

## **Head 8 – National Police Commission**

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### **1. Financial Statements**

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#### **1.1 Audit Opinion**

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The audit of the financial statements of the National Police Commission for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 to be read in conjunction with provisions of the National Audit Act No.19 of 2018. My comments and observations on the financial statements of the National Police Commission issued in terms of Section 11(1) of the National Audit Act No.19 of 2018 appear in this report. The Annual Detailed Management Audit Report relating to the Department was issued to the Accounting Officer on 30 May 2019 in terms of Section 11(2) of the National Audit Act No.19 of 2018. This report will be tabled in Parliament in pursuance of the 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 accompanying financial statements give a true and fair view of the financial position of the National Police Commission as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified 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 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 qualified opinion.

#### **1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer on 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 the provisions in Section 38 of the National Audit Act No.19 of 2018 and for the determination of the internal control that 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 Commission is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the

Commission 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**

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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 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 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 and Regulatory Requirements**

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I express the following matters in accordance with Section 6(d) of National Audit Act No.19 of 2018.

Since there was no requirement for the Commission to prepare financial statements for the preceding year, recommendations on the financial statement had not been made.

## 1.6 Comments on Financial Statements

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### 1.6.1 Presentation of Accounts

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The following reconciliation statement had not been presented by the Commission on the due date for audit.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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<b>(a) Annual Financial Statements</b>		
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Even though, in terms of public Finance Circular No.267/2018 dated 21 November 2018 and Section 16(2) of the National Audit Act, the annual performance report should be furnished along with the financial statements on or before 28 February by the Ministry, action had not been taken accordingly.	In terms of Section 16(2) of the National Audit Act No.19 of 2018, the annual financial statements in respect of every auditee entity shall be submitted by the Chief Accounting Officer to the Auditor General along with the annual performance reports of the entity within such period as may be provided by rules.	No objection with the matters included in the report.

### 1.6.2. Accounting Deficiencies

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**(a) Ensure the following matters by the Chief Accounting Officer**

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In terms of the provisions of Section 38 of the National Audit Act No.19 of 2018, the Chief Accounting Officer should ensure in respect of the following matters, but action had not been taken accordingly.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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<b>(i)</b> The Chief Accounting Officer should ensure that an effective internal control system for the financial control exists in the Commission and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be	Action should be taken in terms of the provisions of the Section 38 of the National Audit Act No.19 of 2018.	No objection with the matters included in the report.

effectively carried out. Even though such reviews should have been carried out in written and the copies of such reviews should furnish to the Auditor General, the statements of such reviews were not made available for audit.

- (ii) It was stated in the Public Accounts Circular No.256/2017 dated 05 July 2017 that, the Registers of Loans and Advances, Loans and Debtors and Loans and Creditors should be maintained for the adequate accounting system and an internal control system in respect of Advances to Public Officers Account and a Reconciliation Statement, certified should be presented to the Auditor General to confirm that the Departmental books had been reconciled with the Treasury books monthly. Nevertheless, such a Reconciliation Statement had not been furnished.
- Action should be taken in terms of the provisions of the Public Accounts Circular.
- The Registers of loans and advances in respect of the Advance Account were furnished. The reconciliation had been done with the monthly Treasury printouts showing debits and credits of the Advance Account and forwarded to the Director General of Public Accounts monthly. Action will be taken to furnish a copy to the Auditor General in future.

**2. Financial Review**  
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**2.1 Expenditure Management**  
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**Audit Observation**  
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A sum of Rs.1,983,890 had been saved out of the total net provisions of Rs.2,600,000 made for 03 Objects and those savings had ranged from 54 per cent to 91 per cent.

**Recommendation**  
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Action should be taken to utilize the provisions with maximum efficiency.

**Comments of the Chief Accounting Officer**  
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As regular changes of foreign exchange rates the suppliers had failed to supply goods for the prices quoted for purchases and the non-availability of capital nature expenditure are the reasons for the savings.

**3. Operating Review**  
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**3.1 Annual Performance Reports**  
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**Audit Observation**  
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In terms of Public Accounts Circular No.402 dated 12 September 2002, the Performance Report relating to the year under review should have been tabled in Parliament by the Commission within 150 days after the end of the financial year. Nevertheless, action had not been taken accordingly.

**Recommendation**  
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The Performance Report should be tabled in Parliament on due date in terms of the Circular.

**Comments of the Chief Accounting Officer**  
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The report is being prepared at present and will be finalised within a month.

### 3.2 Non-execution of expected Output Level

#### (a) The progress of solving of public complaints as per the nature of complaint

According to the information made available to audit by the letter No.NPC/Fin/01/02/2019 of the Secretary of the Commission dated 08 March 2019, the public complaints received by the Commission during the year 2018 and the preceding year and the progress on investigations carried out thereon according to the nature of the complaints are as follows.

Nature of the Complaint	2017			2018		
	Number of Complaints received	Number of Complaints solved	Percentage of solving of Complaints	Number of Complaints received	Number of Complaints solved	Percentage of solving of Complaints
1. Action not taken by police	480	249	52	655	439	67
2. Assaults	33	13	39	30	20	67
3. Harassments	04	-	-	03	03	100
4. Misusing of power	377	220	58	465	317	68
5. Harassments to women and children	08	03	38	03	01	33
6. Detained Illegally	45	37	82	26	14	54
7. Bribery and Corruption	13	01	07	12	07	58
8. Partiality	256	112	44	224	223	100
9. False Complaints	91	42	46	104	78	75
10. Death during police custody	03	-	-	02	02	100
11. Drug abuse	-	-	-	29	16	55
12. Others	156	79	51	98	70	71
<b>Total</b>	<b>1,466</b>	<b>756</b>	<b>51</b>	<b>1,651</b>	<b>1,190</b>	<b>72</b>

The following observations are made in respect of above information.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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(a) The percentage of solving complaints as compared with the preceding year had increased ranging from 51 per cent to 72 per cent and the total number of public complaints had increased from 1,466 to 1,651.	Suitable actions should be taken to minimise the faults made by the police officers.	The reason for the increase of receiving complaints can be cited as the awareness of public had increased as per the awareness programmes made by the Commission.
(b) The solving of complaints in respect of not taking action by the police, misuse of power and false complaints were increased as compared with the preceding year, while reporting of complaints also increased.	Suitable actions should be taken to minimise these faults made by the police officers.	The reason for the increase of reporting of complaints can be cited as the awareness of the public had increased under UNDP Project.
(c) The percentage of solving of complaints in respect of detaining illegally had decreased ranging from 82 per cent to 54 per cent.	An efficient arrangement should be used to solve these complaints received by the Commission.	The reason for decrease of the percentage of solving complaints can be cited as the supervision of the police officers is carried out by the Commission and the action taken to produce the persons who were taking into custody on the legal frame.

- (b) The Progress of Solving of Public Complaints – According to the Provinces of produced of complaints

According to the information made available for audit by the letter No.NPC/Fin/01/02/2019 of the Secretary of the Commission dated 08 March 2019, the public complaints received during the year 2018 and the progress of the investigation of those as per the Provinces are as follows.

<b>Region</b>	<b>Number of Complaints received during the year 2018.</b>	<b>of Number Investigations Completed</b>	<b>of Percentage Completion of Investigations</b>
----- Head Office	111	75	68
<b>Provincial Offices</b>			
----- Western	494	339	68
Central	161	109	68
North Western	172	154	90
Southern	179	138	77
Central	86	70	81
Uva	116	93	80
Sabaragamuwa	90	52	58
Northern	65	56	86
Eastern	177	104	58
----- Total	1,651	1,190	72
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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Chief Accounting Officer</b>
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(a) Thirty two per cent of Complaints or 155 had remained to be solved, out of the complaints received for the Western Provincial Office for which received more complaints.	More attention should be paid to solve the complaints of the offices for which received more complaints.	Action has been taken to solve 94 per cent of complaints by the end of May 2019.
(b) The percentage of solving complaints in the offices of Sabaragamuwa and Western Provinces had remained in a low level of 58 per cent.	A suitable arrangement should be carried out continuously to solve complaints without a delay.	Eighty six per cent of complaints of Sabaragamuwa Office and 84 per cent of complaints of Eastern Province Office has been solved by 30 May 2019. The instructions were given to provide required police reports for solving of



complaints in Eastern Province Office.

(c) **Approval of Recruitment Procedure**  
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**Audit Observation**  
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Out of 06 posts of uniform staff of the Sri Lanka Police, the approval has to be given for the post of the police constable- Driver and 06 posts out of 104 posts of assistant staff.

**Recommendation**  
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Necessary action should be taken to approve the recruitment procedure for the other posts immediately.

**Comments of the Chief Accounting Officer**  
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The approval has to be given for those 07 posts.

**3.3**

**Assets Management**  
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**Audit Observation**  
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In terms of Public Finance Circular No.05/2016 dated 31 March 2016, the Boards of Survey for the year 2018 should be conducted and the reports should be furnished to the Auditor General before 17 March 2019. Nevertheless, action had not been taken so on.

**Recommendation**  
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The Boards of Survey should be completed on due date in terms of the Circular.

**Comments of the Chief Accounting Officer**  
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The instructions has been given to the Boards of Survey Committee to complete surveys before end of June.

**4.**

**Good Governance**  
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**4.1 Internal Audit**  
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**Audit Observation**  
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As an Internal Audit Unit for the Commission had not been established, an internal audit had not been carried out during the year under review.

**Recommendation**  
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Action should be taken in terms of the provisions of Section 40 of the National Audit Act No.19 of 2018.

**Comments of the Chief Accounting Officer**  
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No objection relating to the matters included in the draft of the summary report.

## 5. Human Resources Management

### Approved Cadre and Actual Cadre and the Expenditure for Personal Emoluments

The details in respect of approved cadre, actual cadre and the vacancies of the staff as at 31 December 2018 to execute the functions of the Commission are given below. A sum of Rs.70.39 million had been incurred by the Commission for the Personal Emoluments category.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	18	14	04
(ii) Tertiary Level	04	02	02
(iii) Secondary Level	62	57	05
(iv) Primary Level	21	18	03
(v) Others	14	13	01
Total	119	104	15

The following matters were observed.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
(a) Fourteen posts had remained vacant by the end of the year under review but action had not been taken to fill those vacancies.	Action should be taken to recruit the staff for the vacancies existed.	The requests had been made to the relevant appointing authorities to appoint officers for the vacancies existed.
(b) Sixteen officers only were employed in 08 provinces except Western Province and 04 Investigation Officers, 02 Development Officers and 02 Management Assistants were employed in addition to 08 Provincial Directors (contract basis). The experienced investigation officers should be deployed in the services for the investigation of the Complaints received for the Provincial Offices but it was not carried out.	Investigation officers should be attached to the Provincial Offices.	Development Officers and the officers of Public Management Service had been deployed in the service of Provincial offices due to lack of investigation officers.
(c) Even though, eighty eight employees comprising 07 investigation officers, 38 officers of Public Management Assistant Service and 12 employees of K.K.S. service were employed in the Western /Head Office, it was observed that a difference in respect of distribution of staff	Action should be taken to minimise the difference of distribution of staff between the divisions of the Commission.	Seventeen officers had been deployed for investigation of the public complaints in the Western Head office while other employees had been deployed for the other functions assigned to the

in supply of services at Regional Level.

Commission  
investigation of  
complaints. except  
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