

Head 13- Human Rights Commission of Sri Lanka

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Human Rights Commission of Sri Lanka 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 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 Human Rights Commission of Sri Lanka was issued to the Chief Accounting Officer on 30 May 2019 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 and the Detailed Annual Management Audit Report relating to the Commission in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Chief Accounting Officer on 27 May 2019. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Unqualified Opinion

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 for the Financial Statements

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 provisions in Section 38 of the National Audit Act, No.19 of 2018 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.

As per Sub-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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that effective internal control system for the financial control of the Commission exists, 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

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 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 Chief Accounting Officer regarding, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

1.5. Report on Other Legal and Regulatory Requirements

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

(a) Since there was no need for the Human Rights Commission of Sri Lanka to prepare financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with the preceding year.

(b) Since there was no requirement for the Human Rights Commission of Sri Lanka to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

2. Comments on Financial Statements

2.1 Non-compliances with Laws, Rules, and Regulations

Instances of non-compliances with provisions of Laws, Rules, and Regulations observed in audit test checks are analyzed as follows.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
Reference to Laws, Rules, and Regulations	Non-compliance	

a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Financial Regulation 115	A sum of Rs. 1,955,000 had been paid in the year 2018 on repairs made on buildings in the year 2017 without obtaining approval of	Action should be taken according to the Financial Regulations.	As the invoice received first on 31 December 2017 had not been detailed enough, an invoice with enough details, dated 27 February 2018 had been obtained. As the date thereof related to the year
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the Chief Accounting Officer.

2018, approval had not been obtained in terms of Financial Regulation 115.

b) Public Administration Circulars.

Paragraphs 3 & 4 of the Circular, No. 06/2006, dated 25 April 2006.	A salary conversion had not been done for the staff in terms of the Circular.	A salary conversion should be done in terms of the Circular.	Instructions have been sought from the National Salaries and Cadre Commission. Action will be taken once the instructions are received.
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2.2 Management of Expenditure

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer -----
a) Provision totalling Rs. 450,000 made for 02 recurrent Objects had been saved in full without being utilized at all.	Annual estimates on expenditure should be prepared meeting the requirements of Financial Regulation 50.	Agreed with the observation.
b) As overprovision amounting to Rs. 36.60 million had been made on 07 recurrent Objects, the saving after utilization ranged between 12 - 35 per cent of the provision made.	- Do -	Agreed with the observation.
c) As overprovision amounting to Rs. 3.51 million had been made on 05 capital Objects, the saving after utilization ranged between 12 - 39 per cent of the provision made.	- Do -	Agreed with the observation.

2.3 Operating Bank Accounts

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer ----- -----
Apart from the official bank account of the Commission, balances totalling Rs. 771,072 existed in 04 other bank accounts. Action had not been taken to close those accounts in accordance with the Treasury Operations Circular, No. 5/2007, dated 05 September 2007.	Treasury Operations Circular should be complied with.	Agreed with the observation.

2.4 Issue and Settlement of ad hoc Sub-Imprests

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer ----- -----
a) Contrary to Financial Regulation 371 (2) (b), ad hoc Sub-Imprests over Rs. 100,000 had been issued to 3 officers in 3 instances.	The Financial Regulation 371 should be complied with.	Advances totalling Rs. 192,000 had been paid to the Sri Lanka Institute of Development Administration. Action will be taken in the future in accordance with the instructions.
b) In terms of Financial Regulation 371 (5), the ad hoc Sub-Imprests should be settled within 10 days after completion of the intended purpose for which it was issued. However, ad hoc Sub-Imprests totalling Rs. 184,000 issued in 6 instances had been settled after a delay of 14 - 63	The Financial Regulations should be complied with.	The matters presented are accepted. It is noted to act as per instructions in the future.

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3. Operating Review

3.1 Planning

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer ----- -----
a) The Commission had not prepared an Action Plan for the year 2018 in terms of Public Finance Circular, No. 2014/01, dated 17 February 2014.	Action should be taken in accordance with the Circular.	The query is accepted. The Action Plan for the year 2018 is being prepared at present.
b) Four branch offices of the Commission had not furnished the monthly work plans and the progress reports of the works planned, to the Head Office relating to the period of January – June 2018 whilst 05 other branch offices had not furnished the said plans and reports relating to a period of several months to the Head Office.	The work plans and the progress reports on the works planned should be made available to the Head Office monthly.	The relevant branch offices have been informed that the work plans relating to the period of January – June 2018 be furnished. The relevant offices have been apprised of the deficiencies pointed out.

3.2 Failure to Discharge Functions

The following observation is made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
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Complaints and Investigation Division (I & I Division) of the Head Office of the Commission had planned to carry out 72 police station visits and 10 detention center visits in the first half year. However, only 44 police station visits and 11 detention center visits had been done as of 30 June 2018. As such, 28 per cent of the police station visits planned had not been done.	Visits of investigation should be done as planned.	This could not be done due to reasons such as, conducting training workshops for the officers, inadequacy of officers, and their busyness.

3.3 Delays in the Implementation of Projects

The following observation is made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
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It had been planned in the Procurement Plan to commence the procurement of 04 items of goods before the first day in the month of August. However, none of such procurements had been commenced even as of 24 August 2018.	Action should be taken in accordance with the Procurement Plan.	Procurement activities had delayed as obtaining approval for the Procurement Plan had been delayed.

3.4 Performance

The following observation is made.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer ----- -----
<p>a) No any information whatsoever relating to the progress of 3173 complaints received by the Divisional Offices, had been included in the annual performance report. In the year 2018, the Head Office had concluded 226 out of 1493 complaints. Of the said 226 complaints concluded, only 37 had been provided with recommendations, arbitration, and relief.</p>	<p>Progress on the complaints received by the Divisional Offices should also be included in the annual performance report.</p>	<p>Information as to the complaints concluded by the Divisional Offices was not received.</p>
<p>b) A number of 6465 complaints remained as at 31 December 2017. It was stated in the performance report that 2656 of those complaints had been concluded in the year 2018. Recommendations, arbitrations, reliefs, and regulations had been provided only for 415 of the said 2656 complaints.</p>	<p>Action should be taken to conclude the inquiry of complaints within a reasonable time.</p>	<p>Apart from the 415 complaints concluded, action had been taken to finalize 2241 complaints due to reasons such as, non-revelation of fundamental rights, lack of interest shown by the complainants, withdrawals, forwarding to other institutions, court cases, later revelations that certain complaints had not belonged to the scope of the Commission, and prescription of action.</p>

3.5 Procurement

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer ----- -----
a) Bids had been called for purchasing a photocopier without appointing a procurement Committee and a Technical Evaluation Committee. After opening bids, only the Technical Evaluation Committee had been appointed.	Action should be taken in accordance with Guideline 2.4.1 of the Government Procurement Guidelines.	The Government Procurement Guidelines will be followed for the procurements in the future.
b) A report of the bid opening Committee had not been prepared on the opening of bids relating to the purchase of photocopier.	Action should be taken in accordance with Guideline 6.3.6 of the Government Procurement Guidelines.	It has been informed that reports will be maintained in accordance with the specified formats in the future.

4. Good Governance

4.1 Internal Audit

The following observation is made.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer ----- -----
The post of Internal Auditor remained vacant though, the Commission did not take action to fill the vacancy even as of 31 December 2018.	An Internal Auditor should be appointed.	Action will be taken to fill the vacancy.

