

# ANNEX D.

## SRI LANKAN AUDIT LEGISLATION

### Extracts from Chapter XVIII of the Constitution of Sri Lanka

#### Article 153.

- (1) There shall be an Auditor General who shall be appointed by the President and who shall hold office during good behaviour.
- (2) The salary of the Auditor General shall be determined by Parliament, shall be charged on the Consolidated Fund, and shall not be diminished during his term of office.
- (3) The office of the Auditor General shall become vacant:
  - (a) upon death of the Auditor General;
  - (b) upon resignation of Auditor General in writing addressed to the President;
  - (c) upon the Auditor General attaining the age of sixty years;
  - (d) upon removal of Auditor General by the President on account of ill health or physical or mental infirmity ; or
  - (e) upon removal of the Auditor General by the President upon an address of Parliament.
- (4) Whenever the Auditor General is unable to discharge the functions of his office, the President may appoint a person to act in the place of the Auditor General.

#### Article 154.

- (1) The Auditor General shall audit the accounts of all Departments of Government, the Offices of the Cabinet of Ministers, the Judicial Service Commission, the Public Service Commission, the Parliamentary Commissioner for Administration, the Secretary-General of Parliament and the Commissioner of Elections, local authorities, public corporations, and business or other undertakings vested in the Government under any written law.
- (2) Notwithstanding the provisions of paragraph (1) of this Article, the Minister in charge of any such public corporation or business or other undertaking may, with the concurrence of the Minister in charge of the subject of Finance, and in consultation with the Auditor General, appoint a qualified auditor or auditors to audit the accounts of such public corporation or business or other undertaking.



Where such appointment has been made by the Minister, the Auditor General may, in writing, inform such auditor or auditors that he proposes to utilize their services for the performance and discharge of the Auditor General's duties and functions in relation to such public corporation, business, or other undertaking; and thereupon such auditor or auditors shall act under the direction and control of the Auditor General.

- (3) The Auditor General shall also perform and discharge such duties and functions as may be prescribed by Parliament by law.
- (4)(a) The Auditor General may, for the purpose of the performance and discharge of his duties and functions, engage the services of a qualified auditor or auditors who shall act under his direction and control.
- (4)(b) If the Auditor General is of the opinion that it is necessary to obtain assistance in the examination of any technical, professional, or scientific problem relevant to the audit, the Auditor General may engage the services of:
  - (i) a person not being an employee of the department, body or authority the accounts of which are being audited, or
  - (ii) any technical or professional or scientific institution not being an institution which has any interest in the management of the affairs of such department, body or authority.
 and such person or institution shall act under direction and control of the Auditor General.
- (5)(a) The Auditor-General or any person authorized by him shall, in the performance and discharge of his duties and functions, be entitled:
  - (i) to have access to all books, records, returns and other documents;
  - (ii) to have access to stores and other property ; and
  - (iii) to be furnished with such information and explanations as may be necessary for the performance of such duties and functions.
- (5)(b) Every qualified auditor appointed to audit the accounts of any public corporation, or business or other undertaking, or any person authorized by such auditor shall be entitled to like access, information, and explanations in relation to such public corporation, or business or other undertaking.
- (6) The Auditor General shall, within ten months after the close of each financial year, and as and when he deems it necessary, report to Parliament on the performance and discharge of his duties and functions under the Constitution.
- (7) Every qualified auditor appointed under the provisions of paragraph (2) of this Article shall submit his report to the Minister and also submit a copy thereof to the Auditor General.
- (8) In this Article, "qualified auditor" means:
  - (a) an individual who, being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute ; or

- (b) a firm of accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute.

### Extracts from the Financial Regulations:

**Financial Regulation 154. Duties and functions of the Auditor General.** The relevant Sections of Article 154 of the Constitution set out the duties and functions of the Auditor General in so far as they relate to Government Departments...

All Chief Accounting Officers and Accounting Officers should ensure that every assistance is given to the Auditor General, and Officers authorized by him in writing, for the performance of their duties and functions.

**Financial Regulation 155. Audit Queries.** The duties of audit are not exclusively the function of the Auditor General. The Minister of Finance, to whom has been assigned the function of supervising the public administration of the Island on its financial side, has a right to authorize an additional audit by any other person or organization that he may choose. Nevertheless, the functions of the Auditor General are imposed on him by the Constitution; and it is the duty of Chief Accounting Officers and Accounting Officers that letters and queries addressed to them by the Auditor General, or any officer authorized by him, is dealt with promptly and complete answers given. When a final reply cannot be given immediately, an interim report should be made. The Accounting Officer should inspect the Audit Query Register, referred to in Financial Regulation 452(1) on first assuming office, and at regular intervals thereafter in order to ensure not only that audit queries are promptly investigated but also that steps have been taken to correct any shortcomings which they reveal. The Chief Accounting Officer will also personally inspect the Audit Query Register from time to time as part of his supervisory functions. It should be clearly noted that, notwithstanding the examination of the accounts by the Auditor General, the responsibility for their accuracy and correctness rests entirely with the Accounting Officers concerned.

