

Head 13– Human Rights Commission of Sri Lanka

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Human Rights Commission of Sri Lanka for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 including my comments and observations on the financial statements of the Human Rights Commission of Sri Lanka was issued to the Chief Accounting Officer on 23 June 2020 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report relating to the Human Rights Commission of Sri Lanka in terms of Section 11 (2) of the National Audit Act was issued to the Chief Accounting Officer on 16 July 2020. This report is tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka 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 prepared in terms of provisions in the State Accounts Circular No.271/2019 of 03 December 2019, give a true and fair view of the financial position of the Human Rights Commission of Sri Lanka as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Unqualified Opinion

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

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 such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Human Rights Commission of Sri Lanka 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 Human Rights Commission of Sri Lanka 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 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, 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 scepticism 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 Commission'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, significant audit findings, any significant deficiencies in internal control and other matters 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) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year
- (b) The recommendations made by me in the preceding year on the observations included in Paragraphs 1.6.3(a) and 1.6.3(b) of this report, had not been rectified in the presentation of financial statements of the year under review as well.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of Financial Statements with Circular Provisions

Even though the financial statements should have been prepared in terms of the State Accounts Circular No.271/2019 of 03 December 2019, the instances contrary to the said requirements are given below.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
<hr/> <p>(a) The figures of budget estimate of the year 2019 shown in the statement of financial performance and the figures of approved budget estimate-2019 were not similar to each other.</p>	<hr/> <p>It should be prepared as per the format in circular.</p>	<hr/> <p>The supplementary provision received to the original estimate has also been included therein.</p>
<p>(b) The cash flow statement had not been prepared as per the format given in circular and the accurate values had also not been stated.</p>	<p>The cash flow statement should be prepared in terms of the circular.</p>	<p>The observation is accepted.</p>
<p>(c) Statements of final accounts of the treasury of the year 2019 had not been presented as annexures along with the financial statements.</p>	<p>Statements of final accounts of the treasury should be presented as annexures along with the financial statements in terms of paragraph 3.1 of the circular.</p>	<p>The observation is accepted.</p>

1.6.2 Statement of Financial Performance

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
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The expenditure on other goods and services, subsidies, grants and transfers and other recurrent expenditure had not been accurately shown in the statement of financial performance (ACA-F).	Expenditure should be accurately shown in the statement of financial performance.	The observation is accepted.

1.6.3 Statement of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
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(a) The cost of other goods which were handed over to the College of Technology, Maradana and disposed during the year 2018, had not been shown under disposals in the statement of non-financial assets.	The cost of assets disposed, should be eliminated from the statement of non-financial assets.	The assets disposed had been purchased prior to the year 2004 and those were not included in the statement of non-financial assets.
(b) Even though all assets owned by the Commission should be included in the statement of non-financial assets, only the assets acquired after 01 January 2004 had been included therein by the Commission.	All assets owned by the Commission should be included in the statement of non-financial assets.	This situation has arisen due to several goods of which the values could not be duly verified despite being purchased prior to the year 2004.

1.6.4 Lack of Evidence for Audit

Even though information on complaints annually received to Commission, has been called for from the 10 Regional Offices for the evaluation of performance, only 04 Regional Offices had submitted the information.

1.6.5 Non-maintenance of Registers and Books

It was observed during audit test checks that certain following registers had not been maintained while certain other registers had not been maintained in the proper and updated manner.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
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(i) Record on Losses -----		
A Record on Losses had not been properly maintained in terms of Financial Regulation 110.	A Record on Losses should be maintained.	The observation is accepted.
(ii) Register of Vehicles -----		
A Register of Vehicles had not been maintained in terms of Financial Regulation 1647(e).	A Register of Vehicles should be maintained.	The observation is accepted.
(iii) Register on Leave -----		
The Register on Leave had not been maintained in an updated manner in terms of paragraph 1.7 of Chapter XII of the Establishments Code.	A Register on Leave should be maintained in an updated manner for recording the leave approved in terms of Form General 190.	The observation is accepted.

1.6.6 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with provisions of laws, rules, and regulations observed in audit test checks are analyzed below.

Reference to Laws, Rules, and Regulations	Observation	Recommendation	Comment of the Chief Accounting Officer
<p>(a) Paragraph 40.1 of the National Audit Act, No.19 of 2018 and Section XI of the agreement relating to the SWISS Project entered into by the Human Rights Commission of Sri Lanka with the Swiss confederation represented by the federal department of foreign affairs acting through the human security division.</p> <p>(b) Human Rights Commission of Sri Lanka Act, No.21 Of 1996</p>	<p>A comprehensive Internal Audit as per the requirement of agreement, could not be carried out due to the vacancy existed in the post of Internal Auditor of the Commission.</p>	<p>Vacant posts should be filled.</p>	<p>Action has already been taken to fill the said post.</p>
<p>(i) Paragraph 15(8)</p>	<p>Where any authority or person or persons to whom a recommendation under the preceding provisions of this section is addressed, fails to report to the Commission within the period specified in such recommendation or where such person reports</p>	<p>In terms of the Act, a full report should be presented to the President.</p>	<p>Not replied.</p>

to the commission and the action taken, or proposed to be taken by him to give effect to the recommendations of the Commission, is in the view of the Commission, inadequate, the Commission shall make a full report of the facts to the President. Nevertheless, action had not been taken accordingly.

(ii) Section 22(2)

There may be appointed such officers and servants as may be necessary to assist the Commission in the discharge of its functions under this Act. Nevertheless, 98 vacancies existed in the posts of the Commission as at 31 July 2019.

The vacancies should be filled.

The observation is accepted.

(iii) Section 30

Annual Reports from the year 2016 to 2018 containing all the activities of Commission, a list of all matters referred to it, and the recommendations of the Commission in respect of each matter, had not been tabled in Parliament.

In terms of the Act, Annual Reports should be tabled in Parliament.

Annual Reports for the years 2016 and 2017 have been prepared and the Annual Report for the year 2018 was being prepared.

(c) Establishments Code of the Democratic Socialist Republic of Sri Lanka

Section 13.2 of Volume II

All relevant parties should ensure that such preliminary investigations are carried out and are completed with the least possible delay. Nevertheless, even though the former Secretary of the Commission has been on

All relevant parties should ensure that such preliminary investigations are carried out and are completed with the least possible delay.

The process of preliminary investigation was delayed due to the reasons beyond the control of Commission while the first Investigation Officer has not submitted the report. As such, the

compulsory leave from 30 January 2018, the preliminary investigation on that officer was delayed for a period of 21 months. Thus, a sum of Rs.2,467,257 had been paid as salaries to the officer mentioned above, during the said period.

reason for delay is that an Investigation Officer has to be reappointed.

(d) Public Finance
Circulars

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|-----------------|--|---|---|------------------------------|
| (i) | Public Finance Circular No.01/2014 of 17 February 2014. | An Action Plan had not been prepared by identifying the activities to be carried out annually by the Commission with a view to offering an excellent service to the public through the performance of functions identified as the functions of the Commission in an effective and efficient manner. | In terms of the Circular, an Action Plan should be prepared. | The observation is accepted. |
| (ii) | Paragraph 3.2.6 of Circular No.05/2016 of 31 March 2016. | The Annual Board of Survey Report of the year 2018 had not been presented to the Auditor General by the Commission on due date. | In terms of the Circular, Annual Board of Survey Report should be presented to the Auditor General on due date. | The observation is accepted. |
| Paragraph 3.2.5 | | Action had not been taken to dispose any of the goods recommended to be disposed according to the Board of Survey conducted on 31 December 2018. | Action should be taken for disposal in terms of the Circular. | The observation is accepted. |

(e)Public Administration
Circular

Public Administration A Human Resource In terms of the The observation is
Circular No.02/2018 of Development Plan had Circular, a Human accepted.
04 January 2018 not been prepared. Resource
Development Plan
should be prepared.

(f)Procurement
Guidelines of the
Democratic Socialist
Republic of Sri Lanka

Paragraphs 6.3.2, 6.3.3 Action in terms of the Action should be The observation is
and 6.3.6 Procurement Guidelines taken in terms of the accepted.
had not been taken in Procurement
providing services Guidelines of the
required to mark the Democratic Socialist
International Human Republic of Sri Lanka.
Rights Day and in
purchasing a motor cycle
and 05 photo copy
machines.

2. Financial Review

2.1 Management of Expenditure

Audit Observation

Recommendation

**Comment of the Chief
Accounting Officer**

Even though the Budget
Circulars 04/2019 and 05/2019
had been stated as the reason for
savings of the Object 13-1-1-
2401, the reason therefor had
been the lack of a training plan
in respect of trainings in the
Commission.

The expenditure should be
managed by preparing a
Training Plan.

The observation is
accepted.

2.2. Operating Bank accounts

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
----- Apart from the official bank account of the Commission, balances totaling Rs. 771,073 existed in 04 other bank accounts.	----- In terms of Treasury Operations Circular No.05/2007 of 05 September 2007, all existing bank accounts should be closed in parallel to opening of new bank accounts.	----- The observation is accepted.

3. Operating Review

3.1 Planning

Information on the submission of monthly work plans and monthly progress reports of 10 regional offices, to the Secretary has been summarized as given below.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
----- No monthly work plans or progress reports for any month of the year 2019 had been submitted to the Secretary by the Regional Offices in Trincomalee and Jaffna. The Regional Offices in Kalmunai, Batticaloa, Kandy, Badulla, Matara, Anuradhapura and Vavuniya had not properly submitted the monthly work plans to the Secretary. The progress reports pertaining to monthly work plans of the year under review, had not been submitted to the Secretary by the Kandy Office for 09 months, Batticaloa office for 08 months, Offices in Matara, Badulla and Vavuniya for 02 months and Kalmunai and Ampara Offices for one month.	----- A monthly work plan containing the activities to be carried out by the Divisional Secretariat and the progress report of the said plan should be submitted monthly to the Secretary of the Commission.	----- The observation is accepted.

3.2 Performance

The following observations are made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
<p>-----</p> <p>(a) The number of files of which the complaints were not concluded by the end of the years 2015, 2016,2017 and 2018 had been 3576,5710,10121 and 8812 respectively. Further, 98 vacancies existed in the approved 118 posts that is, 21 out of the 22 Legal Officers of the Inquiry and Investigation Division which has been assigned task of investigating the complaints and the vacancies in all 47 posts of Human Rights Officer, had affected the said situation. A period ranging from 2 years to 6 years had been taken to settle the complaints as well.</p>	<p>-----</p> <p>The complaints should be settled efficiently by filling the vacancies in essential posts.</p>	<p>-----</p> <p>The failure to obtain the approval for the Scheme of Recruitment in respect of the Commission has been the main reason for the vacancies existed in the staff. The last Scheme of Recruitment has been approved on 17 May 2018. Moreover, the final instructions relating to the absorption of employees had not been received even by August 2019, thus future action could not be taken in terms of the Scheme of Recruitment.</p>
<p>(b) The recommendations made after a long process of the Commission had also not been implemented and there were instances where the recommendations made by the Commission conflict with the laws and rules of other institutions and also with the recommendations made by the institutions which conduct simultaneous inquiries.</p>	<p>Action should be taken to implement the recommendations and to avoid the instances where the recommendations conflict with the laws and rules of other institutions and with the recommendations made by the institutions which conduct simultaneous inquiries.</p>	<p>The observation is accepted.</p>

(c) Forty five out of the 50 recommendations made to the Sri Lanka Police, 36 out of the 90 recommendations made to the Ministry of Education and 06 out of the 07 recommendations made to the Department of Pensions during the period from the year 2016 to 2018 had not been implemented. A period ranging from 06 months to 06 years had been taken to make the said recommendations.

Action should be taken to make the recommendations and to implement those recommendations within a short period.

The observation is accepted.

3.3. Foreign Funded Projects

Audit Observation

Recommendation

Comment of the Chief Accounting Officer

 An officer for the post of Project Assistant who should be recruited as per the budget estimate in the proposals relating to the SWISS Project, had not been recruited even by the end of the project period. As such, the entire role of Youth Camp to be performed through the said Project, had been performed by the Education and Investigation Division of the Commission.

 An officer should be recruited to the post of Project Assistant.

 The recruitments have not been made due to the issue of paying salaries arisen owing to the delay in receiving provision for the project.

3.4 Procurements

The following observations are made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
(a) Action as per procurement procedures had not been taken in providing food and accommodation facilities for the residential youth camp and in other procurement activities.	All details pertaining to the procurement should be included in the file.	The observation is accepted. A procurement committee had not been appointed and it is informed that the approval had been obtained through a Board Paper after being referred to the Board of Commissioners.
(b) In calling quotations for the purchase of steel cupboards by the Kandy Regional Office, the thickness of sheet should be 0.6 as per the specifications given by the Head Office. Nevertheless, it was revealed in the evaluation that 3 office cupboards with a sheet of 0.4 thickness, 04 drawers and one cupboard, had been purchased.	The goods purchased should be in compliance with the technical specifications.	The observation is accepted.

3.5 Asset Management

The following observations are made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
(a) Even though the photocopy machines could be purchased from the institution which submitted the second lowest bid to the Commission, purchase from the said institution	Purchases should be made after identifying the requirement properly.	The distribution was delayed due to the internal issues prevailed in the 4 th floor and in the Puttalam office where the said photo copy machines were to be distributed.

was rejected considering the delay in supplying goods for two weeks. Further, 05 photocopy machines had been purchased with an additional payment of Rs.7000 each in the year 2019 from the institution which submitted the third lowest bid. Out of those, 02 machines had not been used over a period of 05 months by May 2020.

- (b) The three wheeler owned by the Commission had remained underutilized from the year 2017 to 2019. Action in terms of Circular, should be taken on the underutilized assets. The observation is accepted.

3.6 Management Weaknesses

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
Even though the shortcomings of Act have been stated in the Strategic Plan of the Commission as well, no action had been taken to amend the Act since the year 1996.	Action should be taken to amend the Act.	The observation is accepted.

4. Human Resource Management

The following observations are made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
(a) Even though 05 posts of Director of the Commission have been approved, the said 05 posts and the 03 posts of Assistant Director had been vacant. Moreover, even though 46 posts in the Executive Grade have been	The vacancies in essential posts should be filled.	The main reason for the vacancies existed in the staff had been the lack of approval for the Scheme of Recruitment of the Commission. The last Scheme of Recruitment has

approved, 34 posts out of it had been vacant. It was observed that the smooth functioning of administrative affairs and organization structure would be questionable due to the said vacancies existed in the Executive Level.

been approved on 17 May 2018. Further, the final instructions relating to the absorption of employees had not been received even by August 2019, thus future action could not be taken in terms of the Scheme of Recruitment.

(b) Even though 47 posts of Human Right Officer of the Commission had been approved, no action had been taken to fill those vacancies.

The vacancies in essential posts should be filled.

The observation is accepted.

(c) Since the officers who were having 15 year experience in the Management Level with other qualifications had not applied for the posts of Director, such vacancies could not be filled.

A service experience which could be applied for, should be included in the Scheme of Recruitment.

Since the officers who are having a service experience of 15 years had not applied, the vacancies could not be filled.