

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 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 Commission was issued to the Chief Accounting Officer on 14 June 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Commission was issued to the Chief Accounting Officer on 16 July 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 financial position of the Human Rights Commission of Sri Lanka 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 on Financial Statements

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 inadequate false statements 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 is the responsibility of the Chief Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Commission 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 Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Commission 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 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 skepticism throughout the audit. I also furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control of the Commission, obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluated the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Chief 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) and 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 in the preceding year regarding the observation contained in Paragraph 1.6.2 (a) of this report had not been corrected in submission of the financial statements of the year under review.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Performance

Recurrent Expenditure

The following deficiencies were observed in accounting for the recurrent expenditure related to financial statements.

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

(a) Even though the salaries, wages and other employee benefits was Rs.128,852,579 as per the vote ledger , it had been stated as Rs.128,184,523 in the statement of financial performance.

The reason for this difference is the travelling expenses and it has been shown under other recurrent expenditure.

It should be accounted for accurately.

(b) Even though the expenditure on other goods and services was Rs. 74,978,326 as per the vote ledger , it had been shown as Rs. 75,646,381 in the statement of financial performance.

Agree with the observation. Actions will be taken to correct that in future.

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1.6.2 Statement of Financial Position

The following deficiencies were revealed in accounting for the property, plant and equipment.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The assets which were acquired before 2004 had not been included in the statement of Non-financial assets .	Agree with the observation. Actions will be taken to correct in future.	All the assets should be accurately accounted for.
(b) There was a difference of Rs. 7,552,881 in between the Treasury printouts and the Register of Vehicle of the Commission in relation with the value of the vehicles.	Arrangements are being made to identify the values of the vehicles accurately and actions will be taken to correct in future accordingly.	The differences need to be identified and accurately accounted for.
(c) The cost of 02 vehicles which had been transferred in the years 2015 and 2019 to a government institution valued at Rs. 27,697,804 had not been removed from the statement of non-financial assets.	Agree with the observation.	The value of the assets transferred should be removed from the statement of non-financial assets .
(d) A motorcycle purchased in the preceding year at a cost of Rs. 294,900 had not been capitalized even by 28 February 2021 .	Agree with the observation. Actions should be taken to correct in future .	Assets purchased need to be capitalized.

2. Operating Review

2.1 Planning

Audit Observation

An Action Plan for the year under review had not been prepared in terms of Public Finance Circular No. 01/2014 dated 17 February 2014 .

Comments of the Chief Accounting Officer

Agree with the observation.

Recommendation

It should act in accordance with the circular provisions.

2.2 Failure to Obtain the Desired Output Level

Audit Observation

Out of the total number of complaints 10,550 that had to be resolved by 2020 including 4,266 complaints of the preceding year, 3,812 were resolved and 6,738 complaints had remained unresolved as at the end of the year under review. Twenty three complaints out of that had remained for more than 10 years and 1,804 complaints were received in between 3 and 10 years.

Comments of the Chief Accounting Officer

It has been impossible to complete the number of complaints received due to staff vacancies and Covid 19 epidemic. Necessary steps have been taken to resolve all the remaining complaints.

Recommendation

An urgent system should be formulated to resolve complaints.

2.3 Non-compliance with Laws, Rules , Regulations

Observation -----	Comments of the Chief Accountng Officer -----	Recommendation -----
Reference to Laws, Rules , Regulations	Non-compliance	
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Financial Regulation No. 770 (4) of the Financial Regulation of Democratic Socialist Republic of Sri Lanka.	A survey had not been conducted on 42 vehicles of the Commission.	Agree with the observation. Actions should be taken in terms of Financial Arrangements will be made to update Regulations. in future.

2.4 Annual Performance Report

Audit Observation -----	Comments of the Chief Accountng Officer -----	Recommendation -----
The performance report had not been submitted to the audit along with the financial statements in accordance with Paragraph 10.2 of the Public Finance Circular No. 02/2020 dated 28 August 2020 and Section 16.2 of the National Audit Act No. 19 of 2018 .	Accept. Necessary steps will be taken to correct it.	Actions should be taken in terms of the Circular.

2.5 Assets Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) It had failed even by 23 March 2021 to take over the ownership of 03 motor vehicles which had expired its lease period.	Accept. Instructions have been given to update books after making arrangements to take over the ownership of those 03 vehicles immediately.	Ownership of assets should be ascertained.
(b) The value of 20 motorcycles owned by the Commission had not been taken into accounts.	Accept. The instructions have been given to update and to take into the books as soon as the assessment is completed.	The cost of the assets belonging to the institution should be ascertained and accounted for .
(c) The recommendations of the Board of Survey Report for the years 2018 and 2019 had not been implemented and 14 dilapidated iron armed chairs and a foot bicycle was in shortage as per the Board of Survey 2019.	It is accepted that even though the Board of Surveys have been carried out, it had not completed. Since the Board of Surveys 2020 has already been begun, actions will be taken with regard to this matter later.	Board of surveys should be conducted in terms of the circulars and their recommendations should be implemented. Appropriate actions should be taken regarding deficiencies.

3. Human Resources Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The Human Resource Development Plan had not been prepared in terms of Paragraph 6.1 of the Public Administration Circular No. 02/ 2018 dated 04 January 2018 and the Annual Performance Agreements for the entire staff had also not been entered into.</p>	<p>All the officers have been made aware to rectify these deficiencies from the year 2021.</p>	<p>Actions should be taken as per the circular instructions.</p>
<p>(b) There were 95 vacancies as at 31 December 2020 and 04 Directors, a Deputy Director, 12 Legal Officers, 23 Human Rights Officers and 02 Regional Coordinating Officers had consisted of it. Similarly, 05 officers had been recruited on the acting basis and the achieving of duties basis without recruiting officers on permanent basis.</p>	<p>Even though the newspaper advertisements have been published to carry out the recruitments in the years 2017, 2018 and 2020 , it has been impossible to fill the vacancies because of the applications were not sent by applicants who have 15 years experience. Therefore, the officers have to be appointed to carry out the duties of the Commission without hindrance.</p>	<p>Arrangements should be taken to fill the vacancies for essential posts.</p>