

Head -019 Office of the Leader of the Opposition in Parliament

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 019 - Office of the Leader of the Opposition in Parliament for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 23 May 2023 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 07 June 2023 in terms of Section 11(2) of the Audit Act. 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 2022, 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 Responsibility of the Chief 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 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 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
Balance of the statement of imprest reconciliation	1.6.1 (d)(i)

- (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 Accounting Deficiencies

(a) Non-revenue Receivings

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although charges, surcharges, fines and licenses amounting to Rs. 49,724 and non-revenue receivings of Rs. 219,869 were indicated under cash flow from operating activities in the cash flow statement, such balance was not included in the trail balance of the institute.	That amount is the total of the charges and revenue receivings in the receiving column of the cash book.	The cash flow statement should be prepared based on the facts included in the trial balance of the institute.

(b) Recurrent Expenditures

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the trial balance, the subsidiary and transfer expenditure amounting to Rs. 230,982 in the year under review was not indicated in the cash flow statement.	Accept the observation.	Information should be included correctly in the financial statements.

(c) Capital Expenditures

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Due to the net cash flow generated from operational activities in the cash flow statement was Rs. 10,586,372 and net cash flow from investment activities was Rs. 14,244,186, the net cash flow generated from operational and investment activities was Rs. 3,657,814, but it was not stated in the cash flow statement. The cash flow statement was not reconciled at that value.	It will be corrected in future.	Cash flow statement should be prepared correctly.

(d) Balance of the imprest Reconciliation Statement

The following observations are made.

	Audit Observations	Comments of the Chief Accounting Officer	Recommendation
(i)	The positive balance of Rs. 1,352,333 was stated as a negative balance of the last year's values in the statement of financial performance of the year under review according to the imprest reconciliation statement in the statement of financial	Accept the observation.	The balances of the audited financial statements of the previous year should be accurately reflected in the audited financial

performance of the audited financial statements of the last year.

statements of the year under review.

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| (ii) | According to the trial balance, the income of Rs. 1,628,505 collected by the reporting entity on behalf of other income heads was not stated in the cash flow statement and it was stated as Rs. 1,537,355 in the imprest reconciliation statement with less than Rs. 91,150. | It will be corrected in future. | Correct information should be included in the financial statements and related formats. |
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2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Since the Chief Accounting Officer should prepare accurate estimates as per the Financial Regulation 50, the audit could not accept that the insufficient allocation for the software development work which was given as the reason for saving the total allocation of Rs. 500,000 allocated under the 2106 – software development expenditure subject.	Allocation were made, but due to the National Budget Circular no. 03/2022 had been given instructions to limit the expenditure of capital expenditure objects to essential activities, I would like to mention that these allocations have been saved.	Correct estimates should be prepared and correct reasons should be given for the allocation savings.

2.2 Non-compliance with Laws, Rules and Regulations

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

Audit Observations		Comments of the Chief Accounting Officer	Recommendation	
Reference to the Laws, Rules and Regulations	Amount (Rs.)	Non-compliance		
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
(i) Financial Regulations 138(5), 231 (1)	113,876	Payments were made for photocopies instead of original copies of invoices in 07 instances.	By using the original copy of the invoice, only the outstanding amount of the imprest money will be paid and the remaining amount will be settled after receiving the imprest money. In such cases in future, special note will be made in the outstanding payment voucher.	Payments should be made for original copies of invoices as per Financial Regulations.
(ii) Financial Regulation 267 (1)	23,092,667	There were 12 instances which an employee's salary/wages was paid to the payee himself without the	Currently, as a formal programme is being prepared and implemented regarding put the signatures on the	Action should be taken to put the signature of the payee in the pay list as that the wages have

signature of the payroll sheet, the payee for pointed deficiencies acceptance of the will be corrected. payment. been paid to the payee himself as per Financial Regulations.

(b) Public Administration Circulars

- (i) Paragraph IV of circular No. 09/2009 dated 16 April 2009 2,558,370 Although if These overtime payments have been made to the officers engaged in field duties. Overtime payment is made on the basis of arrival and departure confirmed by fingerprint machine, but the immediate supervisor/ executive officer/ staff officer, who is supervising their duties. Should be act as per circulars.
- January to December 2022.
- (ii) Circulars of No. 09/2009 dated 16 April 2009, No. 09/2009 (1) dated 17 June 2009 and No. 03/2017 dated 19 April 2017 Although all government employees, including ministerial staff, Secretaries of ministries, Heads of institutions should prove the arrival and departure of the working place by fingerprint machines, fingerprint machines were not used to prove the arrival and Action will be taken to install a fingerprint machine with considering in this regard in future. Should be act as per circulars.

departure of the officers of the institute until the audited date of 08 February 2023.

3. Operational Review

3.1 Planning

3.1.1 Procurement Plan

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
As per the section 4 of guideline No. 13 of the Ministry of Finance Circular No. 2/2020 dated 28 august 2020, no detailed procurement plan was submitted for the year under review.	A detailed procurement plan will be prepared in future.	A detailed procurement plan should be prepared as per the guidelines mentioned in the circular.

3.2 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The transport allowance which is paid for working after 5.30 p.m. on the days when the parliamentary sessions are held, Rs. 56,250 was paid for the 2 days when the parliamentary sessions ended before 5.30 p.m. subject to the approval of the staff advisory committee. But, the approval had not been obtained by the audited date of 08 February 2023.	Arrangements have been made to recover the transport allowance paid for the two days when the parliamentary sessions ended before 5.30 p.m. from the relevant officers.	Payments should be made subject to necessary approvals.

4. Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the provisions of section 38 of the National Audit Act No. 19 of 2018, the Chief Accounting Officer had not prepared a system necessary for the proper execution of internal audit duties.	An Internal Auditor position will be created in the approved cadre and internal audit will be conducted in the administrative functions in future.	Should be compiled with the provisions of the Act.

5. Human Resource Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to paragraph 6.3 of Public Administration Circular No. 02/2018 dated 24 January 2018, appropriate capacity development programmes were not prepared to fulfill the skill targets identified for each officer level and annual performance agreements were not signed for the entire staff based on the format in annexure 01 of the circular.	Training programmes have been identified in the human resource plan for the year and sufficient training opportunities have been carried out as required based on the available provisions. As the work of the office is being restructured, the performance agreements will be updated after that.	Should be act as per circulars.