

## **Head - 013 - Human Rights Commission of Sri Lanka**

### **1 Financial Statements**

#### **1.1 Opinion**

Head – 013 The audit of the financial statements of the Human Rights Commission of Sri Lanka for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 Human Rights Commission of Sri Lanka was issued to the Chief Accounting Officer on 29 May 2023 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 26 June 2023 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, the financial statements prepared give a true and fair view of the financial position of the Human Rights Commission of Sri Lanka as at 31 December 2022 and its financial performance and cash flow 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 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 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.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Commission 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 Commission, 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) and the National Audit Act No. 19 of 2018 .

- (a) The financial statements are in consistent with those of the preceding year,
- (b) The following recommendation made by me regarding the financial statements of the preceding year had not been implemented.

## 2. Financial Review

### 2.1 Expenditure Management

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Although the expenditure estimates should be prepared as fully and accurately as possible in accordance with Financial Regulation 50, provisions of 06 recurrent expenditure objects totalled to Rs.6,674,000 had been transferred to 10 other recurrent expenditure objects under Financial Regulation 66 .	Lack of sufficient provisions as a result of high inflation in 2022, having to get fuel for generators due to power cuts, having to deploy officers in times of struggle, etc., and savings of provisions on the instructions to control expenditure and to stop non-essential duties and limitation of cash advance even for the most urgent and essential duties have caused to this.	Expenditure estimates should be prepared as accurately as possible in accordance with the Financial Regulations.

## 2.2 Entered into Liabilities and Commitments

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) The payments were made in the year 2023 for the liabilities related to 04 expenditure objects for which were not mentioned in the statement of liabilities totalled to Rs.3,038,056 .	It is accepted that there are shortcomings in maintaining the Register of Liabilities. The relevant officers were informed to prepare the Register of Liabilities in the correct manner in the future, and it was noted to be updated.	The statement of liabilities should be properly prepared including all liabilities related to the year.
(b) It had been entered into liabilities exceeding the net provision of Rs.4,956,000 and Rs.40,700,000 by Rs.111,700 and Rs.89,115 respectively in 2 expenditure objects out of the above mentioned 04 expenditure objects in contrary to Financial Regulations 94(1).	Periodic increase in telephone charges during the year and revision of taxes in the middle of the year have caused to this.	Actions should be taken in terms of Financial Regulations.

## 2.3 Non- compliance with Laws, Rules and Regulations

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

Reference to Regulations	Observation Laws, Rules ,	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(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.	The Annual Report for the year 2022 is being prepared.	Actions should be taken in terms of National Audit Act.
(b)	<b>Public Finance Circulars</b>			
	(i) Circular No. 01/2020 dated 28 August 2020			
	<ul style="list-style-type: none"> <li>Section 11.1.6</li> </ul>	Although the Board of Survey Reports of the previous year should be submitted to the Auditor General before 15 June of every financial year, the Commission had not submitted the	Board of Survey of all the Regional Offices have been completed in the year 2021 and submit the reports herewith and the Board of Survey of the Head Office is being completed.	Actions should be taken in terms of the Circular.

Board of Survey Reports of 2022 even by 29 May 2023 and a part of the report for the year 2021 had been submitted to the audit on 09 December 2022 with a delay of about 06 months. The Board of Survey Reports of the Kalmune Regional Office and Sub-offices in Nuwara Eliya, Mannar and Puttalam had not been included.

- Section 11.1.5

Although the arrangements should be made in respect of goods to be destroyed, repaired, sold and transferred to other institutions according to the General

The proposed items to be removed from Head Office of the year 2020 have been transferred to Agricultural Services Office, Puttalam to dispose according to General 47 .

Actions should be taken in terms of the Circular.

47 report before 30 April of every financial year in terms of the above Circular, actions had not been so taken.

(ii) Paragraph 12.1 of Circular No. 02/2020 dated 28 August 2020

Although the Annual Performance Report should be prepared in three languages before 150 days after the end of the financial year and submitted for tabling in the Parliament, the Annual Report of the year 2021 had not been tabled in the Parliament even by 29 May 2023 .

Necessary steps are being taken to check and print the Tamil version of the Annual Report of the year 2021. The Annual Report for the year 2022 is being prepared.

Actions should be taken in terms of the Circular.

(c) **Public Administration Circulars**

(i) Circular No. 09/2009 dated 16 April 2009

If the arrival and departure of the officers of each

The fingerprints of two officers of the

Actions should be taken in terms of the Circular.

institution is verified by signing an Attendance Register in order to maintain internal control, although it should be done in addition to the method of using the fingerprint machine, two officers of the Commission had not scanned the arrival and departure in the fingerprint machine.

Commission had to be tried for a long time to enter into the fingerprint machine. Due to this technical error, the Attendance Register is being signed.

- |      |                                            |                                                                                                                                                                               |                                                                                                                                                                                                                                |                                                                                                     |
|------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| (ii) | Circular No. 02/2018 dated 24 January 2018 | The Human Resources Development Plan submitted by the Commission for the year 2022 to the audit had not been prepared in accordance with the Format appeared in the Circular. | At the time of the problematic situation occurred regarding the circular, it has been stated that it was not in functional condition and no consultation has been received to prepare it when the Director of the Commission – | The Human Resources Development Plan should be prepared as per the format appeared in the Circular. |
|------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|



Administration and Finance has inquired from the Ministry of Public Administration.

- |            |                                                                 |                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                   |                                                          |
|------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <p>(d)</p> | <p>National Budget Circular No. 03/2022 dated 26 April 2022</p> | <p>Although it had been advised not to use government money for all expenses that can be considered as unnecessary expenses, a sum of Rs.210,000 had been paid in the year under review to a person outside the Commission for preparing the Annual Reports for the years 2020 and 2021.</p> | <p>As there was no experienced officer to prepare the Annual Reports, it has to get the knowledge of an external person without being contrary to the instructions mentioned in the Circular.</p> | <p>Actions should be taken in terms of the Circular.</p> |
|------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|

### 3. Operating Review

#### 3.1 Performance

The following observations are made.

	<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a)	Even though the Commission has given 72 recommendations to the government institutions during the period of time from 01 January 2022 to 29 November 2022, sixty six recommendations of these, equal to 91 per cent and 59 recommendations equal to 67 per cent of the 88 recommendations given in the year 2021 had not been implemented even by the date of audit 15 December 2022 .	The responsibility of failure of implementing the said recommendations are upon the respective respondent institutions and the Commission has fulfilled its responsibility by making recommendations as per the Provisions of the Act. Nevertheless, the Commission is making necessary interventions regarding the implementation of those recommendations.	Attention should be drawn on the implementation of the recommendations given.
(b)	There were 10,029 pending files belonging to the Commission as at 30 November 2022 and 13 per cent equal to 1,340 files have been remaining for more than 3 years and 109 files were older than 10 years.	Mistakes occurred in investigation activities due to the Covid pandemic, assigning officers on duties to investigate urgent complaints and having to be sent officers to places where human rights violations occur, and rehearing the 109 files that have been in court for more than 10 years at the request of the plaintiffs after the completion of the cases, transferring of the	Maximum efforts should be made to complete the investigations promptly.

relevant respondent parties to other places, and availability of vacancies mainly in approved staff have caused.

### 3.2 Assets Management

<b>Audit Observation</b>	<b>Comments of the Chief Accountng Officer</b>	<b>Recommendation</b>
Three photocopiers owned by the Commission had remained in idle without being used and out of which, 02 machines had remained in idle since the year 2019 .	Since these photocopiers were purchased in the years 2007, 2010, 2012, the agency has informed that there were no spare parts required to repair them .	Appropriate actions should be taken in respect of these assets.

### 3.3 Management Inefficiencies

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accountng Officer</b>	<b>Recommendation</b>
Only the assets acquired after 01 January 2004 had been included in the statement of non-financial assets by the Commission and the assets remained before 2004 had not been identified.	A Valuation Board has been appointed and arrangements have been made to assess all the goods and it has been stipulated to commence survey activities after completion of Board of Survey in the year 2022 .	All the assets owned by the Commission should be identified and accounted for.

#### **4. Good Governance**

##### **4.1 Internal Audit**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Although the Chief Accounting Officer should appoint a suitable auditor to carry out the internal audit in terms of Section 40 of the National Audit Act No. 19 of 2018, an Internal Auditor had not been appointed and internal audit activities had not been carried out up to the year under review since 2017 .	Duties are being currently assigned to an officer of the Commission who was selected by calling applications and conducting interviews to internally recruit based on a staff decision.	Internal audit should be carried out in accordance with Section 40 of the National Audit Act No. 19 of 2018 .

##### **4.2 Audit and Management Committee**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Although there should be an Audit and Management Committee in each entity in accordance with Section 41 of the National Audit Act No. 19 of 2018 , the Audit and Management Committee of the Commission had not been held since 2017 .	The Audit and Management Committee has not been appointed due to the fact that the post of Internal Audit is in vacant and the relevant staff members are not sufficient.	Arrangements should be made in accordance with Section 41 of the National Audit Act No. 19 of 2018 .

## 5. Human Resources Management

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) All respective parties should always ensure that all preliminary investigations are completed without delay in accordance with Paragraph 13.2 of Chapter XLVIII of Volume II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka and if a formal disciplinary inquiry appears to be unnecessarily delayed in terms of Section 22.1 thereof, although it is the responsibility of the Disciplinary Authority to take necessary steps to prevent it, it had taken more than a year to complete the preliminary investigation which had started in March 2017 and more than 04 years for a formal disciplinary investigations regarding an investigation officer of the Commission. Similarly, almost 3 years had elapsed for the formal disciplinary investigation conducted regarding the former Secretary of the Commission.</p>	<p>The investigation has been completed and the final report has been received. Accordingly, the disciplinary order on compulsory retirement of the accused officer has been issued.</p>	<p>The disciplinary actions should be completed promptly.</p>

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                          |                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| <p>(b) A Charge Sheet had been issued on 10 September 2018 after the Preliminary Investigation carried out regarding the investigating officer and the answers were received on 18 December 2018 . An Investigation Officer had been selected on 12 July 2018 on the approval of the Commission to conduct a formal disciplinary investigation and an appointment letter for that had been sent on 31 July 2018. Accordingly, the Commission had appointed the Investigating Officer for the formal disciplinary inquiry before issuing the charge sheet to the accused officer in contrary to Paragraph 15.9 of the above Chapter of the Establishments Code.</p> | <p>The investigation has been completed and the final report has been received. Accordingly, the disciplinary order of compulsory retirement of the accused officer has been issued.</p>                                                                                 | <p>It should comply with the Paragraph 15.9 of the above Chapter of the Establishments Code.</p>                          |
| <p>(c) There were vacancies in the 25 Senior Level posts, 36 Tertiary Level posts, 35 Secondary Level posts and an excess in 01 Primary Level post as at 31 December 2022.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>Officers have been appointed for 05 Senior Level posts on acting basis, contract basis and secondment basis. An officer has been recruited on contract basis for one post at the Tertiary Level and the arrangements are being made to fill the other vacancies .</p> | <p>Arrangements should be made to fill the vacancies in essential posts which has adversely affected the performance.</p> |