

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

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Commission to Investigate Allegations of Bribery or Corruption for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 26 May 2022 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 09 June 2022 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 2021 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**

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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**

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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 to Investigate Allegations of Bribery or Corruption 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 to Investigate Allegations of Bribery or Corruption 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**

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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 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, 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

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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

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### 1.6.1 Accounting Deficiencies

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#### (a) Property Plant and Equipment

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The bellow mentioned deficiency was observed when accounting for the property, plant and equipment.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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Five vehicles valued at Rs.28,975,000 had been capitalized as at 31 December 2021 without getting transferred the ownership.	The registration certificates pertaining to the transferring of the ownership of 05 of these motor vehicles have been sent to the institution by the Department of Motor Traffic on 25.04.2022 .	Only the vehicles getting transferred the ownership as at the date of reporting should be capitalized.

**(b) Cash Flow Statement**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>The expenditure made for the Other Expenditure Heads amounting to Rs. 332,640 had not been shown under the expenditure made for the Other Expenditure Heads of the cash flow statement and it had been mentioned under personal emoluments and operational expenses.</p>	<p>This has been entered in the Receipts from Other Expenditure Heads of the cash flow statement and this is a receipt from Other Income Heads.</p>	<p>The expenditures made for the other expenditure objects should be separately shown in the cash flow statement.</p>

**(c) Failure to Maintain Records and Registers**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>The Register of Vehicle Accidents prepared by the Commission had not been maintained in an updated manner.</p>	<p>The Register of Vehicle Accidents is being maintained in an updated manner and the uncompleted sections at present will be completed after receiving examination reports as per Financial Regulation 104.</p>	<p>The Register of Vehicle Accidents should be properly maintained in an updated manner.</p>

**(d) Lack of Evidence for Audit**

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The evidences in respect of the following transactions had not been furnished for audit.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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The information pertaining to the losses and damages in respect of 05 vehicle accidents valued at Rs. 41,015 was not furnished to audit.	Since the numbers of the vehicles are not mentioned, submission of explanations is difficult.	It should be recorded with the values in the Register of Vehicle Accidents.

**2. Financial Review**

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**2.1 Advancing Moneys to be used in Bribery Detection as Bribes**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
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Even though the judgments had been expressed in respect of advances amounting to Rs.998,330 as at 31 December 2020, even though more than a period of an year elapsed as at 05 April 2022 the date of audit, those advances had not been settled to the Shroff.	Actions are being taken in respect of the settlement of those advances .	Actions should be taken to settle the advances after the completion of proceedings and appeals.

## 2.2 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	Value Rs.	Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Section 16.2 of National Audit Act No. 19 of 2018		Although the Draft Performance Report prepared for the year under review should be submitted to audit along with the financial statements, the report had been submitted with 51 days of delay.	Arrangements will be made to send the Draft of it to you when the submission of financial statements.	The Draft Performance Report should be submitted to audit along with the financial statements.
(b) Financial Regulation of Democratic Socialist Republic of Sri Lanka Financial Regulation 371 (2) and 371 (5)	44,000	The ad hoc sub-imprest provided at 06 instances totalled to Rs.44,000 had been settled with delays.	As a result of the proceedings and investigation duties of the investigation officers, the settlement of advances had been delayed because of the busy schedules of them	Actions should be taken in terms of Financial Regulations.

(c) Public Finance  
Circular No. 05/2016  
dated 31 March 2016

(i) Paragraph 3.1.5

Although the previous year's Board of Survey Report should be submitted to the audit before 17 March taking appropriate actions in respect of the items to be destroyed, repaired, sold and transferred to other government agencies before 26 February of each financial year as per General 47 Report, the Board of Survey Report had been submitted to the Audit on 30 March of the year under review without taking actions accordingly.	It was impossible to carry out the Board of Survey activities on due date because of the Covid epidemic.	Arrangements should be made in accordance with the Circular.
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(ii) Paragraph 3.1.6

The Board of Survey on Productions of the year 2020 had been submitted to the audit with a delay of 04 months.	The Board of Survey on Productions could not be completed on the due date because of the Covid epidemic.	The Board of Survey Report of the previous year should be submitted to the audit before 17 March in terms of the Circular.
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**3. Operating Review**

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**3.1 Performance**

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**Audit Observation**

**Comments of the Chief  
Accounting Officer**

**Recommendation**

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Out of the cases filed by the Commission, 10 cases were withdrawn in 2019 and 2020 due to various reasons and 39 cases had been withdrawn during the year under review. Out of those 39 cases, 5 were filed before the year 2015 and there were 2 cases filed in the year 2019. The remaining 32 cases were the cases filed from 2015 to 2018 .

These cases have been withdrawn in order to avoid technical errors in the cases and to re-file cases.

The case needs to be re-filed avoiding technical errors remained in withdrawn cases.

**3.2 Procurements**

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The following observations are made.

**Audit Observation**

**Comments of the Chief  
Accounting Officer**

**Recommendation**

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**(a) Installation of the power supply system for the safety wall**

**(i)** No agreement whatsoever had been signed in connection with this contract which was

An Agreement has not been entered into because it is a mutual understanding between 02 government

A formal contract agreement should be written and signed for a certain work



awarded to the agencies.  
Department of Buildings  
amounting to  
Rs.1,903,348 .

contracts exceeding  
Rs. 250,000 in  
accordance with  
Paragraph 8.9.1 (b) of  
the Government  
Procurement  
Guidelines.

(ii) Actions had not been taken to retain a certain amount from the payments made to a Contractor in connection with this Contract.

The Building Department has informed that the retention money related to this payment has been kept in the account of the Director General of the Department.

A certain amount should be retained from payments made to a contractor in accordance with Paragraph 5.4.6 (a) of the Government Procurement Guidelines.

(iii) Due to the failure of functioning with a proper plan, from the beginning of the procurement work related to this contract , the activities such as calling bids on 02 occasions, carrying out the relevant work through the Buildings Department again, designing lights for main poles and calling for bids for small poles had been done from time to time.

It had to call bids from time to time because of the original design of the wall had to be changed due to the bomb attack of Saharan, absence of lamps in the market which were mentioned in the original designs and lack of adequate provisions exists.

Tasks need to be commenced with a proper plan.

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| <p>(iv) A sum of Rs. 1,903,348 had been paid to the Buildings Department on 16 December 2021 for this procurement work and it had been stated that the value of the work done therein was 80 per cent. The balance of the work had not been completed even by 08 April 2022, the date of audit.</p> | <p>Because there are not enough provisions for this, the task could not be completed in this year.</p>   | <p>The task should be completed as soon as possible.</p>  |
| <p><b>(b) Construction of a new storage room</b></p>  |  |   |
| <p>(i) Even though a sum of Rs. 156,353 had been paid for this contract during the year under review, a detailed bill issued by the Building Department for that had not been available.</p>  | <p>A sum of Rs. 156,353 has been paid for an interim bill. That is stated on the voucher. The final and detailed bill for this has been issued on 26.01.2022 for this.</p> | <p>The payments should be made after obtaining a detailed bill on payment and checking.</p>   |
| <p>(ii) No any agreement had been entered into on this contract amounting to Rs. 614,200 .</p>  | <p>Because this is a mutual understanding in between 02 government agencies, agreements has not been entered into.</p>   | <p>A formal contract agreement should be written and signed for the work contracts exceeding Rs. 250,000 in accordance with Paragraph 8.9.1 (b) of the Government Procurement Guidelines.</p> |

### 3.3 Assets 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>
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Even though about one year had elapsed since the expiry of the lease period of 05 vehicles obtained on the basis of the financial lease in the year 2014, the vehicles had not been taken over and brought to accounts.	It has been handed over to the Commissioner General of Motor Vehicles on 21.01.2021 to be transferred to this Commission after completing all the documents related to those 05 vehicles.	Actions should be taken to take over those vehicles as soon as the lease expires.

### 3.4 Losses and Damages

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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) Actions had not been taken in terms of Financial Regulations in respect of losses and damages pertaining to 11 vehicle accidents occurred during the period from 2017 to 2019 valued at Rs. 274,612 even by 31 December 2021 .	Relevant activities are being carried out to recover or otherwise to write off in connection with vehicle accidents.	Actions should be taken in terms of Financial Regulations.

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| <p>(b) Even though it had been mentioned by the schedule submitted to audit that the measures had been taken to reduce the loss of Rs. 8,965 occurred on a vehicle belonging to the Commission , it had been shown as losses to be further recovered or written off or waived in the Register of Losses and damages of the financial statement.</p> | <p>The F.R.104(1) Preliminary Investigation Report of this vehicle has been received so far and actions will be taken accordingly.</p> | <p>The accurate information should be submitted to the audit.</p> |
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### 3.5 Management Inefficiencies

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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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<p>(a) Although it was decided to hand over the land at No. 36/69C, Malalasekera Mawatha to the Commission to Investigate Allegations of Bribery or Corruption, by the Cabinet Committee on Economic Management held at the Prime Minister's Office on 01 March 2016 , it had not been possible to establish legal ownership of the land even by 30 April 2022 .</p>	<p>Although a request was made to the Thimbirigasyaya Divisional Secretary to take over the ownership of the land, because of the Urban Development Authority has stated its objection to the transfer of the land, these activities has been delayed.</p>	<p>Actions should be taken to acquire the legal ownership of the land.</p>

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| (b) | Five items of productions pertaining to cases that had elapsed many years after giving judgment, had remained in the custody of the Production Officer. | Because these productions are in the custody of the court, they are brought to the Commission and then appoint a Committee on Dispose and actions are taken on the recommendations provide by it. | After the judgment of the case after the court proceedings or after the conclusion of the appeals, the existing productions related to those files should be removed from the balance of production. |
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**4. Human Resources Management**

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The following observations are made.

**Audit Observation**

**Comments of the Chief Accounting Officer**

**Recommendation**

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According to the civil staff information of the Commission, there were 32 senior level vacancies, 212 tertiary level vacancies, 117 secondary level vacancies and 50 primary level vacancies. According to the details of investigation staff, there were 15 vacancies in that staff as at 31 December 2021 .

Recruitment for new posts has been suspended by the government. Accordingly, even though the requests have been made to the Ministry of Public Administration to assign the necessary officers to this Commission, officers have not been assigned up to now.

Actions should be taken to fill the vacancies.