

## **Section 40 & 41 of the National Audit Act No 18 of 2019**

**40.** (1) The Chief Accounting Officer of a Ministry shall appoint an Internal Auditor to such Ministry and the Accounting Officer of each Department coming under such Ministry shall appoint a competent auditor to carry out the Internal Audit of such Department, and every other auditee entity shall have its own Internal Auditor, who is to perform an internal audit duly appointed by the governing body of such auditee entity.

(2) Where an Internal Auditor has not been appointed under subsection (1), such appointment shall be made within a period not exceeding two years from the date of operation of this Act.

(3) An Internal Auditor appointed under subsection (1) shall directly report to the Chief Accounting Officer, the Head or the governing body of such auditee entity, as the case may be, for the purposes of this Act.

(4) Copies of all reports submitted by the internal auditors under subsection (3) shall be forwarded to the Department of Management Audit.

**41.** (1) There shall be an Audit and Management Committee for every auditee entity specified under subsection (2), referred to by that name or by any other name, appointed by the respective Chief Accounting Officer or accounting officer or the respective governing body, as the case may be, to assist him by undertaking continuous review of operations of each auditee entity and, to periodically report to the said Chief Accounting Officer, accounting officer or the respective governing body. The said Committee shall in particular-

(a) review all audit and management aspects of the auditee entity to ensure that its resources, are used economically and efficiently for the purpose of achieving the predetermined objectives of such entity as a whole, or in respect of any specific project or programme undertaken giving priority to the resources available in Sri Lanka; and

(b) ascertain whether such objectives have actually been achieved within the authorized time limits, for the disbursement of funds allocated for such activity, and whether any completed project or programme is in actual operation as envisaged in the plans.

(2) For the purposes of this section an auditee entity referred to in subsection (1) shall be:–

(a) a Ministry;

(b) a Provincial Council;

(c) a public corporation;

(d) a Commission constituted under the Constitution or a Special Presidential Commission of Inquiry;

(e) the Presidential Secretariat;

(f) the Office of the Secretary General of Parliament;

(g) a company registered or deemed to be registered under the Companies Act, No. 7 of 2007 in which the Government or a public corporation or a local authority holds fifty *per centum* or more of the shares of that company;

(h) any business or other undertaking vested in the Government under any written Law; and

(i) any body corporate or incorporate established by law or otherwise.