

## **Head 016 - Parliament**

### **1. Financial Statements**

#### **1.1 Opinion**

The audit of the financial statements of the Head 016 - 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 Parliament was issued to the Chief Accounting Officer on 31 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 Parliament was issued to the Chief Accounting Officer on 28 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, the accompanying financial statements give a true and fair view of the financial position of the Parliament as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Opinion**

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 Responsibility for the Audit of Financial Statements 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**

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 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 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 General'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 the significant audit findings, main internal control weaknesses and other matters 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 consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

## 2. Financial Review

### 2.1 Expenditure Management

#### 2.1.1 Utilization of Provisions

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Although the estimates are to be prepared a completely and accurately as possible in accordance with Financial Regulation 50, the provisions of Rs. 74,000,000 had been transferred from 06 recurrent expenditure subjects which were allocated for the year under review to 05 other recurrent expenditure objects and one capital expenditure object by F.R. 66.	Although the price levels of the goods and services expected to be obtained under the expenditure estimates are higher due to inflation in the country in the year 2022, necessary provisions had to be transferred for the expenses to be incurred for giving priority to maintaining the activities of the Parliament without interruption.	Maximum effort should be taken to prepare the estimates correctly as per Financial Regulations.

## 2.2 Incurring into Liabilities and Obligations

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A total of 08 expenditure objects amounting to Rs. 9,486,836 pertaining to the year under review, which were not included as liabilities in the Treasury printout SA 92 and the statement of liabilities (in Annexure iii) had been settled in the year 2023.	The details of the values of obligations and liabilities, which could not be found at the time of preparing the financial statements, have not been included in the statement of liabilities and instructions have been given to minimize this situation in future.	All liabilities related to the year should be mentioned in the financial statements.

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

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

Audit Observations	Comments of the Chief Accounting Officer	Recommendation
Reference to Amount Non-compliance Laws, Rules and Regulations Rs.		
(a) Paragraph 2 of - Public Accounts Circular No. 234/2013 dated 30 December 2013	If use an another computer programme instead of GPS system introduced by the Public Accounts Department for the salary preparation, a related report should be submitted to the Public Accounts Department and taken an approval, but such approval obtained for the	The officers of the Parliament have gone to Public Accounts Department and submitted the relevant information and explanations and obtained approval orally regarding this system.
		Should be followed the circular instructions.

programme used by the Parliament for the preparation of salary was not submitted.

- (b) Paragraph 02 of Public Administration Circular No. 289 dated 10 May 1985 - Although it is mentioned that government vehicles should have the government emblem, action had not been taken accordingly related to all vehicles of the Parliament. According to the security instructions received due to the recent situations, the “Mace” logo used on the vehicles had to be removed temporarily. Action will be taken based on the instructions given by the security committee in future. Action should be taken to study the possibility of act according to the provisions of circulars and act accordingly.

### 3. Operational Review

#### 3.1 Procurements

A procurement plan was prepared for the year under review with an estimates expenditure of Rs.743,759,062. The following observations are made in this regard.

Audit Observations	Comments of the Chief Accounting Officer	Recommendation
(a) The procurement plan was not prepared in the prescribed format as per paragraph 4 of Guideline No. 13 of Public Finance Circular No. 02/2020 dated 28 August 2020 and the detailed procurement plan that should be prepared as per 4.2.1 was not prepared.	Agreed. Action will be taken to submit the procurement plan submitted for the year 2023 according to format 4.2.1 of the procurement guidelines.	Should be followed the circular guidelines.

<p>(b) The estimated expenditure of 34 capital procurement tasks in the submitted procurement plan was Rs. 551,192,552. The total capital allocation for the year under review was Rs. 132,000,000, but revised procurement plan was not prepared. Also, due to that the progress of the procurement plan was not submitted by the last date of the year, its effectiveness could not be evaluated in the audit.</p>	<p>Agreed. As the circular imposed restrictions on capital expenditure, only essential procurements were made in the year 2022. The procurement plan could not be revised accordingly.</p> <p>The progress of the procurement plan was prepared during the preparation of the 2022 performance report, but could not be submitted for audit.</p>	<p>A revised procurement plan should be prepared.</p>
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### 3.2 Assets Management

The following observations are made.

<b>Audit Observations</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) The board of survey reports for the year 2022 had not been submitted to the Auditor General according to sub-No. 06 of paragraph 11.1 of Public Finance Circular No. 01/2020 dated 28 August 2020, The board of survey reports related to the Speakers' official quarter, Madiwela official quarter 108, Senpathi Medura resort in Nuwara Eliya and Meth Sewana resort in Anuradhapura were not submitted for the year 2021.</p>	<p>Agreed. Although there were some delay due to practical reasons, instructions have been given to minimize it.</p>	<p>The board of survey work should be updated and the reports should be submitted to the Auditor General according to the circular.</p>

- (b) According to the Combined Services Circular No. 02/2017 dated 04 May 2017 of the Ministry of Public Administration and Disaster Management and section 3.1 of the National Library and Documentation Services Board Circular No. 2004/PuS/1 (2016-Revised) dated 22 December 2016, annual surveys to be conducted regarding library materials including written, printed, visual, audio-visual and electronic acquired by the libraries were not conducted in related to the library of the Members of Parliament.
- Agreed. As there are practical difficulties in conducting the survey annually, a survey is conducted when a new appointment is made for the post of Librarian and that will be planned to conduct the annual survey for the year 2023.
- Circular instructions should be followed.

### 3.3 Management Inefficiencies

#### 3.3.1 Rentals of the Quarters

The following observations are made.

Audit Observations	Comments of the Chief Accounting Officer	Recommendation
(a) According to the report of the house committee meeting held on 28 May 1993, the house rent of Rs. 1,000 charged from the year 1993 for the official quarters of the Madiwela housing complex had not been revised.	Observation is correct. It was proposed in the house committee held on 04 April 2023 to increase the house rent after the repairs proposed to be done in the housing complex.	The value of the houses should be assessed and revised the amount of rent.
(b) According to the agreement made with the Secretary General of the Parliament in providing Madiwela houses, the official quarters should be vacated and handed over immediately after the abolishment of Member of Parliament and a penalty amount of Rs. 500 per day	The Attorney General's Department has been informed in this regard on 22.03.2023 and necessary actions are being carried out as per its instructions to file a case.	According to the agreement, as soon as the Member of Parliament is abolished, a formal programme should be prepared to vacate and take over the official

and the electricity and water bills amounting to Rs. 455,904 to be collected from 06 Members of Parliament, who were not handed over accordingly, had not been recovered by the audited date of 15 November 2022.

quarters and recovered the related charges immediately.

- (c) According to Cabinet approval No. 20/1997/302/028 dated 19 December 2020, Rs. 75,000 is paid monthly for Members of Parliament who are unable to get Madiwela official quarters and Rs. 6,750,000 and Rs. 4,875,000 respectively were paid to 10 Members of Parliament in the year 2021 and 08 Members of Parliament till September 2022.
- Observation is correct. Instructions were given to staff to provide a house as soon as possible within the existing limits of the Madiwela housing complex to every Member of Parliament who has the housing privileges.
- Action should be taken to reduce the house rent paid by taking necessary action to vacate the official quarter as soon as the Member of Parliament is abolished.
- (d) The amount of Rs. 1,000 charged as deposit for water, electricity and telephone bills in the Madiwela official quarters was not reviewed and amended in time.
- Observation is correct. It is expected that the matter will be submitted to the upcoming house committee and necessary amendments will be made.
- Fees charge as deposit for bills should be reviewed and revised periodically.
- (e) As discussed in the first house committee session of the Ninth Parliament held on 25 November 2020, although the Ministers and State Ministers who have been given government bungalows by the respective ministries should return the official quarters of Members of Parliament taken from the Madiwela housing complex and the Secretary General of the Parliament should take appropriate measures to vacate those houses, three Ministers had not returned the Madiwela Member official quarters by the audited date of 16 May 2023.
- Observation is correct. Letters were sent with the signature of the Honorable Speaker on 04 April 2023, informing that arrangements should be made to return the relevant quarters to the Parliament and it is expected to be forwarded to the attention of the Hon. Speaker in the upcoming house committee.
- Arrangements should be made to get back the quarters as discussed in the house committee.



- (f) The house rent of Rs. 27,857 to be charged for a quarter given to a Member of Parliament by the Ampara District Secretariat had not been recovered from his Member of Parliament allowance.
- Observation is correct. This house has been reserved by an institute outside the Parliament and letters have been sent by the Finance and Accounts department of the Parliament to get the written consent of the Hon. Member to recover this amount.
- Receivable house rent should be recovered from the Member's allowance and sent to the District Secretary's office.

### 3.3.2. Employee Loan Balances

The following observations are made.

Audit Observations	Comments of the Chief Accounting Officer	Recommendation
(a) A loan balance of Rs. 398,701 to be recovered from two suspended officers had exceeded 06 years.	As the service period is over 10 years, payment has been made without a guarantor and as the investigations of the Criminal Investigation Department are being carried out in relation to the money frauds of a society in the Parliament, it has not been possible to take steps to recover this money from them.	Action should be made to settle the outstanding loan balances without delay.
(b) There was a difference of Rs. 43,051 between the total of the departmental control account and the summary of individual balance classifications during the year under review and the difference was Rs. 125,845 and Rs. 43,022 respectively in the years 2020 and 2021.	Action will be tried to identify this difference.	Departmental control account and the summary of individual balance classifications should be tallied.

### 3.4 Unresolved Audit Paragraphs

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
With contrary to the paragraph 1.2 of the Trade and Investment Policy Circular No. 01/2018 dated 15 February 2018 regarding “Granting of motor vehicles on a concessional basis” and the letter No. TIP/SS/01/84 dated 25 April 2019 issued by the Director General of the Department of Trade and Investment Policy to the Secretary General of Parliament mentioned in paragraphs 3.4 and 3.5 of the Auditor General’s summary reports for the years 2020 and 2021, A formal approval regarding “Issuance of concessional motor vehicle permits to three parliamentary staff officers who have not completed six (06) years of active service in an executive position of senior level” was not submitted to the audit.	The system of issuing concessionary motor vehicle licenses to the senior officers of the Parliament has been implemented for a long time with the written permission of the Director General of the Department of Trade and Investment Policy and after it was given to our attention through an audit query, a direct explanation was obtained from the Department of Trade and Investment Policy through the intervention of the Hon. Speaker and the Minister of Finance. Accordingly, the system of granting concessional motor vehicle licenses to the senior officers of the Parliament has been suspended at now on that basis.	Should be act as per circular provisions.

## 4. Human Resource Management

### 4.1 Attached staff and Actual Staff

The following observations are made.

<b>Audit Observations</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) The approved cadre of the staff of the Secretary General of the Parliament was 995 and the actual number of employees was 861 as at 31 December 2022.	According to the National Budget Circular No. 2022/03 dated 26/04/2022, the recruitment of employee was temporarily suspended, but 48	Vacancies in essential positions that are adversely affecting performance should

The total number of vacancies in the institute was 136 as 03, 40, 52 and 41 respectively in the senior level, tertiary level, secondary level and primary level posts. employees have been recruited in the year 2022 and 28 employees have been recruited in the year 2023 based on a special approval from the Advisory Committee on Parliamentary staff. be filled or staff should be reshuffled if not.

- (b) Although the approved number of casual/ temporary employees was 8, due to the actual number of employees of the institute was 10, two employees had been hired in excess of the approved number of employees. The actual number of casual and temporary employees in the institute was classified as 10 by 5 as casual and 5 as other. Action should be taken to maintain an approved number of employees.

#### 4.2 Recruitment for Communication Department

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the Cabinet had given approval to hire the required staff to the department on contract basis on a monthly allowance equal to proposed salary, 14 officers were recruited on permanent basis for 4 types of posts.	It is submitted to the cabinet approval for making the posts of the department as permanent and pensionable posts.	Recruitment should be done as per Cabinet approval.

#### 4.3 Recruitment for the post of Assistant Librarian

The following observations are made.

Audit Observations	Comments of the Chief Accounting Officer	Recommendation
(a) While it was mentioned in the gazette on 09 April 2021 that the applications to recruit officers for the post of Assistant Librarian of the Parliament should be sent by	Observation is correct. Due to the lack of proper functioning of the services due to the covid epidemic situation in the country, 02 applications	The recruitment procedures should be done in accordance with the gazette notification.

registered post as to be forwarded to registered post received on or before 30 before 30 April have been April 2021, the applicants of considered. The other 04 06 application forms received application forms have been from 03 to 17 May 2021 considered as they have been were invited for the written signed by the Heads of test with contrary to that. government institutions before the 30<sup>th</sup> day.

- (b) Although 25 marks are reserved for experience by the interview panel, marks were not given formally on specific basis while reviewing the marks given for 07 officers. In the evaluation of work experience, the interview panel had considered their practice in the subject through written certificate as well as oral interviews with the applicants on the subject. As observed in the audit, different ranges of marks are available on that basis. A definite and regular scoring system for experience should be maintained in the recruitment process.
- (c) A total of 25 marks were allocated for additional qualifications, but the way of those marks were allocated was not correct. The scoring system identified by the audit appears to be correct and if the methodology followed by the interview panel had been elaborated further in the file, it would cause for further increased transparency. Awarding of marks for qualification should be done according to a formal system.
- (d) The basic education qualifications of one of the applicants selected for the post were considered as additional qualifications and marks were given and the accuracy of the confirmation of certificates of those qualifications had not been verified. Necessary action is being done to verify the accuracy of the certificates. The basic qualifications and additional qualifications should be identified correctly and the accuracy of the certificates should be verified to confirm the qualifications.
- (e) One of the female officer from the two selected officers was given the opportunity to assume duty on 27 June 2022 after a delay of 02 months and 23 days. The observation made by the audit is correct. According to the requirement of recruitment, action should be made to report to the service without delay.

- (f) One Assistant Librarian had been appointed contrary to paragraph 03 (vii) of the National Budget Circular No. 03/2022 dated 26 April 2022 regarding the control of public expenditure issued by the Ministry of Finance. The approval and instructions of the Staff Advisory Committee has been received to fill the necessary vacancies for the smooth functioning of the Parliament. Should be act as per circular provisions.