

Head 18 - Office of the Chief Government Whip of Parliament

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Office of the Chief Government Whip of Parliament for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 Chief Government Whip of Parliament was issued to the Chief Accounting Officer on 07 July 2021 in terms of Section 11(1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report of the Office of the Chief Government Whip of Parliament was issued to the Chief Accounting Officer on 05 August 2021 in terms of Section 11(2) of the National Audit Act. This report will be presented to 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 Chief Government Whip of Parliament as at 31 December 2020, and of its financial performance and its 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 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 the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Chief Accounting Officer for the Financial Statements

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 such internal control as Chief Accounting Officer 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 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 annual and periodic financial statements to be prepared.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that effective internal control system for the financial control of the Office of the Chief Government Whip of Parliament exists 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 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 the summary report of the Auditor General 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 judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtain an understanding of internal control relevant to the audit 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 Office of the Chief Government Whip of Parliament's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 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 accordance with Section 6(1)(d) of National Audit Act, No. 19 of 2018.

- (a) The financial statements were consistent with the preceding year.
- (b) The recommendations I made on the financial statements for the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of Financial Statements with Circular Provisions

The financial statements should be prepared in accordance with the Guideline 06 issued by the Department of State Accounts. However, instances of non-compliance with those provisions appear below.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The notes to the accounts showing the reporting basis as per paragraph 6 of the guideline had not been submitted with the financial statements.	All the forms mentioned under Public Accounts Guideline No. 06 had been submitted.	Action should be taken as per Guidelines.
(b) Due to non-preparation of financial statements based on the values of the Treasury books as per the Guidelines, the total non-revenue receipts Rs.3,083,835 and total expenditure Rs.1,223,134 had been understated in the financial performance statement.	Advance payments had been correctly stated and Rs.1,207,114 and Rs.16,020 were the cross entries.	Action should be taken as per Guidelines.

1.6.2 Statement of Financial Position

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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As assets were not recorded in the non-financial assets report relating to the year under review, the non-financial assets balances included in the financial statements could not be compared.	Not replied.	Reports should be maintained in an updated manner.

1.6.3 Cash Flow Statement

Audit Observation

Even though the personal salary and operating expenses for the year under review were Rs.71,814,214 , this had been Rs.72,191,633 in the Cash Flow Statement which was increased by Rs. 377,419.

Comments of the Chief Accounting Officer

Cross entries amounted to Rs.377,419 relating to the interest payments of Rs. 393,439 and transfers made by the Railways Rs. 16,020 were the reasons the for difference.

Recommendation

Accurate information should be included to the Cash Flow Statement.

2. Financial Review

2.1 Incurring Liabilities and Commitments

Audit Observation

Liabilities and Commitments as per paragraph 3.4 of Guideline No. 06 issued by the Department of Public Accounts should be comparable with the liabilities and commitments issued by the Treasury and any liabilities or commitments not so reported should not be settled in the year 2021 as an expenditure of the previous year, nevertheless liabilities amounted to Rs.442,505 had been settled in the year 2021.

Comments of the Chief Accounting Officer

In future, action will be taken as per paragraph 3.4 of Public Accounts Guideline 06.

Recommendation

Should be act according to the Guideline.

2.2 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions of laws, rules and regulations observed during the test check were analyzed and given below.

Reference to Laws, Rules and Regulations	Non-compliance	Recommendation	Comments of the Chief Accounting Officer
Public Administration Circulars			
(a) Circular No.09/2009 dated 16 April 2009, 09/2009(I) dated 17 June 2009 and 03/2017 dated 19 April 2017.	A finger scanner machine had been used for recording arrival and departure of the officials for the year under review of the Office.	Finger scanner machines should be used as per the provisions of the circulars.	from 01 January 2021 arrivals and departures will be marked by a finger scanner machine.
(b) Circular No.09/2009 dated 16 April 2009.	If time is used as a basis for payment of allowances made after regular duty hours the time should be confirmed through the finger scanners, nevertheless, without doing so, allowances had been paid for attendance allowance and the unveiled leave during the year under review.	Action should be taken as per circular provisions.	The arrival and departure of the officers of the Office are being done by the attendance register prepared as per General Form 18 to mark the year 2020 and this attendance register is well maintained by a staff officer under his direct supervision.