

## **Head 9- Administrative Appeals Tribunal**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Administrative Appeals Tribunal 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 Administrative Appeals Tribunal was issued to the Chief Accounting Officer on 10 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 Administrative Appeals Tribunal in terms of Section 11 (2) of the National Audit Act was issued to the Chief Accounting Officer on 07 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 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 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 Administrative Appeals Tribunal 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 Opinion**

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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 Responsibility of the Chief Accounting Officer for the Financial Statements**

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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 in accordance with the provisions in Section 38 of the National Audit Act No.19 of 2018, and for such control as the 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 Administrative Appeals Tribunal 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 of the Administrative Appeals Tribunal.

The Chief Accounting Officer should certify that an effective internal control system is prepared and maintained for the financial control of the Tribunal in terms of Sub- section 38(1)(c) of the National Audit Act and a review should be made from time to time on the effectiveness of that system and as such, necessary changes should be carried out to operate the system effectively.

#### **1.4 Auditor's Responsibility for the Audit of the Financial Statements**

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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 summary 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 judgement 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 Tribunal's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates 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

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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 on the financial statements of the preceding year had been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Statement of Financial Performance

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Chief Accounting Officer</b>
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(a) Even though a sum of Rs.45,584 has been shown as deposit payments in the statement of financial performance, no entry on deposits had been made in the Format ACA -4.	In terms of the Circular, the financial statements should be prepared by including the accurate data.	A deposit account is not maintained by the Tribunal and the sum of Rs.45,584 shown as deposit payments in the statement of financial performance had been a recovery of no pay leave. Noted down to rectify in the presentation of accounts in the future.
(b) Receipt of advances amounting to Rs.611,400 had not been shown under the non-revenue receipts in the statement of financial performance.	Action should be taken as per circular provisions.	The Observation is accepted.
(c) A sum of Rs.438,428 which should be shown under other receipts, had not been shown.	Action should be taken as per circular provisions.	Noted down to take action accordingly in the presentation of accounts in the future.

(d) A sum of Rs.197,800 which should be shown as non-revenue receipts under other receipts, had been shown as non-tax revenue and other under revenue receipts. Action should be taken as per circular provisions. The Observation is accepted.

### 1.6.2 Statement of Financial Position

#### Audit Observation

#### Recommendation

#### Comment of the Chief Accounting Officer

The balance of property, plant and equipment in the statement of financial position had been understated by Rs.652,512. The reserve of property, plant and equipment had also been understated by the same amount.

The balance of property, plant and equipment should be shown accurately.

The balance has been understated by mistake. Action will be taken to rectify it in the future.

### 1.6.3 Cash Flow Statement

#### Audit Observation

#### Recommendation

#### Comment of the Chief Accounting Officer

The non-revenue receipts had not been shown under cash flows generated from operating activities.

Action should be taken as per circular provisions.

The Observation is accepted.

#### 1.6.4 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
(a) Paragraph 9(1) of the Administrative Appeals Tribunal Act, No. 4 of 2002	After the end of tenure of the 05 officers appointed by the Chairman of Tribunal, officers had been appointed to the said posts on contract basis without being consulted the Judicial Service Commission.	Officers and servants as may be necessary, should be appointed in consultation with the Judicial Service Commission.	All appointments had been made in consultation with the Judicial Service Commission.
(b) Financial Regulation 138(6) of the Democratic Socialist Republic of Sri Lanka	In making the payment of Rs.107,920 for providing security service and sanitary service in July 2019, the attendance records of the officers who rendered the service, had not been attached to the payment vouchers.	In terms of Financial Regulation 138(6), the certificates, etc., should be attached to the voucher or that the latter bears a note quoting reference to the files in which they appear.	The Observation is accepted.
(c) Public Administration Circulars			
(i) Circular No.09/2009 of 16 April 2019	Finger scanners had not been used to confirm the arrival and departure of officers to and from offices.	Action should be taken in terms of Circular No.09/2009 of 16 April 2019.	Since the finger scanner had become inoperative, action has been taken to repair and install it and

further, it had been planned to use from 01 April 2020. Nevertheless, it could not be used as yet due to the close of institution after imposing curfew owing to the Covid 19 pandemic.

(ii) Paragraph 02 of Circular No.03/2018 of 20 February 2018 Seven retired officers had been reemployed as three officers for 03 posts over a period more than 02 years and 04 officers for 04 posts over a period more than 05 years. Action should be taken in terms of Paragraph 02 of Circular No.03/2018 of 20 February 2018. Action was being taken to formulate a Scheme of Recruitment for officers and to obtain the approval for posts. Until then, the assistance of retired officers had to be obtained for carrying out the activities continuously.

(d) Paragraph 04 of National Budget Circular No.07/2019 of 04 December 2019 Office equipment had been purchased at an instance when the purchase of Office equipment has been suspended. Action should be taken in terms of Paragraph 04 of Circular No.07/2019 of 04 December 2019. Money has been requested in writing from the Treasury and such money was received to the Tribunal. As such, 3 equipment have been purchased whereas no objection was raised from the General Treasury in this connection.

## 2. Financial Review

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### 2.1 Management of Expenditure

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Chief Accounting Officer</b>
----- The entire estimated provision amounting to Rs.250,000 of the Object No.2002 of Plant and Machinery had been saved.	----- Estimates of expenditure should be prepared in terms of Financial Regulation 50.	----- Even though provision has been made for the installation of an intercom system, it could not be done by the Sri Lanka Telecom, thus the provision had been saved.

## 3. Operating Review

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### 3.1 Procurements

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Chief Accounting Officer</b>
----- Institutions for providing services in due time, had not been selected by following procurement procedures before the expiry of the period of service agreement.	----- Action should be taken in terms of paragraph 1.2.1(a) of the Government Procurement Guidelines.	----- Noted down to take action to avoid such situation in the future.

## 4. Human Resource Management

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According to the information made available by the Tribunal, the two posts in the senior level had been filled on contract basis while 03 out of the 04 posts in the tertiary level and 03 posts in the secondary level and 02 posts in the primary level had also been filled on contract basis. As such, there were vacancies in 20 posts out of the 31 approved posts while no action had been taken to fill those vacancies even as at the end of the year under review.