

Head -10 - Commission to Investigate Allegations of Bribery or Corruption

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Commission to Investigate Allegations of Bribery or Corruption 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 to Investigate Allegations of Bribery or Corruption 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 13 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 Commission to Investigate Allegations of Bribery or Corruption 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) The recommendations made by me regarding the financial statements furnished for the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Position

Property Plant and Equipment

The bellow mentioned deficiencies were observed when accounting for the property, plant and equipment.

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

(a) A sum of Rs. 3,118,800 that should be adjusted under the opening balance of the statement non-financial assets had been stated as purchases of the year.

When updating non-financial assets under the CIGAS programme, the purchase of fixed assets made under the expenditure object 010-1-1-0-2509 includes as an opening balance. Nevertheless, because they are also the purchases of this year, the same value has been added to the purchases in the statement of non-financial assets (ACA-6) of the financial statements.

It should be adjusted under the opening balances of the statement of non-financial assets.

(b) Even though the purchase of assets for the year under review amounting to Rs.9,098,376 , it had been shown in the statement of non-financial assets as Rs. 9,083,576 .

Even though this amount of Rs. 14,800 has been properly accounted for under expenditure object 010-1-1-0-2102 upon entering into the CIGAS programme, it has been included in the opening balance when preparing the Special Note.

Purchasing of assets for the year under review should be entered accurately.

(c) A sum of Rs.14,452,025 spent on the construction of a wall and erection of a name plate around the Commission building during the year under review had not been capitalized.

Actions will be taken to enter as the opening balances in the year 2021 .

It should be capitalized under buildings and constructions.

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| <p>(d) Even though a sum of Rs. 5,345,179 had been spent for renovation the toilet system and constructing archive shelves in the year 2016 , only a sum of Rs.1,631,791 had been capitalized in the year under review with an amount of Rs. 3,713,388 in less.</p> | <p>Actions will be taken to enter as the opening balances in the year 2021 .</p> | <p>The total value spent should be capitalized.</p> |
| <p>(e) Fourteen Leased Vehicles which had been capitalized during the year under review had not been taken over by the Commission.</p> | <p>Because of the lease period has expired, actions should be taken to capitalize these vehicles and there is no delay of us with regard to acquire of them and actions are already being taken to take over.</p> | <p>Assets should be acquired and accounted for in financial statements.</p> |
| <p>(f) Instead of capitalizing the cost of 22 vehicles that had been capitalized in the financial statement as at 31 December 2020 , the value determined for insurance had been capitalized.</p> | <p>Since 22 vehicles have been insured at its cost, the same value has been capitalized.</p> | <p>Costs should be capitalized.</p> |

1.6.2 Cash Flow Statement

Audit Observation

Even though the closing cash balance was Rs. 45,000 as per Special Note 02 of the Financial Statement as at 31 December 2020, a cash balance had not been stated in the cash flow statement .

Comments of the Chief Accounting Officer

The year end sub-imprest balance has been shown under the Special Note 2 considering only the net difference in currency in the cash flow statement.

Recommendation

It should be accurately noted .

1.6.3 Reconciliation Statement on Advances to Public Officers' Accounts

Audit Observation

Even though the expenditure and receipts as at 31 December 2020 were Rs. 12,274,732 and Rs. 7,432,579 respectively as per Treasury printouts, those balances had been stated in the Advances to Public Officers B Account as Rs. 12,035,375 and Rs. 7,193,221 respectively in terms of F.R 506 (d) .

Comments of the Chief Accounting Officer

This is used for the Annual Reconciliation Statements in Advances to Public Officers B Account prepared from the year 2021 .

Recommendation

The expenditure of the year end and the actual values of receipts in the Annual Reconciliation Statement should be shown as per the Treasury computer printout.

1.6.4 Non-commercial Advance Accounts

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though the judgements related to the raid advance of Rs. 2,597,130 had been declared as at 31 December 2019, those balances had not yet been settled even by 30 March 2021.	The relevant actions are being carried out to clear the case files related to raid advances amounting to Rs.2,597,130 at present.	Advances provide for the use as bribery, should be detained in the custody of the officer in-charge for the productions or until pronouncing the judgement at the end of the case and then settle to the shroff.

2. Financial Review

2.1 Non-compliance with Laws, Rules and Regulations

The instances of non-compliance with the provisions of the Laws, Rules and Regulations observed during the audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Observation Non-compliance and	Comments of the Chief Accounting Officer	Recommendation
(a) Financial Regulation of Democratic Socialist	Even though the ad hoc sub imprests should be settled as soon as the task is completed, the	The delay has occurred because of the intermittent attendance of	Sub-imprests should be settled in terms of financial Regulation 371 (2) .

Republic of Sri Lanka Financial Regulation 371 (2) ad hoc sub imprests provided at 09 instances amounting to Rs. 74,000 had been settled delayed from 02 months to 04 months. officers due to the Covid epidemic and also due to the busy schedule as a result of piling up of a number of files related to their investigations and cases.

(b) Paragraph 3.1 of the Public Finance Circular No. 2016/05 dated 31 March 2016 **(i)** Recommendations made in the Board of Surveys regarding the items mentioned under General 47 Report had not been implemented. This situation has caused due to the Corona epidemic and the scrap items have been auctioned off and disposal activities have been carried out at present. It should comply with Paragraph 3.1 of the Public Finance Circular.

(ii) A Board of Surveys on productions had not been conducted as at 31 December 2019 . Due to the busy schedule caused by the intermittent attendance of officers, thus it was not possible to deploy officers for additional work. It should comply with Paragraph 3.1 of the Public Finance Circular.

3. Operating Review

3.1 Planning

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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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 .

The Annual Action Plan will be prepared in future, including all the relevant documents as shown by observations.

The Action Plan should be prepared in terms of Public Finance Circular.

3.2 Procurements

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Even though the contract for modernization of the ground floor toilet system of the five storied building had been handed over to the Department of Buildings at an estimated cost of Rs. 1,136,818, it had not been entered into a formal contract in terms of Section 8.9.1 (a) of the Procurement Guidelines. As a result, the contract period could not be identified and it was also not possible to ascertain whether the primary objectives of the procurement could be achieved in terms of Paragraph 1.2.1 (a) of the Procurement Guidelines.

Because there is no officer with civil engineering knowledge in this Commission many constructions are carried out through the Building Department. Payments are approved on the basis of certification of work done which they do.

Actions should be taken in accordance with Sections 8.9.1 (a) and 1.2.(a) of the Procurement Guidelines.

3.3 Losses and Damages

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
----- It was also not possible to take appropriate actions during the year under review regarding the losses amounting to Rs. 34,954 related to two incidents that had remained for more than 10 years.	----- These losses are the losses caused by accidents which had occurred long ago. Actions will be taken to look into this in future and write off from the books.	----- Appropriate actions in this regard should be taken immediately.

3.4 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
----- (a) Although many years had elapsed since the judgement was given, productions relating to certain files was at the custody of the relevant officer.	----- Because of the productions are in the custody of the court, actions will be taken to write off the advances from the cash book by appointing a Disposal Committee then bringing them before the Commission and after taking actions on the recommendations providing by it.	----- After receiving the judgment after the court proceedings or the conclusion of the appeal, the productions related to those files which were included in the productions of the officer in-charge should be removed from the books .

<p>(b) Even though it has been decided in the year 2016 to hand over the land at Malalasekera Mawatha No. 36/69/C to the Commission by the Cabinet Committee on Economic Management held on 01 March 2016, it had not been able to ascertain its legal ownership by the end of December 2020 .</p>	<p>The legal ownership of this land belongs to the Thimbirigasyaya Divisional Secretary by now and this has been requested to be taken over to the Commission and actions will be taken to take over to the Commission with the approval of the Divisional Secretary .</p>	<p>Actions should be taken to ensure the legal ownership of the land.</p>
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4. Human Resources Management

Audit Observation

There were 425 vacancies in civil staff and 44 vacancies in investigative staff.

Comments of the Chief Accounting Officer

It has been difficult to make new recruitments due to the limited space available in the Commission. However, actions have been taken to recruit 18 Anti-Corruption Officers on 01.03.2021 and 11 Legal Assistant Officers on 15.10.2020 and 03 Legal Assistant Officers on 25.02.2021 . Out of the 44 vacancies in the Investigation Staff, 42 have been filled so far.

Recommendation

Arrangements should be made to fill the vacancies for essential posts should be filled properly.