

1. Financial Statements

1.1 Qualified Opinion

The audit of financial statements of the Right to Information Commission for the year ended 31 December 2021 comprising the Statement of Financial Position as at 31 December 2021 and the Statement of Financial Performance, Statement of Changes in Equity and Cash Flow Statement for the year ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Finance Act, No. 38 of 1971. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Commission as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified based on matters described in Paragraph 1.5 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

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 of the Commission.

1.4 Responsibility of Auditor regarding the 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Commission, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Commission has complied with applicable written law, or other general or special directions issued by the governing body of the Commission ;
- Whether performed according to own powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Internal Control Over the Preparation of Financial Statements

Entity is required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that, transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.5.2 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Non Compliance with the Reference to particular Standard	Management Comment	Recommendation
Action had not been done to depreciate Rs.9,441,684 of property, plant and equipment that prevailed as at the end of the under review as per Sri Lanka Public Sector Accounting Standard 07 and, the depreciation percentages of the property, plant and equipment had not been disclosed even in the notes presented with the financial statements.	It would be acted to depreciate property, plant and equipment by deciding suitable depreciation percentages since year 2022.	It should be acted as per Sri Lanka Public Sector Accounting Standard 07.

1.5.3 Accounting Policies

Audit observation	Management Comments	Recommendation
The accounting method following to account capital grants had not been disclosed in the financial statements and, the capital grant had not even been amortized.	The amortization of capital grants would be done since coming year and the method of accounting capital grants had not been disclosed in the financial statements by mistake as the accounts were presented by the Commission first time. Actions would be taken to rectify it since next year.	The accounting method following to account capital grants should be disclosed in the financial statements.

1.5.4 Accounting Deficiencies

Audit observation	Management Comments	Recommendation
(a) An amount of Rs.429,657 that spent for the purchase of computer accessories in cash during the year under review had been stated as Rs.512,157 in the cash flow statement and, the decrease in the advance expenses of Rs.82,500 had not been stated in the cash flow statement.	This difference was occurred due to accounting of fifty per cent of advance amount that paid in year 2020 for the installation of accounting and salaries preparation software during the year under review.	Cash flow statement should be prepared correctly.

1.5.5 Written Evidences not made available for Audit

Subject	Amount	Audit Evidences not Provided	Management Comment	Recommendation
Property, plant and equipment	Rs. 8,677,962	Valuation reports and Board of Survey reports relevant to verify	All the property, plant and equipment purchased for the Commission had been accounted on the cost and, actions were taken to account the value of those equipment by	The sufficient information should be presented to the audit in order to verify the balances.

valuing through a valuation committee as it was not known the purchased price or cost of the equipment given to the Commission.

1.6 Non- compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to the Laws, Rules, Regulations etc.	Non- compliance	Management Comments	Recommendation
(a) Public Administration Circulars			
(i) Circular No.09/2009 dated on 16 April 2009	Although it should be kept 16 reports regarding proving the arrival and departure of officers to the office by using finger print machine in all public institutions, the finger print machines had not been used by the Commission even by the audited date of 26 September 2022.	It was stated that it would be acted to fix a finger print machine in future as shown by the audit.	It should be acted as per circular.
(ii) Circular No. 02/2018 dated on 24 January 2018	A human resources plan for the year 2021 had not been prepared by the Commission.	Though it was unable to do it under the Covid 19 condition in year 2021, a program on maintenance of files had been conducted in the month of December. But, a human resources development plan for the	It should be acted as per circular.

year 2022 was prepared.

**(b) Public Finance
Circulars**

(i) Circular No. 01/2014 dated on 17 February 2014	No. dated	Annual Pan prepared by the Commission for the year 2021 had not been as per circulars.	Action Pan prepared by the Commission for the year 2021 had not been as per circulars.	The Action Plan for the year 2021 was prevailed with the Commission and a copy of it was presented herewith.	Action Plan should be prepared as per circular.
(ii) Circular No. 05/2016 dated on 31 March 2016	No. dated	The Board of Survey as at 31 December 2021 had not been conducted by the Commission.	Annual Board of Survey at 31 December 2021 had not been conducted by the Commission.	Though a Board of Survey was appointed for the year 2021, the activities of the board of survey as delayed due to prevailing staff deficit in the Commission, had to utilize many officers in the service to cover up the duties of the vacant posts and limiting the attendance of officers to the service due to Covid pandemic condition. However, the Board of Survey activities were being done by now.	It should be acted as per circular.

2. Financial Review

2.1 Financial Result

The operating result of the year under review was a deficit of Rs.72,237. It was unable to make a comparison due to the preparation of financial statements in the year under review in first time by the Commission as a corporation.

3. Operating Review

3.1 Management Inefficiencies

Audit observation	Management Comments	Recommendation
Although a separate fund should be prevailed for the Commission as per Section 16(1) of the Right to Information Act No.12 of 2016, it was failed to establish such fund even by the audited date of 26 September 2022.	The Commission has put much effort to open a bank account that require for this fund by having discussions with the Department of Public Finance, Department of State Accounts, Department of National Budget, Department of Treasury Operations and Auditor General since year 2019. Accordingly, the Commission expects to establish the fund at earliest as per guidance given by the Director General of Department of Treasury Operations.	A separate fund to the Commission should be established as per Section 16(1) of the Act.

3.2 Human Resource Management

Audit Observation	Management Comments	Recommendation
The Chief Executive Officer of the Commission was the Director general as per Section 13 of the Rights to Information Act No. 12 of 2016 and, the Commission should be appointed number of officers and employees that decided to be required for the carrying out the works of the Commission. Accordingly, there were 12 vacancies as actual cadre was 14 though the approved cadre of the Commission was 26. Meanwhile, the post of Chief Executive Officer was also vacant.	It was acted as per provisions of National Budget Circular No. 03/2020 and, the officers would be recruited for the vacant posts in future after removing that circular.	Actions should be done to fill the vacancies in the required posts.

4. Accountability and Good Governance

4.1 Presentation of Financial Statements

Audit Observation	Management Comments	Recommendation
Although financial statements should be presented to the audit within 60 days ending accounting year by the public enterprises as per Section 6.6 of Operational Manual on Public Enterprises issued by Department of Public Enterprises on 21 November 2021, the financial statements had been presented by the Commission on 23 May 2022 for the audit. Accordingly, the financial statements had been presented to the audit with a delay of 84 days.	The presentation of financial statements for first time as a board was done in year 2021 as per Section 11(1) of the Right to Information Act No.16 of 2016. Although the preparation of financial statements had been finished at the end of the month of February 2022 due to various problematic conditions occurred, it was presented for the approval of the Commission for these financial statements on 30 March 2022. Due to this, it was delayed to present the financial statements to the audit.	The financial statements should be presented to the audit within 60 days ending accounting year by the public enterprises as per Section 6.6 of Operational Manual on Public Enterprises