

## **Head 018 - Office of the Chief Government Whip of Parliament**

### **1. Financial Statements**

#### **1.1 Opinion**

Head 018 - The audit of the financial statements of the Office of the Chief Government Whip of Parliament for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement including information related to the material accounting policies 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 Chief Government Whip of Parliament was issued to the Chief Accounting Officer on 10 May 2024 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 Chief Government Whip of Parliament was issued to the Chief Accounting Officer on 10 June 2024 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, the accompanying financial statements give a true and fair view of the financial position of the Office of the Chief Government Whip of Parliament as at 31 December 2023 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 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 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 Chief Government Whip of 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 Chief Government Whip of 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 Office of the Chief Government Whip of 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 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 consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

## **02. Financial Review**

### **2.1 Expenditure Management**

#### **2.1.1 Utilization of Provisions**

The following observations are made.

| <b>Audit Observations</b>   | <b>Comments of the Chief Accounting Officer</b>  | <b>Recommendation</b>   |
|---|--|---|
| (a) Although the Chief Accounting Officer should take special attention about that the estimates are prepared completely with considering about correctness economical and efficient as possible in according to Financial Regulations 50, the estimated 02 recurrent expenditure subjects of Rs. 275,967 and Rs. 1,542,614 were saved respectively as 69 and 77 percent. | The reasons for the remaining provision in the 2 recurrent expenditure subjects were that there was not foreign travel as expected in the year and the expenses were reduced by limit the travel expenses of the personal staff. | Expenditure estimates should be accurately assessed as per Financial Regulations. |

- (b) Due to over-provisioning of the initial estimates during the preparation of initial estimates, while the total location of R. 2,700,000 out of the estimated allocation of Rs. 43,000,000 in 04 recurrent expenditure subjects has been transferred to other expenditure subjects by F.R 66, there was savings in the range from 18 percent to 62 percent of the net allocation of those expenditure subject at the end of the year.
- Savings were made due to management of duties outside the office from within the office, sending letters and messages through the use of e-mail, conducting discussions through the online system, the occurrence of vacancies in private staff officers and permanent staff officers who have allocated official vehicles and minimizing the use of pool vehicles, minimizing the meetings organized by the office and incurring refreshment expenses for participants for the meetings by the relevant ministry.
- Expenses should be accurately assessed and annual expenditure estimated should be prepared.
- (c) Although the estimated provision for maintenance expenditure on machines and machinery has been increased by 233 percent during the year under review as compared to the previous year, Rs. 845,336 or 85 percent out of the estimated provision was saved.
- Although more allocations were allocated for the year 2023, the expenses were not made for maintenance of machinery maintenance as expected due to the reduction of the use of machinery.
- Expenses should be accurately assessed and annual expenditure estimates should be prepared.

## 2.2 Non-compliance of 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.

|      |   | <b>Observation</b> |  | <b>Comments of the Chief Accounting Officer</b>  | <b>Recommendation</b>                                    |
|------|---|--------------------|--|--|--|
|      | <b>Reference to Laws, Rules and Regulations</b>                                 | <b>Amount</b>      | <b>Non- compliance</b>   |  |  |
|      |   | <b>Rs.</b>         |  |  |  |
| (i)  | Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka |                    |  |  |  |
| (a)  | Financial Regulation 231  | 200,712            |  | Only salary and allowances paid as a temporary driver are reimbursed by the office. Attendance is certified by running charts. | Action should be taken as per the Financial Regulations. |
| (ii) | Financial Regulation 232(2)   | 852,506            | Although the amount contained in the voucher or summary should be entered as well as in letters, the paid amount was not written in salary details related to 09 vouchers. | The paid amount was not mentioned in letters out by omission.  | Action should be taken as per the Financial Regulations. |

### 03. Operational Review

#### 3.1 Planning

According to paragraph 03 of the Public Finance Circular No. 02/2020 dated 28 August 2020, the following deficiencies were revealed during the preparation and implementation of the annual action plan.

| <b>Audit Observation</b>  | <b>Comments of the Chief Accounting Officer</b>  | <b>Recommendation</b>   |
|---|--|---|
| (a) The annual procurement plan to be included in the annual action plan was not submitted as per the format mentioned in guideline No. 13.   | The annual procurement plan included in the action plan for the year 2023 has been prepared quarterly and then the procurement plan for the year 2024 has been prepared and submitted monthly. | The procurement plan should be prepared as per the format mentioned in the circular.            |
| (b) According to the guideline 12 on the preparation of the action plan, the action plan prepared according to the priority based on the approved budget for the relevant year, the implementation time frame and the expected outputs of those activities should be submitted in relation to each month, but the institute had prepared it on quarterly basis. | According to the provisions of the relevant circular, it has been prepared and submitted monthly.  | The action plan should be prepared in accordance with the guidelines contained in the circular. |

#### 04. Human Resource Management

| <b>Audit Observation</b>  | <b>Comments of the Chief Accounting Officer</b>      | <b>Recommendation</b>   |
|---|--|---|
| The approved number of employees in the office was 45 and the actual number of employees was 42 and the number of vacancies was 03. There were two senior level officers in it. | Arrangements are being made to fill these vacancies. | Arrangements should be made to fill vacancies affecting the performance of the institution. |