

Head - 9 Administrative Appeals Tribunal

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Administrative Appeals Tribunal 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 Administrative Appeals Tribunal was issued to the Chief Accounting Officer on 05 May 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Administrative Appeals Tribunal was issued to the Chief Accounting Officer on 05 May 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 Administrative Appeals Tribunal 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 Administrative Appeals Tribunal 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 Administrative Appeals Tribunal 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 Tribunal, 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) of 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 Imprest Adjustment Account

Audit Observation

Although the Imprest Adjustment Account should be prepared to adjust the values to be settled to the Treasury or received by the Treasury at the end of the year as per the statement of financial performance in accordance with Paragraph 7 (vi) of Guideline No. 06 of State Accounts Circular No. 02/2020 dated 28 August 2020 , the Tribunal had not prepared that account.

Comments of the Chief Accounting Officer

An Imprest Adjustment Account was not prepared and made a note to do so in future.

Imprest Adjustment Account should be prepared.

1.6.2 Statement of Financial Position

Property Plant and Equipment

Audit Observation

Even though a sum of Rs. 20,478,200 had been stated in the statement of financial position and the Format ACA-6 as property plant and equipment by the Tribunal, a value of property plant and equipment had not been stated in the Treasury printout. The individual account balances had not been reconciled with Treasury printouts in terms of Public Finance Circular No. 02/2020 .

Comments of the Chief Accounting Officer

Whenever the Tribunal purchases property plant and equipment, all the information on assets sends to the Comptroller General and they had not been not included in Treasury computer printouts. It was noted to correct that with inquiring the Treasury on this.

Recommendation

Individual account balances should be reconciled with Treasury printouts in terms of Public Finance Circular No. 02/2020 .

1.6.3 Cash Flow Statement

The following deficiencies were observed in the cash flow statement.

Audit Observation

(a) Non-revenue receipts amounting to Rs. 411,953 had not been shown under cash flow generated from the operational activities.

Comments of the Chief Accounting Officer

The non-revenue receipt amounting to Rs. 411,953 has been included in the balance of imprest receipts and shown under the cash flow generated from the operational activities .

Recommendation

It should be accounted for accurately.

(b)	Even though the imprest receipt was Rs. 27,840,000 , it had been stated as Rs.28,714,253 .	A sum of Rs.28,714,253 including non-revenue receipts and recoveries of advances amounting to Rs.458,900 has been shown under the cash flow generated from operational activities.	-do -
(c)	Even though the personal emoluments and operating expenses were Rs. 28,542,996, it had been mentioned as Rs. 28,666,396 .	This cost consisted of advance payments amounting to Rs.12,000 and fees for railway warrants amounting to Rs.3,400 under personal emoluments and operating expenses.	-do -
(d)	Advance recoveries amounting to Rs.458,900 and advance payments amounting to Rs. 120,000 had not been shown as cash flow generated from the investment activities .	Advance recoveries amounting to Rs.458,900 under imprest receipts and advance payments amounting to Rs. 120,000 have been shown in the cash flow statement under payment of personal emoluments and operating expenses.	-do -
(e)	The closing balance of cash as at 31 December 2020 in the cash flow statement had not been shown accurately.	The cash balance had not been recorded by a mistake.	-do -

1.6.4 Reconciliation Statement of Advances to Public Officers Account

Audit Observation

Although the maximum expenditure limit and the minimum receipt limit were Rs. 1,500,000 and Rs. 400,000 respectively in the Appropriation

Comments of the Chief Accounting Officer

Although the actions should be taken to set limits according to the estimates received at the time of preparation of Advance B Account, the Advance B

Recommendation

The Account limits should be shown accurately.

Act and Treasury computer printouts, those limits as at 31 December 2020 had been shown as 1,200,000 and Rs. 120,000 respectively in the Advances to Public Officers Account "B" .

Account had been submitted for audit upon receipt of the estimate showing the revised limits. Therefore, The maximum debit limit and the minimum receipt limit could not be entered accurately.

2. Operating Review

2.1 Management Weaknesses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>-----</p> <p>It had contracted with a private firm to obtain the janitorial service for the year under review and although the bank security was required to be provided for a period of 12 months as per the agreement, it had been given only for a period of 03 months.</p>	<p>-----</p> <p>The supplier company was unable to offer the bank security due to the closure of government institutions and the time taken until September 2020 when the country was able to function normally because of the outbreak of the Covid-19 epidemic in March 2020. However, the Security Certificate No. 303720200033 issued by Sampath Bank on 24 September 2020 has been submitted.</p>	<p>-----</p> <p>Actions should be taken in accordance with the agreement.</p>

3. Human Resources Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The Tribunal had not prepared a Human Resource Development Plan in terms of Public Administration Circular No. 02/2018 dated 24 January 2018 .</p>	<p>A Human Resource Development Plan is not practical since the total number of employees in the Institution is 17 and with encounter of the Covid 19 epidemic as well.</p>	<p>Actions should be taken in accordance with the Circular.</p>
<p>(b) Even though 20 posts were vacant out of 31 approved posts, it had failed to recruit suitable officers for those vacancies. Similarly, officers and employees had been recruited on contract basis for two senior level posts, one tertiary level post, 03 secondary level posts and 02 primary level posts.</p>	<p>Scheme Of Recruitment has been prepared and submitted to the Judicial Service Commission.</p>	<p>Actions should be taken to fill the vacancies for essential posts.</p>