

Head 235 - Department of the Law Commission

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of the Law Commission for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 Department of the Law Commission was issued to the Accounting Officer on 11 May 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 14 June 2021 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the Department of the Law Commission as at 31 December 2020 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report. 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 and the Accounting Officer on Financial Statements

The Accounting Officer is responsible for preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without material misstatements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 .

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Department 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.

The Accounting Officer shall ensure that an effective internal control system is maintained and maintained for the financial control of the Department in terms of sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibility on Audit of Financial Statements

My objective is to express a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the Summary Report of the Auditor General 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 skepticism 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.
- It is not intended to express an opinion on the effectiveness of internal control but an understanding of internal control was obtained in order to plan appropriate audit procedures from time to time.
- Evaluate the structure of financial statements including disclosures and content-based transactions and events the structure that the financial statements are appropriate and reasonable.
- The transactions and events underlying the structure and content of the financial statements are appropriately and fairly included in when submitting financial statements as a whole.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I declare the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018.

- (a) The financial statements are in consistent with those of the preceding year.
- (b) Recommendations made by me regarding the financial statements of the preceding year had been implemented .

1.6 Comments on Financial Statements

1.6.1 Cash Flow Statement

Audit Observation	Comments of the Accounting Officer	Recommendation
Advance receipts amounting to Rs. 562,770 had not been recorded in the cash flow statement.	Agree with the facts contained in the report. It is kindly informed that it will be corrected in the future.	Actions should be taken in accordance with the Public Finance Circular.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
The total provision of Rs. 70,000 made available for 02 expenditure objects had been saved.	Even though the estimates were prepared in accordance with Financial Regulation 50, it is kindly informed that the provisions had saved as a result of the closing of the Institutions for several months due to the imposition of curfew because of the Covid epidemic and due to the fact that the deploying of employees in duties as per a time table.	Expenditure estimates should be prepared realistically with proper consideration in terms of Financial Regulation 50.

2.2 Non-compliance with Laws, Rules and Regulations

The following non-compliance with Laws, Rules and Regulations was observed.

Observation	Comments of the Accounting Officer	Recommendation	
Reference to Laws, Rules and Regulations	Non-compliance		
Financial Regulations 880 (i) and Circulars of the Ministry of Justice No. 01/2011 dated 11 January 2011 and No. 01/2011 (i) dated 07 May 2014 .	Actions had not been taken obtain the security deposits from two officers who need to keep securities.	Only two officers who hold the posts of Assistant Secretaries of the Department have not kept Security deposits . By making arrangements for that, the documents have been forwarded by these Departments to the Ministry of Justice in letters dated SM/05/2016 and 20.09.2016 . We have been informed by a copy of the letter from No. MOJ / E16 / 1/1/8 dated 11/10/2016 from the Ministry of Justice to the Attorney General's Department to take further action in relation to those letters. A reply letter has not been received from the Department of Attorney General's even by now. A reminder letter by the letter No. LC/AC/ 01/37/2011 dated 24/12/2018 in respect of the reply letter of the Attorney General's Department regarding the keeping of securities of the above officers has been sent to the Ministry of Justice by us asking about the reply on this. It is kindly	Actions should be taken in accordance with Financial Regulation 880 and relevant circulars.

informed that a reply letter has not been received so far and this incident was not the result of a mistake of this Department.

3. Operating Review

3.1 Performance of Functions

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>-----</p> <p>Even though the Anti-Terrorism Bill is being under review, the progress in implementing its recommendations had not been mentioned in the progress report of the year under review and 04 legal reforms had been proposed to be discussed</p>	<p>-----</p> <p>Even though it has been stated that the progress of the recommendations on the review of the Anti-Terrorism Bill has not been mentioned in the Progress Report 2020, the progress report for the year 2020 has not been prepared yet. It will be prepared in 2021 .</p> <p>Similarly, the power to convene meetings of this Department holds with the Chairman. It depends on the decision of this Department and it is kindly informed that this is beyond the control of the Department. Meetings were held through online for the year 2020 due to the Covid pandemic. Out of the four legal reforms proposed to be discussed, the proposal to use a digital platform to assist in court proceedings has been referred to the Chief Justice by the Chairman for further consideration.</p>	<p>-----</p> <p>Actions should be taken to achieve the objectives and relevant functions of the Department.</p>

3.2 Annual Performance Report

Audit Observation

The Annual Performance Report was not prepared in the prescribed format and submitted with the financial statements in accordance with Paragraph 10.2 of the Public Finance Circular No. 2/2020 dated 28 August 2020 .

Comments of the Accounting Officer

It is kindly informed that the Performance Report 2019 has been submitted to Parliament. I further inform that the Performance Report 2021 will be prepared in future in accordance with the Circular 2020/08/28 and submitted to the Secretary to the Ministry of Justice for approval.

Recommendation

Actions should be taken in terms of the Circular.

3.3 Assets Management

Audit Observation

A vehicle had been provided for the use of the Chairman of the Law Commission from 03 June 2020 and the vehicle used till then had remained unused from that day even by to the date of this report .

Comments of the Accounting Officer

Arrangements are being taken to transfer the WPKS 2358 Motor Car to the State Ministry of Fertilizer Production and Planning, Chemical Fertilizers and Pesticides Regulation as per the approval received by the letter Ministry of Justice No. MOJ / E / 17 / T / 45 and 2021/03/19 .

Recommendation

The assets of the Government should be used efficiently to get the maximum gain from them.

3.4 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though the loss of Rs. 9,203 occurred due to an accident on 04 November 2019 should be shown under the write offs of losses less than Rs. 25,000 in the statement of losses and omission during the year, it had been shown as Rs. 115,806 under more than Rs. 25,000 .	Agree with the facts contained in the report.	Facts and data should be submitted as stated in the financial statement.

4. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) An officer had been appointed on the acting basis without making a permanent appointment even by the end of the year under review for the post of Secretary of the Department which has been in vacant since the year 2014.	The post of Secretary of this Department was in vacant in the year 2014 after the retirement of the former Secretary. A then Senior Assistant Secretary of the Ministry of Justice had deployed in acting basis from 2014 to July 2015 and the present Acting Secretary was appointed by the Ministry of Justice and on 08.07.2015 to cover the duties in addition to the duties of the permanent post. The above officer has been appointed on acting basis for the post of Secretary for 3 months or until a suitable officer is appointed to the relevant post by the Decision	Actions should be taken in terms of Section 13.3 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.

of Cabinet of Minister No. 019/731/1871/15 dated 05.02.2016 with effect from 16.12.2015. Nevertheless, despite a suitable officer has not been appointed to the permanent post, the above officer was appointed again to the post of Secretary to cover the duties by the letter No. 08/08.ක.ස/ලේකම්/2011/1 dated 16.03.2016. Because of this, she has been acting in that post without any acting allowance for nearly 05 years after 16.03.2016 up to now.

(b) The approved number of employees was 29 and there were 12 vacancies and 03 senior level 8 secondary level and 01 primary level vacancies had included in it.

The posts of Secretary, Deputy Secretary and Assistant Secretary of this Department are in vacant as the senior level posts. Although the Ministry of Justice has tried to recruit the post of Secretary on an open and limited basis, the vacancies could not be filled due to lack of qualified candidates. The post of Deputy Secretary should be filled through the promotion procedure. The request was not made to the Ministry of Justice to fill the post of Assistant Secretary because the present number of Assistant Secretaries is sufficient to cover the existing duties.

Actions should be taken to fill the most required vacancies to maintain the performance of the Department at the optimum level.