

Head 016 – Parliament - 2024

1. Financial Statements

1.1 Opinion

Head 016 - The audit of the financial statements of the Parliament for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 30 May 2025 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 18 June 2025 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 fair view in all materials of the financial statements of the Parliament as at 31 December 2024 in accordance to the financial position, financial performance and cash flows, the basis of preparation of the financial statements mentioned in Note 1 of the financial statements.

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 Emphasis of Matter – Basis of the Preparation of Financial Statements

It is drawn attention to Note 1 of the financial statements, which described the basis of the preparation of these financial statements. The financial statements have been prepared for the needs of the Treasury and Parliament in accordance with Public Financial Regulations 150 and 151 and Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 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 fair view in accordance with Public Financial Regulations 150 and 151 and the Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatements, 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.

1.5 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.

2. 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 following recommendation made by me on the financial statements of the preceding year had not been implemented.

Paragraph reference in the Report of the Previous Year	Non-implemented Recommendation	Paragraph reference in this Report
1.6.1 (a)	The value of the buildings in Jayanthipura owned by Parliament had not been accounted.	3.3

3. Financial Review

3.1 Expenditure Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The annual budget allocation of 02 expenditure subjects, which are had not been taken provisions through F.R. 66, and 14 other expenditure subjects had been increased from 06 percent to 240 percent and the annual budget allocation for 06 other expenditure subjects had been reduced by a range of 6 percent to	The assets received to the Parliament of Sri Lanka as foreign grants of Rs. 30,700,000 and donations of Rs. 4,500,000, which had been transferred through F.R. 66, were accounted during the year under review and it is mentioned that the expenditure subjects that generate the	Expenditure estimates should be prepared accurately in accordance with Financial Regulations.

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| 29 percent as not in compliance with Financial Regulation 50. | necessary allocations to manage the allocation shortages have been identified and those allocations have been transferred under F.R. 66. | |
| (b) Out of the net provision of Rs. 827,600,000 provided for 30 recurrent expenditure subjects in the year under review Rs. 504,116,680 or from 16 percent to 91 percent and out of the total net provision of Rs. 402,100,000 provided for other 06 capital expenditure subjects, Rs. 644,104,350 or a significant amount ranging from 39 percent to 96 percent had been saved. | It has been stated that the provisions under these recurrent expenditure subjects had been saved due to the reasons such as reduced the actual expenditure due to savings as the dissolution of the 9 th Parliament, lower expenditure than expected, non-implementation of large scale renovations and expenditure control and the provisions under capital expenditure subjects had been saved due to large scale renovations not being carried out as expected, renovations and improvements not being completed as expected and acquisition of capital assets being delayed than expected. | Expenditure estimates should be prepared accurately in accordance with Financial Regulations. |
| (c) Out of the total provision of Rs. 65,590,000, which had been transferred from F.R. 66 in the year under review, the total of Rs. 9,186,273 or between from 4 percent to 71 percent had been saved. | The transferred provisions had been saved due to reasons of non-incurring expenses as expected due to the dissolution of the 9 th Parliament and non-implementation of foreign tours and training programmes as expected. | Expenditure estimates should be prepared accurately in accordance with Financial Regulations. |
| (d) According to section 13 of Budget Circular No. 1/2024 dated 10 January 2024, transfers of provisions under F.R. 66 consider only in cases of essential and all requests for this purpose should be submitted to the treasury before 30 November of the relevant financial year, but out of the total expenditure transfers of Rs. 130,087,000 in Parliament, Rs. | Due to the extension of the settlement period to 02 January 2025 and the dissolution of the 9 th Parliament and the commencement of the 10 th parliament occurring between September and November 2024, due to the difficulty in accurately forecasting the deficits and surpluses of expenditure subjects | Action should be taken as per the referred circular. |

46,797,000 or 36 percent were submitted after 30 November and transferred in January 2025 amounted to Rs. 17,797,000 was included in that.

as at 30 November 2024, it has been stated that it was not practically possible to calculate the transfer of provisions under F.R. 66 as at 30 November 2024 under this situation.

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3.2 Incurring into 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 next year as an expense of the previous year, the total expenditure of Rs. 15,687,145 in relation to the year under review, which was not included in the Statement of Obligations and liabilities issued by the treasury, had been paid in the year 2025 and the details of those liabilities had not been included in the liability register.	It is mentioned that water, electricity and telephone bills received after 31 December 2024 cannot be included as liabilities in the statement of liabilities as the billing date is after 31 December and the bills for disciplinary investigation charges of Rs. 225,000 has also not been considered as a liability since the stamp duty amount for the 4 th quarter of the year 2024 was received after 31 December 2024.	All liabilities for the year should be included in the financial statements.

3.3 Non-compliance with Laws, Rules and Regulations

The assessed value of the buildings, which amounted to Rs. 7,820,000, had not been identified and included in non-financial assets in accordance with paragraph 8.2 of the Public Accounts Guideline No. 06/2024 dated 16 December 2024 of the Director General of Public Accounts.

4. Operational Review

4.1 Annual Performance Report

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the paragraph 12.2 of Public Finance Circular No. 02/2020 dated 28 August 2020,	It is stated that the performance evaluation methodology of the Action	Action should be taken as per the referred circular.

although the performance indicators of the institute should be submitted based on the Action Plan by the Chapter 4 of the performance report in accordance with guideline 14, the performance indicators of the institute had not been based on the Action Plan.

Plan will be carried out by the Chief Internal Auditor and included in the annual performance report.

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| (b) | Although information on employee training under the Human Resource Development of the institute should be submitted by the prescribed format as per Chapter 6.2 of the Annual Performance Report, such information had not been submitted. | It is stated that instructions were given to act accordingly when preparing performance reports for future years. | Action should be taken as per the referred circular. |
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4.2 Procurements

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although all Accounting Officers are required to submit a copy of the annual procurement plan to the Auditor General before 10 th of December of the reporting year according to the terms of paragraph 04 of the Public Finance Circular No. 02/2020 dated 28 August 2020, the procurement plan for the year under review was submitted for audit after a delay of 03 months and it had not been approved by the Accounting Officer.	It is stated that the procurement plan for the year 2024 was submitted and approval was obtained properly, but officers have been instructed to comply with the relevant time frame.	Action should be taken as per the referred circular.
(b) Although an amount of Rs. 264,825,000 was allocated for civil works in the procurement plan for the year under review, the effectiveness of the plan could not be evaluated as its progress was not submitted for audit at the end of the year.	The planned works in the procurement plan were not done and procurement were done for works worth Rs. 63,846,857 out of the allocated amount of Rs. 264,825,000 and it is stated	Progress reports for the year should be submitted for audit.

that the progress of it has been included into the revised performance report for the year 2024.

4.3 Assets Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The board of survey reports for the year 2024 had not been submitted to the Auditor General in accordance with Sub-No. 06 of paragraph 11.1 of the Public Finance Circular No. 01/2020 issued by the Ministry of Finance on 28 August 2020.	The board of survey has been appointed for the year 2024 and it has been stated that board of survey activities will be carried out.	Action should be taken as per the referred circular.
(b) According to the Combined Services Circular No. 02/2017 dated 04 May 2017 issued by the Ministry of Public Administration and Management and section 3.1 of the Circular No. 2004/Pusa/1 (2016-amended) dated 22 December 2016 of the National Library and Documentation Services Board, annual survey reports for parliamentary library books used by Members of Parliament had not been submitted to the Auditor General.	Although the board of survey is conducted annually for other sectors, the annual survey of books in the library for the use of Members of Parliament has been neglected in recent years, but it has been stated that instructions have been given to submit the report for the year 2023 and the report to the audit annually through the computerized coding system.	Action should be taken as per the referred circular.

4.4 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The outstanding balance of loans from deceased, retired, suspended and resigned officers as at 31 December 2024 was Rs. 2,177,604 and the outstanding loan balances between 1 and 3 years was Rs. 850,744 in that and the outstanding loan balance from officers suspended for more than 10 years was Rs. 398,701.	A loan of Rs. 6,604 from a deceased officer has been recovered yet now and it has been stated that action has been taken to recover the loan amount of Rs. 398,701 since the case against two suspended officers has not been concluded. It is also stated that Rs. 197,342 out of the loan balance of Rs. 850,744 is being recovered from the guarantor and the outstanding amount of that loan balance has been reduced to Rs. 176,373 until 25.05.2025.	Action should be taken to recover outstanding loan balances.
(b) Although the Cabinet Memorandum No. 16/0190/702/006 dated 28 January 2016 had stated that it was appropriate to obtain the recommendations of the National Pay Commission for the creation of 03 Reception posts in Parliament and a proposed salary system, action had not been taken to obtain those recommendations until 31 December of the year under review.	According to the provisions of Public Administration Circular 06/2006, the appropriate restructuring of the Reception Officer post as well as other posts in the staff of the Secretary General of Parliament has now been initiated by a committee comprising an external board of officers and it has also been stated that after this report is received by the Speaker, it has also been stated that it is scheduled to be submitted for approval of the Parliamentary Staff Advisory Committee.	Recommendation from the National Pay Commission should be obtained as appropriate.

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| (c) | <p>According to section 14 of the agreement entered with the Secretary General of Parliament when providing Madiwela Members of Parliament houses, but charges for electricity, water and telephone consumed in the houses should be paid by the occupant on a continuous and timely basis, but Rs. 637,539, Rs. 590,860 and Rs. 303,630 were outstanding for electricity, water and telephone bills from Members of Parliament respectively as at 31 December of the year under review and the said amount had not been recovered.</p> | <p>It is stated that the electricity charges to be charged from 84 former members of parliament amounting to Rs. 637,539, water bills amounting to Rs. 590,860 from 86 former members of parliament and telephone bills amounting to Rs. 303,630 from 83 former Hon. Members of parliament have to be differentiated from housing deposit money and if it is any balance of money after that, it has also been stated that instructions have been given to release them to the relevant members of parliament.</p> | <p>Action should be taken to recover outstanding money as per the agreement.</p> |
| (d) | <p>Although expenditure control strategies should be used as appropriate to the nature of each institution, strictly adhering to the regulations and circulars for the purpose of incurring government expenses as frugality and minimizing expenditure as stated in National Budget Circular 1/2024 dated 10 January 2024, Rs. 171,557 was spent during the year under review for cleaning the office sarees of the officers of the Department of Sergeant.</p> | <p>Although the observation made by the audit is correct, as an alternative, it has been stated that reserving a place in parliament for wearing uniforms is impractical and not cost-effective, as it is difficult in limited space and require the allocation of part from official time.</p> | <p>Action should be taken as per the referred circular.</p> |
| (e) | <p>Contrary to the paragraph 1.2 of the Trade and Investment Policy Circular No. 01/2018 dated 15 February 2018 contained in the Auditor General's Reports for the years 2020,2021,2022 and 2023 and the circular provisions and instructions regarding the issuance of motor vehicle licenses on a concessional basis to</p> | <p>An expert committee consisting of external officers was again appointed with the intervention of the Hon. Speaker regarding the loss of the privilege of vehicle licenses than had been enjoyed from a long time and it is currently preparing the relevant report</p> | <p>Action should be taken as per the referred circular.</p> |

parliamentary staff as per 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, formal approval had not been submitted to the audit regarding the issuance of concessional motor vehicle licenses to 03 officers of the parliamentary staff (the active service period for the position for which the license is issued between 02 months and 01 year) who had not completed six (06) years of active service in an executive position belonging to the “Senior Level” and it has been sated that the methodology included in that report is expected to receive proper approval.

5. Human Resource Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The total approved carder of parliament was 994 and the actual staff was 844 and accordingly, 210 senior, tertiary, secondary and primary level positions remained vacant in the institution. Furthermore, 13 employees who were not in the approved staff had been recruited on a casual, temporary and other basis.	Observation is accepted.	Action should be taken to fill vacancies that affect the performance of the institute and only approved staff should be recruited.