

Office on Missing Persons - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Office on Missing persons for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and statement of financial performance statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Office as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 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 qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Office to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Office 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 of the Office.

1.4 Auditor's Responsibility in Auditing 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 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Office, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Office has complied with applicable written law, or other general or special directions issued by the governing body of the Office ;
- Whether the Office has performed according to its powers, functions and duties; and
- Whether the resources of the office had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Accounting Deficiencies

Following observations are made.

Audit Observations	Comments of the Management	Recommendations
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(a) Motor car valued at Rs.2,600,000 was not accounted which was transferred from Ministry of Justice in March 2021.	I kindly inform that, the value of the vehicle taken over will be accounted in the year 2022.	Action should be taken to account the assets and show in the financial statement.
(b) Although Rs. 798,639 which is the cost of partitioning in the previous year was accounted as buildings. It was observed that the 5 percent depreciation rate is not sufficient due to as the building will have to be left in September 2022.	I will make appropriate adjustments in the accounts in the year 2022.	Depreciation expense of assets should be recognized over their useful lives.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Following observations are made.

Reference to Laws, Rules Regulations and Management Decisions etc.	Non-compliance	Comments of the Management	Recommendation
(a) Paragraph 07 of Public Administration Circular No. 04/2017 dated 28 February 2017	Although an allowance of Rs. 500 is to be paid daily to trainers, according to the circular, Rs.283,418 had been paid as allowances Rs. 1,000 each for 18 officers contrary to that for the month of December during the year under review.	Trainees have been used to carry out the duties as an alternative due to the non-availability of the provision to be received in lieu of salaries for the recruitment of approved staff for the institution.	Action should be taken as per the Circular.
(b) Paragraph 5.2.5 of Public Enterprises Circular No. PED/12 dated 02 June 2003	Although the annual budget approved by the Board of Directors of the Office should be submitted to the Auditor General 15 days before the commencement of the financial year, It had not been done so.	Officers are informed to ensure that such deficiencies do not occur in the future.	Action should be taken as per the Circular.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs. 5,466,061 and the corresponding surplus in the preceding year amounted to Rs. 3,052,909. According to that it was observed a deterioration of Rs.8,518,970 of the financial result. The main reasons for this deterioration were decrease of recurrent receipt by Rs.4,495,444 and increase of service expenditure by Rs.5,160,711.

3. Operating Review

3.1 Management inefficiencies

Following observations are made.

Audit Observation	Comments of the Management	Recommendation
<p>(a) Although 39,473 complaints had been received relating to missing persons, during the year under review but only 67 interim reports had been issued so far. Furthermore progress was very low at 3.32 percent as a percentage due to only 21,171 files were opened relating to the received complaints and the number of families called for inquiries was 702.</p>	<p>Investigations have been started in the Northern Province from January 2022 with the aim of increasing the number of investigations conducted for complaints.</p>	<p>Actions should be taken with regarding to Complaints relating to missing persons immediately.</p>
<p>(b) Although a cost of Rs. 67,196,544 had been incurred for running the office during the year under review, with a staff of 33 employees on 31 December 2021, the facts could not be accomplished due to non-implementation of plans to carry out the tasks and other tasks indicated in the Act No. 14 of 2016, Office of Missing Persons to make recommendations to relevant authorities for taking appropriate action on incidents related to missing persons in accordance with Section 10 (b) of Section 11 of the Establishment Act, to protect missing persons and their rights and obligations as provided in the Act in accordance with Section 10 (c) and in the Act It has not been possible to establish and carry out the functions related to the performance of the functions referred to in Section II 10 (1)</p>	<p>It was not possible to fulfill the expected tasks from the regional offices due to the corona epidemic situation in the year 2021. Arrangements have been made to fulfill the desired tasks by assigning more responsibility to the regional offices from the year 2022.</p>	<p>Actions should be taken to achieve the objectives of establishing the office.</p>

4. Human Resource Management

Audit Observation

No. of 4 provincial offices are maintained in addition to the main office, and 13 officers including 4 provincial coordinators are working in them.

A sum of Rs.7,442,045 as salary and Rs. 8,528,764 had been paid as building rent, electricity and water bills, security services and cleaning charges during the year under review. However, there was no evaluation of whether the tasks assigned to them were performed by them.

Comments of the Management

It was difficult to fulfill the duties from the regional offices as expected due to the corona epidemic situation in the year 2021. However, I will assign specific duties to regional coordinators and supervise them in the future.

Recommendation

Assignments should be made to the officers and an evaluation should be done whether the tasks are being performed.