

Head 9 – Administrative Appeals Tribunal

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Administrative Appeals Tribunal 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 Administrative Appeals Tribunal was issued to the Chief Accounting Officer on 20 June 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Administrative Appeals Tribunal was issued to the Chief Accounting Officer on 28 June 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka 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 Administrative Appeals Tribunal as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those auditing standards are further described in the Scope of Audit 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 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 the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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 the preparation of annual and periodic financial statements.

In terms of 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 exists in the Administrative Appeals Tribunal 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 summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

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

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Imprest Management

<u>Audit Observation</u>	<u>Comments of the Chief Accounting Officer</u>	<u>Recommendation</u>
<p>The outstanding imprest of the tribunal amounting to Rs. 19,200 as at 31 December of the year under review had remitted to the treasury. Accordingly, there was no imprest balance as at 31 December of the year under review, but there was an imprest balance of Rs. 19,200 as at 31 December 2021 stated in the statement of financial performance which was submitted for audit by the tribunal.</p>	<p>The imprest balance as at 31 December 2021 of Rs. 19,200 was correctly remitted to the treasury. That imprest balance was not shown in the Statement of financial position because, it was required to balance the accounts. I would like to further inform that the preparation of the financial statements was done as per the instructions given in the workshop conducted by the Department of Public Accounts for the Accounting Officers.</p>	<p>The imprest balance as at 31 December 2021 should be accurately recorded in the Statement of financial performance.</p>

2.2 Expenditure Management

<u>Audit Observation</u>	<u>Comments of the Chief Accounting Officer</u>	<u>Recommendation</u>
Due to the failure of preparing expenditure estimates in accordance with the Financial Regulations 50 and the reduction of expenditure due to the Covid epidemic situation, there were savings from 77 percent to 100 percent in 03 recurrent expenditure subjects. The total allocation of Rs. 170,000 for 02 capital expenditure subjects was saved.	Cost estimates are prepared by forecasting the costs to be incurred under normal conditions. Due to the uncertain situation of the country in the year 2021 and the shortage of staff, the estimated expenditure was not incurred.	Expenditure estimates should be prepared in accordance with the Financial Regulations 50.

2.3 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

<u>Reference to the Laws, Rules and Regulations</u>	<u>Audit Observation</u>	<u>Comments of the Chief Accounting Officer</u>	<u>Recommendation</u>
(a) Section 16.2 of the National Audit Act No. 19 of 2018	The draft performance report prepared for the year under review was not submitted for audit along with the financial statements.	After receiving the final audit report to this tribunal, the expected performance report will be submitted.	Should be act in accordance with the Audit Act.
(b) Public Administration Circular No. 02/2018 dated 24 January 2018	The tribunal had not prepared a human Resource development plan for the year under review.	It was difficult to implement a human resource development plan in the year 2021 due to the limited staff and	A human resource development plan should be prepared as per the circular.

the Covid 19 epidemic situation. Nevertheless, it is expected to implement a human Resource development plan in the year 2022.

3. Operational Review

3.1 Planning

<u>Audit Observation</u>	<u>Comments of the Chief Accounting Officer</u>	<u>Recommendation</u>
Although all government institutions should be prepared the annual action plan for the implementation of the approved budget estimates for each year in accordance with paragraph 03 of the Public Finance Circular No. 02/2020 dated 28 august 2020, the tribunal had not prepared an action plan for the year under review.	There were difficulties in preparing and implementing an action plan in the epidemic situation of the year 2021. An action plan for the year 2022 is being prepared.	An annual action plan should be prepared to implement the approved budget estimates for each year.

3.2 Management inefficiencies

The following observations are made.

<u>Audit Observation</u>	<u>Comments of the Chief Accounting Officer</u>	<u>Recommendation</u>
(a) It is stated that any appeal submitted to the tribunal shall be examined 02 months from the received date and appropriate action shall be taken in terms of Section 7 of the Administrative Appeal Tribunal Act No. 04 of 2002. However, the audit did not observe that an appeal to the tribunal was	While dealing with an appeal, it is supposed to be examined and completed within 02 months, but due to the large number of matters and appeals that arise unexpectedly, it is not practical to examine and give decisions within 02 months. Active	According to Section 7 of the Act, any appeal submitted to the tribunal should be examined and done appropriate action within 02 months from the received date. If not, arrangements should

received and completed within 02 months and that section of the Act has not been amended yet.

participation of the three member panel of judges in examining and giving decisions is mandatory. According to Section 7 of the Tribunal’s Act, there is no need to amend the clause regarding examining and finalizing an appeal within 02 months from the received date.

be made to amend that section of the Act.

(b) The number of pending appeals was 929 as at 01 January of the year under review and the tribunal had not been prepared an age analysis of those appeals.

There are problems in providing an officer for such statistical analysis due to shortage of staff. However, it is expected to implement this programme for the year 2022.

The information should be maintained up-to date as the age analysis of pending appeals can be obtained.

4. Good Governance

4.1 Rendering Services to the Public

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

According to Section 10 of the Right to information Act No. 12 of 2016, public interest and publication of allegations or praise about the institution should have been facilitated through a official website, but the tribunal had not been acted accordingly.

According to the instructions received from the National Budget Department of the Treasury, ICTA institute is working to create an official website.

An official website should be facilitated the interest of public and posting of allegations or praises about the institution.

5. **Human Resources Management**

Audit Observation

Although the approved number of staff was 31, due to the actual number of staff was 19, there was 12 vacancies in the staff as at 31 December 2021 according to the information provided to the audit by the tribunal.

**Comments of the Chief
Accounting Officer**

I agree with your observation. I would like to mention that this tribunal is working with the relevant institutions to fill the vacancies and provide maximum service to the civil society including the public service.

Recommendation

Necessary arrangements should be made to fill the vacancies.