

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

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### **1. Financial Statements**

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#### **1.1 Opinion**

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The audit of the financial statements of the National Police Commission 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 statements 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 National Police Commission was issued to the Chief Accounting Officer on 07 May 2021 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report relating to the National Police Commission was issued to the Chief Accounting Officer on 20 April 2021 in terms of Section 11 (2) of the National Audit Act. This report will be presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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, these financial statements, give a true and fair view of the financial position of the National Police Commission as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for 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 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 the Chief Accounting Officer and Accounting Officer for 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 provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management determines 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 an 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 Responsibility 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 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 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.
- 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**

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I express the following matters in accordance with Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- a) That the financial statements are consistent with the preceding year,

- b) The recommendations made by me on the financial statements relating to the preceding year had been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Cash Flow Statement

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Even though the interest on loan amounting to Rs.417,801 recovered under Advances to Public Officers Account should be recorded under non-revenue receipts generated from operating activities in the cash flow statement, it had been recorded under investing activities.	The interest received under Advances to Public Officers Account has been recorded as a receipt under investing activities. Recovery of loans and advances granted should be recorded as cash flows arising from investing activities. As such, it is believed that recording of interest received as investing activities is correct.	Receipts should be accurately classified in the cash flow statement.

### 1.6.2 Statement of Financial Position

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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In comparing the value of (ACA – 6) statement of non-financial assets submitted along with financial statements with final balances of the report on Treasury accumulated non-financial assets (SA 82), the value of an item had been overstated by Rs.564,562 while the total of 03 items had been understated by Rs.564,560.	Opening balances in Treasury accounts and our accounts are equal. Balances of the report on Treasury assets issued on 25.01.2021 relating to 31.12.2020 and balances of report on assets of the National Police Commission had been accurately recorded. Those balances have been accurately included in the financial statements. However, the balance relating to Code No.6112201 in the Treasury Report - SA 82 dated 16.02.2021 had been overstated by Rs.564,561.67 and balances relating to Code Nos. 6112202,	Financial statements should be prepared accurately.

6112204 and 6112205 had been understated by Rs.564,561.67. Even though the Department of State Accounts of the Treasury has been informed in this regard, we have not been made aware on the reason therefor up to now. The reason for the difference cannot be recognized and the SA 82 Report dated 16.02.2021 is not accurate.

**1.6.3 Certification to be made by the Chief Accounting Officer**

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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<p>The Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the National Police 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. Further, the said reviews shall be in writing and a copy of the same shall be made available to the Auditor General. However, no statements had been made available to the Auditor General as to whether such reviews had been carried out.</p>	<p>An effective internal control system for the financial control is already carried out by the Commission. A segregation of duties has been ensured in a manner of subjecting every duty to supervision of another officer. Three computer systems are operated for public accounting and those are operated by officers who are not connected each other and supervised by two supervising officers.</p>	<p>Action should be taken in terms of provisions in Section 38 of the National Audit Act, No.19 of 2018.</p>

## 2. Operating Review

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### 2.1 Non-performance of Functions

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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In terms of Article 155FF of the Twentieth Amendment to the Constitution, the Commission may make rules to establish procedures for entertaining and investigating complaints from members of the public or any aggrieved person. However, those rules had not been formulated even up to 28 March 2021.	It is expected to make rules for entertaining and investigating complaints and a Bill relating to the National Police Commission has been formulated and forwarded to the Prime Minister's Office with the approval of the Commission by now.	Powers conferred by the Twentieth Amendment to the Constitution shall be implemented.

### 2.2 Non-achievement of the expected Level of Output

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a) The percentage of resolving complaints relating to illegal detention, false accusation and bribery and corruption against Police Officers had been at a rate below 60 per cent.	The percentage of resolving complaints had dropped to 60 per cent in the year 2020 due to discharging duties in accordance with Covid 19 health guidelines. However, the average thereof has exceeded 60 per cent by 28.02.2021. Conclusion of investigations has been delayed due to delay in police reports relevant to the investigations.	Appropriate action should be taken to minimize the offences of Police Officers.
(b) Receiving complaints on failure in taking action by	Even though your observations are accurate	A formal arrangement should be made to hear

the Police, misuse of power and partiality had exceeded 80 per cent of the complaints received in the year under review as in the preceding year. The number too had increased as compared with the preceding year. Even though the percentage of resolving complaints on misuse of power stood at 77 per cent in the preceding year, it had dropped to 68 per cent in this year. Moreover, receiving of complaints on partiality has increased by 92 per cent. Nevertheless, resolving of complaints has decreased from 83 per cent to 74 per cent.

- (c) Receiving complaints on false accusations had increased by 120 per cent as compared with the preceding year. However, resolution of complaints had decreased from 78 per cent to 55 per cent.

according to the reasons given under No.02 above the average of resolving complaints by 28.02.2021 has increased up to 80 per cent. There are many instances in which detailed information necessary for investigating complaints referred under this category should be obtained from the plaintiff himself. A considerable period is taken for investigations relating thereto due to the delay in receiving such information. Thus, such investigations are delayed. Conclusion of investigations has been delayed due to delay in police reports.

Duties were discharged subjected to health precautionary measures in accordance with Covid 19 epidemic. Moreover, investigations relating to 99 out of 148 complaints received in this respect have been concluded by 28.02.2021 and the average thereof stands at 66 per cent. A considerable period is spent in investigating complaints referred under this category as they should be investigated broadly. As a result, such investigations are delayed. Moreover, conclusion of investigations has been delayed due to delay in police reports.

complaints received to the Commission.

A formal arrangement should be made to hear complaints received to the Commission.

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- (d) The percentage of The complicated complaints resolving complaints out of and those relating to officers the 120 received to the from Assistant Head Office, had been as Superintendents of Police to low as 47 per cent. A high officials were handled number of 156 complaints by the Head Office. As such, had been received in the relatively it takes more time preceding year and the to investigate them. percentage of resolution Moreover, as duties had to be had been 67 per cent. discharged under Covid 19 pandemic situation, the expected efficiency could not be achieved. However, investigations of 86 out of 120 complaints received to the Head Office had been concluded by 28.02.2021. Accordingly, the percentage of resolution has exceeded 71 per cent.
- (e) Even though the Matters such as travel A formal arrangement percentage of resolving restrictions in these should be made to hear complaints received to the Central and Sabaragamuwa provinces, being engaged in Commission. Provincial Offices stood at controlling pandemic situation and as well as being engaged in election duty by Police Officers had resulted in encountering with the delay in obtaining police reports. However investigations have been concluded relating to 141 out of 183 complaints received to the Central Province by 28.02.2021 and it stood at 71 per cent. A number of 145 complaints have been received relating to the Sabaragamuwa Province and investigations of 98 complaints out of them were concluded and the percentage thereof stood at 67 per cent.

**3. Good Governance**

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**3.1 Rendering of Services to the Public**

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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(a) It was observed in audit that in the investigation of public complaints, investigations have been carried out based on reports summoned from the Police rather than carrying out investigations by summoning the relevant Police Officers or carrying out investigations by visiting respective police stations.	It is kindly mentioned that more investigations were carried out based on reports summoned from the Police in the preceding year solely due to matters described in 2.2 above.	In the investigation of public complaints, they should be carried out by summoning the Police Officers to the Commission or carrying out investigations by visiting police stations.
(b) Efficient investigation of complaints received to provincial offices had been obstructed by lack of infrastructure facilities such as space and transport.	Obtaining adequate office space for provincial offices in Government buildings in that area has become difficult. However, the Provincial Directors have been briefed as to whether private buildings could be obtained from those areas and to identify such buildings. Moreover, providing transport facilities for officers of provincial offices in the present situation has become difficult and it is expected to find out the possibility of some arrangement in future.	A formal arrangement should be made for investigating complaints received to provincial offices.



### 3.2 Internal Audit

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The following observation is made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- An internal audit had not been carried out for the year under review on an Internal Audit Unit not being established for the Commission in terms of the provisions in Section 40 of the National Audit Act, No.19 of 2018.	----- Action is being taken to establish an Internal Audit Unit. A post for an Officer of Sri Lanka Accountants' Service has been created to enable the recruitment of an Audit Officer for the establishment of an Internal Audit Unit and it has been informed to the Ministry of Public Services, Provincial Councils and Local Government.	----- Action should be taken in terms of the provisions in Section 40 of the National Audit Act, No.19 of 2018.

### 4. Human Resource Management

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
----- (a) It had been a hindrance towards maintaining the activities of the Commission on 25 per cent of the Approved Cadre remaining vacant.	----- Twenty- five per cent of the Approved Cadre of the Commission remains vacant on the appointments not being made by the appointing authority for the officers relating to vacancies of certain posts, the period of service of the officers who served on contract basis being terminated due to the limitations made in the functions of this Commission as per the Twentieth Amendment to the Constitution and on the officers engaged in permanent service being transferred to other services.	----- The Approved Cadre should be revised in a manner that suits the functions of the Commission.

(b) Only 16 officers are employed in 08 provinces other than the Western Province and, there were 05 Investigation Officers, 02 Development Officers and one Public Management Assistant, in addition to 08 Provincial Directors (Contract basis). Even though experienced Investigation Teams should be employed in those Offices for the investigation of the complaints received to the Provincial Offices, it had not been carried out accordingly.

Only a Provincial Director has been attached to every Provincial Office. Approval has been obtained from the Director General of Management Services to attach another officer in the future. Training has been provided to the officers on the investigation of public complaints received to the Provincial Offices and action would be taken to provide training, in the future.

Investigation Officers should be attached to the Provincial Offices, if necessary.

(c) A Human Resource Plan had not been prepared and implemented for the year under review based on the Annexure 02 Format mentioned in the Public Administration Circular No.02/2018 of 24 January 2018.

It has been planned to take action in terms of the Public Administration Circular No.02/2018, in the future.

Action should be taken in compliance with the instructions of the Circular.