not match with the opening balance of the office books. The difference will be discussed with the treasury in future and corrected.	Arrangements should be made to compare treasury book balances with office book balances.

(b) Statement of Imprest Reconciliation

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) According to the treasury computer printouts, the reporting entity has incurred an expenditure of Rs. 408,380 on behalf of other heads, but it was stated as Rs. 7,230, which is Rs. 401,150 less in the imprest reconciliation statement.	The imprest account values are indicated there as the expenditure incurred by the reporting entity on behalf of other heads through the treasury computer printouts is Rs. 7,230.	The relevant expenses should be correctly identified and entered in the accounts in accordance with the guidelines.

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| (ii) | Although the expenditure Rs. 7,230 incurred on behalf of the reporting entity by other entities should be indicated under deductions in the statement of imprest reconciliation, it was identified as an expense incurred by the reporting entity on behalf of other heads and added to the statement of imprest reconciliation. | Agreed. | The relevant expenses should be correctly identified and entered in the accounts in accordance with the guidelines. |
| (iii) | Rs. 2,758,211 had been debited into the advance "B" account by the reporting entity on behalf of other heads of the imprest reconciliation account, but such a debit balance was not included in the trial balance of the institute. | According to the treasury printouts, the debits of Rs. 2,758,211 have been entered. | Accounts should be prepared in accordance with the guidelines. |
| (iv) | Rs. 617,364 had been credited into the advance "B" account by the reporting entity on behalf of other heads, but it was over adjusted by Rs. 408,380 due to that the figure was stated as Rs. 1,025,744 in the statement of imprest reconciliation. | Agreed. | Information should be entered correctly into the accounts as per the guidelines. |
| (v) | The collecting amount of Rs. 1,429,636 by the reporting entity on behalf of other heads of income was not included in the statement of imprest reconciliation and the cash flow statement. | It is not included as it is not an institution for which income is collected under other heads of income. | Information should be entered correctly into the accounts as per the guidelines. |
| (vi) | Debits of Rs. 617,364 to Advance "B" account by other heads indicated under deductions in the statement of imprest reconciliation were not included in the trail balance of the institution. | This amount of Rs. 617,364 is an amount received by cross entry during the year for advances. | Information should be entered correctly into the accounts as per the guidelines. |

02. Financial Review

2.1 Incurring to the Liabilities

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Although the obligations and liabilities indicated in note (iii) of the financial statements should have been compared with the statement of obligations and liabilities issued by the treasury, liabilities amounting to Rs. 688,265 were not included in note (iii) of the financial statements.</p>	<p>The obligations have not been recorded in the financial statements due to that the provisions allocated for the year 2021 were not sufficient to record the liabilities under the liabilities of the financial statement.</p>	<p>The values in the financial statements should be reconciled with the values indicated in the treasury printouts.</p>

2.2 Non-compliance with Laws, Rules and Regulations

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

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p style="text-align: center;">Reference to the Laws, Rules and Regulations</p> <p style="text-align: center;">Amount</p> <p style="text-align: center;">Non-compliance</p> <p style="text-align: center;">(Rs.)</p> <p style="text-align: center;">Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka</p>		
<p>(i) Financial Regulations 139 and 257</p>	<p>2,137,275</p> <p>03 vouchers were paid without approval and recommendation.</p>	<p>Vouchers of 401 and 402 are related to payment of wages of casual employees and in case of incident related to voucher 502, the total amount concerned is approved from voucher 501 and entered into ITMIS</p>
		<p>Action should be taken in accordance with financial regulations.</p>

system for disbursement, but the amount was not received from the treasury and due to that the balance of the approved amount was paid through 502 voucher.

(ii)	Financial Regulations 245 (1)	559,291	19 vouchers had been paid without certification.	The relevant officers have been informed to complete and submit the vouchers for payment correctly and check the vouchers properly.	Action should be taken in accordance with financial regulations.
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03. Operational Review

3.1 Planning

3.1.1 Procurement Plan

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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The detailed procurement plan for the year under review was not submitted as per guideline 13 of the paragraph 04 of Public Finance Circular No. 2/2020 and Ministry of Finance circular dated 28 August 2020 and the audit was unable to evaluate the effectiveness of the plan due to the progress of the procurement plan was not submitted for audit by the end of the year under review.	Arrangements have been made to submit a detailed procurement plan in future.	Should be followed the guidelines mentioned in the circular.

3.2 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
----- The board of survey was not done up to date in accordance with sub No. 06 of the paragraph 11.1 of the Ministry of Finance circular of Public Finance Circular No. 01/2020 dated 28 August 2020 and until now, the reports have not been sent to the Auditor General.	----- Arrangements have been made to submit the board of survey reports.	----- The board of surveys should be done and the reports should be submitted according to the circulars.

04. Human Resource Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
----- Only 43 employees had been recruited as permanent staff for the 107 approved posts in the institution as at 31 December 2021 and 59 were recruited on contract and acting basis. 12 out of 19 approved posts at senior level and tertiary level were recruited on contract and acting basis.	----- No answers have been given.	----- Should be filled vacancies.