

Head 009 – Administrative Appeals Tribunal

1. Financial Statements

1.1 Opinion

Head 009 - The audit of the financial statements of the Administrative Appeals Tribunal 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 Administrative Appeals Tribunal was issued to the Chief Accounting Officer on 11 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 08 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 Administrative Appeals Tribunal 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 Tribunal 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 Tribunal 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, 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) of 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.

2. Financial Review

2.1 Imprest Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The imprest balance of Rs.71,960 of the Tribunal as at 31 December of the year under review had been settled to the Treasury. Accordingly, although there was no imprest balance as at 31 December of the year under review, a sum of Rs.71,960 had been shown in the Format ACA 3 of the financial statements as at 31 December 2022 as the imprest balance as per the books of the institution.	Agree with the observations. Actions will be taken to record accurately in the presentation of accounts for the year 2023 .	The imprest settlement should be accurately recorded in Format ACA-3 .

2.2 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to non-preparation of expenditure estimates as per Financial Regulation 50, there were savings ranging from 28 per cent to 100 per cent in 04 recurrent expenditure objects.	Although a feasibility study was done and the estimates were prepared in preparing the recurrent expenditure estimates, the savings have occurred due to the closure of institutions in the last year as a result of the crisis	Expenditure estimates should be prepared in accordance with Financial Regulation 50.

situation in the country and failure of achieving the desired objectives because of limitation of vehicles due to the fuel crisis.

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| <p>(b) The expenditure of Rs.12,000 which had been incurred by other heads under the expenditure object 1003 - other allowances under Financial Regulation 208 in the year under review had been shown by adding to the expenditure as per the cash book of Format ACA – 2(ii) considering as an expenditure incurred by the Tribunal.</p> | <p>Agree with the observations. Actions will be taken to make correct notes in the presentation of the accounts of the year 2023.</p> | <p>The expenditure incurred under F.R. 208 should be entered in the Format ACA-2(ii) separately.</p> |
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2.3 Non – compliance with Laws, Rules and Regulations

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

Observation	Comments of the Chief Accounting Officer	Recommendation
Reference to Laws, Rules and Regulations	Non-compliance	
<p>(a) Section 16.2 of the National Audit Act No. 19 of 2018</p>	<p>The Draft Performance Report prepared for the year under review was not submitted for audit along with the financial statements.</p>	<p>Arrangements have been made to prepare the Performance Report after receiving the final report on the financial statements for the year 2022. However, actions will be taken to submit a Draft Performance Report along with the financial statements at the presentation of accounts for the year</p> <p style="text-align: right;">Actions should be taken in terms of Audit Act.</p>

2023 .

- (b) Public Finance Circular No. 05/2016 dated 31 March 2016
- Although it should carry out necessary actions on goods to be destroyed, goods to be repaired, goods to be sold and goods that can be transferred to other government entities as per the General 47 Report before 26 February of every financial year and the Board of Survey Report of previous year should be submitted to the Auditor General before 17 March of the following year, the Board of Survey Report had been submitted to the Auditor General without proceeding as per the General 47 Report.
- It was delayed to take measures with the goods declared as inappropriate in the Board of Survey of the previous year and the arrangements have been made to act according to the General 47 Report in the year 2023 .
- It should act in terms of General Report 47 as per the Circular and the Board of Survey Report should be submitted to the Auditor General.
- (c) Paragraph 04 of Public Finance Circular No. 2020/02 dated 28 August 2020
- The Tribunal had not prepared a Procurement Plan for the year under review
- The only capital expenditure allocated for the year 2022 was Rs. 200,000 for the modernization of the telephone system and the stationery has been purchased in small quantities from the State General Trading Corporation. Therefore, it is kindly informed that it is also impractical to prepare a Procurement Plan.
- Actions should be taken in terms of the Circular.

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| (d) | Public Administration Circular No. 02/2018 dated 24 January 2018 | A Human Resource Development Plan for the year under review had not been prepared by the Tribunal. | The total No. of staff of the institution was 18 and 07 of them are working on contract basis. Accordingly, there is no possibility of deployment for the training of employees and provisions for that has not been made from the Treasury. Therefore, it is impractical to prepare a Human Development Plan. | Actions should be taken in terms of the Circular |
| (e) | Public Administration Circular No. 02/2021 (vii) dated 29 August 2022 | Although it had been informed that the maintaining of an Register of Arrival/ Departure should be from 02 October 2021 to 02 January 2022 only instead of recording the arrival and departure through the finger scanner machine, the Tribunal had maintained a Register of Arrival/ Departure from 02 January 2022 to 06 February 2023, the date of audit, instead of using a finger scanner machine. | As informed by the Ministry of Public Administration Circular 02/2021(iv) that it was sufficient to sign an attendance register without using a finger scanner machines in view of the Covid epidemic situation, the arrangements have been made accordingly. Actions will be taken to mark the arrival and departure by a finger scanner machine in future. | Actions should be taken in terms of the Circular. |
| (f) | Section 2.8.1 (a) of the Government Procurement Guideline | A Technical Evaluation Committee had not been appointed for the | These works were done at the lowest price of Rs. 199,750 after calling limited | Actions should be taken in terms of the Section 2.8.1(a) of the |

procurement works of quotations from 3 Government modernizing the organizations. A Procurement internal telephone Technical Evaluation Guidelines. system of the office Committee had not which had been done been appointed for that at a cost of due to the fact that the Rs.199,750 in the year lack of an officer with under review. technical knowledge in the Tribunal and lack of money to pay if the service was obtained from an outside institution.

3. Operating Review

3.1 Planning

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Action Plan prepared by the Tribunal for the year 2022 was not in compliance with the Public Finance Circular No. 2020/02 dated 28 August 2020 .	The Action Plan of the year 2022 was prepared in accordance with the Public Finance Circular 01/2014 and arrangements have been made to prepare the Action Plan of the year 2023 according to the prescribed format.	The Action Plan should be prepared as per the Circular.

3.2 Failure to Perform Roles

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though it had been stated that an appeal submitted to the Tribunal should be heard and proper actions should be taken within 2 months of the receipt of the said appeal	Although the calling of appeals was limited due to the reasons such as the imposing of curfew because of rising struggle situation in the country in the year 2022, the restriction of traffic in the	Any appeal submitted to the Tribunal should be examined and appropriate actions should be taken within 02 months from the date of its

finally in terms of Section 7 of the Administrative Appeals Tribunal Act No. 04 of 2002, there were 412 pending appeals from 01 year to less than 03 years, 354 pending appeals for more than 03 years and less than 05 years and 47 pending appeals for more than 5 years as at 31 December 2022 out of the appeals received to the Tribunal.

wake of the oil crisis, 208 appeals out of the appeals received, could be resolved. Although it was stated that an appeal should be examined within 02 months from the date of receipt and a final decision should be made as per the Section 7 of the Act relating to the establishment of the Tribunal, the Attorney General has interpreted this as “ even though the Act has stated so, such provisions are non-mandatory and advisory”.

receipt in terms of Section 7 of the Act. If not, arrangements should be made to amend that section of the Act.

- (b) Out of the 252 appeals received by the Tribunal in the year 2022, only 06 appeals had been resolved. It was only 2.38 per cent of the appeals received.

It is stated that the delays in providing solutions is unavoidable due to the delays in works of the appellant, the protection officer of the appellant or the legal officer, the delay in submission of observations by the Public Service Commission and the Police Commission and the long delay in providing dates because of the increase in the number of appeals, and the ongoing social and political activism in the country.

The causes of delay in resolving appeals should be identified and the delays should be minimized by applying remedial actions on it.

4. Good Governance

4.1 Provision of Services to the Public

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the facilities should be provided by an official website to publish interests of public accusations and praises about the institution as per the Section 10 of the Right to Information Act No. 12 of 2016, the Tribunal had not taken actions accordingly.	Arrangements are being made to create a website so that the public can know the information.	Facilities should be provided by an official website to publish interests of public accusations and praises about the institution.

5. Human Resources Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the approved cadre of the Tribunal as at 31 December 2022 was 31, there were 12 vacancies as the actual staff was 19. Seven positions had been completed on contract basis and the Secretary and Assistant Secretary posts which were in senior level had been employed on contract basis since 2017 .	The Department of Management Services will not give the approval to recruit for the vacancies until a Scheme of Recruitment is approved.	Necessary arrangements should be made to fill up the vacancies in essential posts.
(b) Even though more than 20 years had elapsed since the establishment of the Tribunal, the Scheme of Recruitment for each post had not been prepared even by the end of the year under review.	A Scheme of Recruitment has been drafted by now and forwarded to the Judicial Service Commission for approval.	Recruitment should be done in the required posts after getting the approval for the Scheme of Recruitment.