

Head 16 – The Parliament

1. Financial Statements

1.1 Qualified Opinion

Head 16 - The audit of the financial statements of the Parliament for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and statement of financial performance and the cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information 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. In terms of section 11(1) of the National Audit Act No.19 of 2018, the summary report including my comments and observations on the financial statements of the Parliament had been issued to the Chief Accounting Officer on 06 June. As per section 11(2) of the Audit Act, Annual Detailed Management Audit Report had been issued to the Chief Accounting Officer on 06 August. In terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with section 10 of the National Audit Act No.19 of 2018, this report will be tabled to the Parliament.

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 Parliament as at 31 December 2023, and its financial performance and the cash flows for the year then ended in accordance with the Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on 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 audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 the provisions of section 38 of the National Audit Act No.19 of 2018 for such internal control as management 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 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 annual and periodic financial statements to be prepared of the Parliament.

In terms of subsection 38(1) (c) of the National Audit Act, the Chief Accounting Officer should ensure that an effective internal control system had been prepared and maintained for the financial control of the parliament and the changes required enabling to effectively carry out the system should be made having made a review from time to time about effectiveness of the system.

1.4 Auditor's Responsibilities 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, 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 judgement and maintain professional scepticism throughout the audit. I also

- Appropriate audit procedure were designed and performed identify and assess the risks 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parliament '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 the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the 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 consistent with the preceding year,
- (b) The recommendations made by me on the financial statements related to the preceding year had been implemented.

1.6 Comments on the Financial Statements

1.6.1 Non-compliance the financial statements with the circular provisions

Even though the financial statements should be prepared as per State Accounts Guidelines 05/2023 dated 30 November 2023, the incidents in which those had been deviated from such requirements are as follows.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) As per 8.2 paragraph of Director General of State Accounts No.05/2023 dated 30.11.2023, the value of land located in Jayanthipura and the cafeteria and other buildings constructed at a cost of Rs.7.8 million by Police Seva Vanitha Unit in that land had not been identified and accounted.	The assessment values of the buildings and lands located in Jayanthipura had been received by the letter No. SA/GFS/01/01/11/016 dated 09.05.2024 of Director General of Department of State Accounts and it had been indicated that the action will be taken to account after deciding what value should be mentioned in the financial statements of the buildings constructed with a cost of Rs.7.8 million by Police Seva vanitha Unit in 2024.	The action should be taken as per relevant guideline.
(b) In the year under review, the action had not been taken to assess and account the value of the goods received as the foreign grants and the relevant disclosures had not been made in the financial statements for that.	A committee had been already appointed to assess the value of the goods received as the foreign grants and it had been informed that the action will be taken to account as per such committee report.	The action should be taken to account having accurately identified the value.

1.6.2 Accounting Deficiencies

(a) Statement of Reconciliation on Public Officers' Advance Account

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
As at closing date of the year under review, a difference of Rs.43,051 between the department control account balance related to Government Officers' Advance "B" Account and aggregate of individual balances classification summary.	Subsequent to a huge effort taken in 2021, it was able to reduce the difference up to Rs.43, 051 and the action will be taken to further identify this difference and if it will not be able to find the difference, it had been mentioned that the action will be taken to make the necessary adjustments having obtained the instructions related to this matter through Director General of State Accounts.	The action should be taken to accurately account having identified the difference.

2. Financial Review

2.1 Expenditure Management

2.1.1 Provision Utilization

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
It should be performed as per Financial Regulations 50 and 127(5), the provisions of Rs. 200,800,000 in the range between 3 percent to 76 percent which is the aggregate of 08 recurrent objects due to making the over provisions in the preparation of the basic estimates had been transferred to other 06 recurrent objects and 01 capital object through F.R.66.	Since the provisions allocated under some objects were not adequate for smoothly maintenance of the activities of parliament due to the reasons such as increase of electricity and water tariffs, increase of maintenance fees charged by Ceylon Electricity Board and Water Supply Board ,increase of VAT and increase of the fees charged by external services and supply institutes, the provisions had been transferred and the reasons affected for remaining the provisions or shortage arisen of the objects on which the provisions had	The action should be taken as per Financial Regulations.

been transferred had been separately indicated in the relevant transfer papers.

2.2 Entering into the Commitments and Liabilities

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The aggregate liabilities of 02 objects of Rs.24, 266,808 related to year under review which had not been included in the liabilities and commitment statement (Treasury Computer print outs SA-92) and in the liabilities statement of the institute had been paid in 2024.	The shortage of provisions had arisen due to the reasons such as increase of VAT related to goods and services in 2023, increase of tariff of Ceylon Electricity Board and Water supply Board which were beyond our control and since the liabilities couldn't be entered into CIGAS software without the provisions, this deficiency had occurred and it had been indicated that the action will be taken to minimize such situations in 2024.	The relevant liabilities and commitments should be accounted having accurately identified and no commitments should be entered exceeding the provisions.

2.3 Non-compliance with laws, rules and regulations

The incidents in which it had not complied with laws, rules and regulations observed at the audit sample test are explained below.

Reference to laws, rules and regulations	Observation Value Non-compliance Rs.	Comments of the Chief Accounting Officer	Recommendation	
(i) Financial Regulations of Democratic Socialist Republic of Sri Lanka Financial Regulations 260	81,469, 324	The verification for obtaining the payment had not been obtained from	If the signatures had not been put in the vouchers for acknowledgement	A verification for payment of money to the specified person itself should be

the person who had obtained the payment of aggregate Rs. 81,469,324 for 122 vouchers paid for the purchase of food items within the period from January 2023 to July 2023. of cheques, the necessary instructions had been given to take action without occurring such deficiencies again in the future. obtained in making payments.

(ii) State Accounts Circular

Paragraph No.6.2 of State Accounts Guideline No.05/2023 dated 30 November 2023

Even though the format should be amended using only relevant deposit numbers, the format ACA 4 in the financial statements of parliament had not been amended likewise. In the preparation of the financial statements in 2024, it had been informed that it was noted to make necessary amendments in the format ACA 4.

The action should be taken as per circular.

2.4 Issuance and Settlement of Adhoc Sub Imprest

The under-mentioned observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) When adhoc sub imprests are given, the advances had been given only to one staff officer and an advance had been provided again before settlement of the previous advance at 10 occasions. Furthermore, as per paragraph 9.1(b) of Public Finance Circular No. 01/2020 dated 28 August 2020, even though an adhoc sub imprest can be provided up to maximum of Rs. 100,000 at one occasion, an advance had been given again before settlement of previous advance. At 02 incidents, an amount of Rs. 187,644 and Rs. 117,150 had	In the daily activities of the parliament, the requests in relation to the required purchases for many functions of each department are performed by Supply and Service Office and the necessary advances are requested by Assistant Director (Administration) of Supplies and Services Bureau. Accordingly, the advances are given separately for each requirement. Since the foreign missions, ambassadors and state leaders of numerous countries come to the parliament within very short time notice, it had to be	The actions should be taken as per the circulars.

been remained with the officers who had obtained the advances. obtained advances for the supplies and services required for fulfilling their requirements and since obtaining an advance before settlement of the previous one can't be avoided, the instructions had been given to minimize such occasions.

- (b) Since the advances had been paid without preparation of a formal estimate on the necessity, Rs. 98, 751 advances i.e. amount in the range of 31 percent to 86 percent out of Rs. 197,150 provided 09 occasions had not been incurred and settled. In due course, the relevant officers had been made aware to submit a gross estimate on the relevant task and minimize the range for advance money utilization in applying the advances by paying attention to Public Finance Circular and F.R. 371(2) b and 371(5). The action should be taken to obtain advances having prepared a formal estimate requirement.

3. Operating Review

3.1 Performance

3.1.1 Preparation the Plans

(a) Procurement Plan

The under-mentioned observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) Even though the all Accounting Officers should prepare the annual procurement plan for implementation of recurrent and capital programs in next year in accordance with the subjects and functions assigned to their own institutes before 10 December in the current year as per paragraph 04 of Public Finance Circular No.02/2020 dated 28 August 2020 and a copy after obtaining the	The procurement plan for 2024 had been submitted to me and the approval had been properly obtained and the instructions had been given to the relevant officers to be submitted a copy of the procurement plan with such approval to the audit in compliance with the relevant time frame.	The approved procurement plan should be submitted to the audit in the specified time.

approval of Chief Accounting Officer should be submitted to the Auditor General, the procurement plan submitted for audit had not been approved by the Chief Accounting Officer in the year under review.

- (ii) Since the progress at the end of year of 53 procurement activities of Rs. 462,037,552 including in the procurement plan in the year under review submitted for audit had not been forwarded to the audit, its effectiveness couldn't be appreciated and the date for completion the procurement activity of 25 procurement activities which should not be carried out again and again with a value of Rs. 191,198,552 had been indicated the dates in 2022.
- Since it had occurred in accordance with the delays made in entering data, it had been given instructions to pay more attention to it. The progress of the procurement plan in the year under review had been submitted to the performance report and accordingly, the work worth of Rs. Rs.401, 878,857.86 had been completed. The necessary instructions had been given to take action to submit in the future having prepared the progress of the procurement plan 2024 as per the Procurement Guidelines.
- The procurement plan accurately prepared should be submitted.

3.2 Non-Discharging the functions

Audit Observation

105 sittings had been conducted in the parliament in the year under review there were 24 sittings in which less than 150 member of parliament out of 225 had participated and there were 78 sittings in which 150-200 members of parliament had participated and there were 03 sittings in which more than 200 members of parliament had participated.

Comments of the Chief Accounting Officer

Agreed with the answer.

Recommendation

The action should be taken to increase the participation for the sittings.

3.3 Abandonment of Projects without completion

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
In accordance with the procurement plan 2021, a tender of Rs. 20,464,930 without VAT had been awarded on 12 October 2021 for supply and installation, testing and commencement of air conditioner system for rooms of the ministers in parliament premises and the agreement had been signed 26 October 2021 for completion the work within 03 months and handing over to the parliament. However, the work had not been completed up to 31 December 2023 and the contractor had abandoned the work.	Subsequent to signing the contract agreement, said contract couldn't be completed within the relevant period of time due to non-concurrence arisen between both parties with the request for escalation of contract price by the contractor. Even though the money had not been released, the goods brought to the parliament premises by the contractor are still in the premises. However, the instructions had been given to the relevant officers to find the possibility of activating this contract again enabling to receive an economic advantage to the government.	The measures should be taken as per the contract agreement.

3.4 Completion the Projects

The under-mentioned observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The approval of the cabinet of ministers had been granted on 22 August 2018 to obtain the service of Urban Development Authority for estimated amounts of Rs. 37,147,488 and Rs.41, 759,760 for renovations of the security buildings located in Jayanthipura and Pinniyara respectively subject to the observations of the ministry of Finance and Mass Media. However, it had	We had observed that the approval of the cabinet of ministers dated 22 August 2018 had been granted subject to the observations of Ministry of Finance and Mass Media .Since the modernization of Govigana Mandirayaya was being carried out as a very efficient project with Navy on the supervision of Urban Development Authority at that time, the action had been taken to follow the same method for these constructions with an expectation of gaining	The action should be taken as per the observations of Ministry of Finance and Mass Media.

been agreed to the proposal as policy as indicated in the observations provided by the Ministry of Mass Media. However, though it had been agreed to the proposal as policy as mentioned in the observations provided by Ministry of Mass Media, Urban Development Authority is not a specific institute for work like this. Even though it had been noted that a suitable contractor can be selected by adhering to the procurement procedure, such activities had been handed over to Urban Development Authority itself without taking action in that manner.

more advantage to the government economically. The observation that it had been mentioned in the cabinet decision that a suitable contractor can be selected through following the procurement procedure is accurate.

- (b) Even though it had been planned to implement in 2021, the renovation of the security buildings located in Jayanthipura and Pinniyara and repairs of parliamentary public sanitary system had increased by Rs.30,583,642, Rs. 55,381,311 and Rs. 18,427,968 respectively i.e. 82 percent, 133 percent and 84 percent respectively due to non-implementation within the relevant period, non-preparation of the estimates in accordance with the soli test report in relation to the land for the construction, non-receipt of the necessary instructions from the parties who had given the external

Agreed. The range of increase of cost indicated by the audit between the original estimate and the final estimate is correct. As a results of the reasons such as consideration of soil test report had been avoided in preparation of the first estimate by Urban Development Authority as an immediate response given for a very short notice by Hon. Speaker, spread of Covid pandemic throughout the country within this time range, escalation of cost of raw materials in higher value and delay of these constructions, it had affected to increase the cost from a considerable amount.

The planning and preparation of the estimates should be accurately carried out.

consultations related to the constructions.

- (c) In accordance with the cabinet decision obtained on 25 June 2019, even though the man power of Sri Lanka Navy should be utilized for the renovation activities of security buildings, contrary to it, a private contract company had been engaged in the service for the renovation activities of Pinniyara security buildings.
- The relevant institute is a sub-contractor utilized as per their proper methodology for carrying the work which can't be performed by Sri Lanka Navy.
- The relevant approval should be formally obtained.
- (d) The Urban Development Authority had obtained service of 2 other institutes without obtaining a formal approval by Urban Development Authority for the rehabilitation of Pinniyara security building and an aggregate of Rs. 3,198,400 had been paid.
- After selecting 02 external institutes for obtaining services which urban Development Authority does not have under their approved method, those institutes had been engaged in the service of parliament. The value incurred for that is accurate as observed by the audit.
- The relevant approval should be obtained formally.
- (e) No agreements had been entered with Urban Development Authority by the parliament in relation to each project with regard to 03 projects examined by the audit carried out under the consultation of Urban Development Authority.
- The separate agreements had been entered into with Urban Development Authority for 02 projects for the constructions of Jayanthipura and Pinniyara and the instructions had been given to submit the copies of those to the audit and even though an agreement had been prepared for proposed overall improvements project within the parliamentary premises, it had been informed by us to Urban Development Authority about the requirement of identification of cost estimates separately for the sub projects including it. It had delayed such entering into agreements.
- The action should be taken as per the procurement guidelines.

- | | | | |
|-----|---|---|---|
| (f) | 04 mobile toilets had been obtained in 2021 on rent basis for the usage during the period in renovation of the public sanitary system and Rs.60, 000 had to be paid monthly for that. As at 31 December 2023, aggregate of Rs.1, 800,000 had been paid for 30 months elapsed. Since the project had been implemented more than 02 years, these mobile toilets (temporary toilets) had to be used more than 02 years also. | It is agreed with the observation and this mobile toilet system had been established in 2021 and it had been allocated for the necessity of the people who visit the parliament, security divisions, public officers and the suppliers. | The activities should be completed within the scheduled period of time. |
|-----|---|---|---|

3.5 Assets Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though in accordance with sub number of paragraph 11.1 of Public Finance Circular No. 01/2020 dated 28 August 2020, the board of survey activities should be carried out in an update manner and the report should be submitted to Auditor General before 31 March of the next year, the board of survey reports in the year under review and the preceding year had not been submitted to Auditor General by parliament even up to the date of this report. The board of survey report for 2021 had been submitted to the audit on 12 April 2023 after 02 years delay.	The board of survey reports had been forwarded to me having conducted the board of survey for 2022 and once its decisions had been completely implemented, the instructions had been given to provide you the copies. The board of survey had been appointed for 2023 and accordingly, the instructions had been given to conduct the board of survey in weekend and complete it within 02 days.	As per the circulars, the board of survey reports should be submitted on due dates.
(b) In accordance with Combined Services Circular of Ministry of Public Administration and Management No.02/2017	Since it was observed that the Hon. Members of Parliament had used the library even in the dates	The board of survey should be conducted as per circular.

dated 04 May 2017 and the section 3.1 of circular of National Library and Documentation Services Board No. 2004/Libr/ 1(2016-Amnendment) dated 22 December 2016 , even though it is compulsory to conduct the annual board of surveys in relation to the library items including the written, printed, audio, video and electronic media taken over to the library for the usage of the readers, no board of survey had been conducted in relation to the library of members of parliament.

when the sittings are not held, it was difficult to conduct an annual survey. It had been scheduled to conduct an annual survey for the books in the library within the time frame received after completion of 09th parliament.

3.6 Management Weaknesses

The under-mentioned observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The receivable loan balance of Rs. 230,943 between 01 to 03 years and Rs.398,701 more than 07 years is related to 03 interdicted officers and since the investigation and legal actions in relation to such officers had not been completed, it couldn't be recovered the loan balances.	An amount of Rs.230, 943 should be recovered from an officer interdicted and the action will be taken to make a decision on the loan amount after completion his investigation. Since the legal action had not been completed in relation to loan balance of Rs.398, 701 exceeding more than 07 years, such amount is further remained as outstanding balance.	The action should be taken to recover outstanding balances.
(b) The opportunity for obtaining a competitive minimum price had been avoided through purchase of dried foods by calling the quotations only from Sri Lanka Co-operative Association instead of selecting a minimum price by calling the competitive quotations for the	Owing to being an institute implemented subject to the monitoring of the Department of Cooperatives of government, compliance with the payment pattern of the parliament, the quotations submitted by them are competitive with the market prices, it had been opened to the competitive market as proposed by the audit in 2024 though the	The action should be taken to select the minimum price by calling the competitive prices for procurement.

procurement of dried foods in the year under review. procurements had been made from the co-operative sales association since longtime.

- (c) The people's canteen complex with 13 trade stalls located in front of Parliamentary complex had been leased to Police Seva Vanitha Unit for a monthly rent of Rs. 100,000 from 01 June 2023 to 31 May 2025 and the lease agreements required for that had not been signed up to December 2023. Furthermore, since Police Seva Vanitha Unit had leased 09 trade stalls located in that complex to the third parties again for a monthly rent of Rs.40, 000 each, it was observed that the physical resources had not been effectively utilized by the parliament.
- Presently, the action had been taken to sign the relevant lease agreement. The Police Sava Vanitha Unit has been taking action without a burden of expenditure to the parliament for fulfillment of the foremost objectives of this land belonging to parliament since 2011 which has a considerable effect to its security , parking the vehicles and providing of foods, beverages and other basic facilities of the school children and people who visit the parliament and the security officers of Hon. Members of parliament at the sittings. However, since the audit had observed that the physical resources should be utilized in more effective manner, the instructions had been given to the officers to make a new access taking into consideration the existing security situation.
- The physical resources belonging to institute should be effectively utilized.

3.7 Unresolved Audit paragraphs

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
As per the paragraph 1.2 Trade and Investment Policies Circular No.01/2018 dated 15 February 2018 and the letter No.TIP/SS/01/84 dated 25 April 2019 issued by the Director General of Department of Trade and Investment policies to Secretary General of Parliament mentioned in paragraphs 3.4 and 3.5 of the summary reports of Auditor General 2020,2021 and 2022, a formal approval in	The said methodology for issuance of the motor vehicle permits on concessionary basis prevailed since long time for the senior officers of parliament of Sri Lanka had been suspended with the observations submitted in 2019 on this methodology by the audit. The issue arisen on this privilege which had been enjoyed by the officers in the senior level of parliament	The action should be taken as per the circular.

relation to issuance of concessionary vehicle permits to 03 officers in the parliament staff (the active period of service related to the post which is entitled the permit is between 02 months and 01 year) who had not completed 06 years active period of service in executive level belonging to “senior level “ contrary to the circular provisions and the instructions in relation to issuance of vehicle permits on concessionary basis to the parliament staff had not been submitted to the audit.

since long time had been referred to the Ministry of Finance through the minister of Finance on intervention of Hon. Speaker. However, having prepared a set of proposals with the assistance of a consultant in order to the placement of the staff of parliament as per the provisions of circular 6/2006 as a solution for this issue, it had been scheduled to forward for relevant approval.

4. Human Resources Management

Audit Observation	Comments of the chief Accounting Officer	Recommendation
The approved cadre of the staff of the Secretary General of Parliament was 994 as at 31 December 2023 and the vacancies in senior, tertiary, secondary and primary levels were 12,36,52,55 and 155 respectively.	The observations had been accepted.	The action should be taken to fill the vacancies.