

## **Head 022 - Office of the Parliamentary Commissioner for Administration**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

Head 022 - The audit of the financial statements of the Office of the Parliamentary Commissioner for Administration 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 Parliamentary Commissioner for Administration was issued to the Chief Accounting Officer on 25 April 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 Parliamentary Commissioner for Administration was issued to the Chief Accounting Officer on 06 August 2024 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 Parliamentary Commissioner for Administration as at 31 December 2023, 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 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 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 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.

- 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.

<b>Audit Observation</b>	<b>Ref. to the paragraph</b>
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Property, Plant and Equipment	1.6.1 (b)
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- (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) Reconciliation Statement on Advance Account for Government Officers

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
According to the treasury computer printouts on the last day of the year under review, there was a difference of Rs. 36,757 between the balance of the Advance Account for government officers and the total of the individual	The difference of Rs. 36,357 between the loan balance of the government officers' advance account and the total of the single balance classification	Differences should be identified and adjustments should be done in the accounts.

balance classification summary on that date and the difference, which existed even before the year 2006, was not recognized and adjustments were not made in the accounts.

summary is a difference that existed even before the year 2006 and it could not be settled this year as well due to lack of sufficient data related to it. Discussions were held in this regard with the National Budget Department and action will be taken to settle it in future.

**(b) Property, Plant and Equipment**

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>According to the audited financial statements of the last year, the balance of computer equipment at the end of the year and the opening balance of the year under review in the treasury books and department books were mentioned less from Rs. 1,130,000. Therefore, the property, plant and equipment balance and the property, plant and equipment reserve balance in the statement of financial position at the end of the year under review have been mentioned less by that amount.</p>	<p>Due to an error in the CIGAS programme, the computer equipment balance at the end of the previous year was not received as the opening balance of the year under review. Later, it was corrected went to Public Accounts Department. As the final treasury reports of the year 2023 had been prepared at that time, it was not possible to enter the correct balance for the year 2023.</p>	<p>Correct amounts should be entered in the statement of financial position.</p>

## 2. Financial Review

### 2.1 Expenditure Management

#### 2.1.1 Utilization of Provisions

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the estimates are to be prepared as fully and accurately as possible with due care in accordance with Financial Regulations 50, out of the net provision for recurrent expenditure in the year under review respectively Rs. 25,768,363 or 46 percent and Rs. 129,500 or 43 percent remained.	The total estimate was only Rs. 30,655,000 according to the report estimated and sent to the budget department by us.	Expenditure estimates should be accurately assessed as per Financial Regulations.
(b) The estimated expenditure for personnel salary and wages was increased by 25 percent and 70 percent in the years 2022 and 2023 respectively, but Rs. 26,340,000 or 53 percent of the estimated amount remained at the end of the year under review. Transfer/ retirement/ left from the service of the officers given as reasons for the remaining could not be accepted by the audit.	We had estimated only Rs. 13,980,000 for personnel salary and wages in the year 2023 and sent it to the budget department.	Expenditures should be accurately assessed and prepared annual expenditure estimates.
(c) Although the estimated expense of local travel was 29 percent and 100 percent increase in the years 2022 and 2023 respectively compared to the previous year, Rs. 137,641 or 75 percent of the estimated amount was remained at the end of the year under review due to that the expenses were not accurately predicted.	Only Rs. 110,000 was estimated for local travel expenses and sent to the budget department.	Expenditures should be accurately assessed and prepared annual expenditure estimates.

- (d) There was a saving of 38 percent to 82 percent of the net allocation of Rs. 48,976,800 in 13 recurrent expenditure subjects due to over-allocations and the whole provision of Rs. 60,000 in 02 expenditure subjects was remained. 44 percent and 42 percent of the net allocation of Rs. 300,000 in 02 capital expenditure subjects were remained.
- As per the agreement, the maintenance work not carried out by the building owner were not occurred during the year, the commissioner had not need to get the transport allowance during the year because he used the official vehicle an even though need to buy a printing machine, the procurement was not done due to insufficient provision due to the increase in the price of printers and as there was no need for other purchases, the provision was remained. Also, those provisions were remained due to the vacancies of officers and the trainings were done only for the necessity of the limited number of available officers.
- Expenditures should be accurately assessed and prepared annual expenditure estimates.

## 2.2 Incurring into the Liabilities and Obligations

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although any obligation or liability not reported to the treasury should not be settled in the year 2024 as expenditure of the previous year, a liability of Rs. 19,605 related to the year 2023, which was not included in the statement of obligations and liabilities issued by the treasury, was paid in the year 2024.	Due to the insufficient provision of the relevant expenditure subject, the liability was entered only to the remaining amount of provision. F.R. 115 approval was taken for the expenditures of exhausted provisions like that.	All liabilities for the year should be mentioned in the financial statements.

## 2.3 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 and mentioned 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 Rs.</b>	<b>Non-compliance</b>	
(i) Financial Regulations of the Democratic Socialist Republic of Sri Lanka  Financial Regulations 260 and 264	170,320	The person mentioned in the voucher should have received confirmation in every payment that the relevant amount was received, but payments were made for 5 vouchers without receiving such confirmation.	Payment confirmation was not obtained for 5 vouchers by mistake. According to the Financial Regulations, a confirmation should be obtained that the relevant amount has been received.

### 3. Operational Review

#### 3.1 Non-performance of Duties

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The total number of complaints to be investigated during the year was 1,677 including 699 complaints remaining from the previous year to be investigated and reported by 01 January 2023 and 978 complaints received by the institution during the year under review. 762 complaints out of that were done during the year and 915 complaints were still have to be investigated and reported as at the last day of the year under review.	More number of complaints have been received this year compared to the previous year and that number is 1537. But as 559 complaints out of that do not under our jurisdiction, it was decided not to include that number of complaints in the statistical analysis in this year.	Complaints should be settled immediately.

#### 4. Human Resource Management

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The approved staff of the office was 32 as at 31 December 2023 and due to the actual staff was 19; there were 13 vacancies or 41 percent out of the approved staff. Also, the post of Administrative Officer (Complaints) in the office was vacant from more than 5 years.	There have been made continuous requests from the Ministry of Public Administration to fill the vacancies in the office, but the vacancies have not been filled until now. Even though the officers came to the office as successors under transfers, action have not been taken to fill the vacancies since more than 05 years.	Action should be taken to fill the vacancies in essential posts.