

Head 10 – Commission to Investigate Allegations of Bribery or Corruption

1. Financial Statements

1.1 Qualified Opinion

Head 10 -The audit of the financial statements of the Commission to Investigate Allegations of Bribery or Corruption 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 Commission was issued to the Chief Accounting Officer on 31 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 05 July 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, 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 2022 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

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

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, 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 submitted for audit were not consistent with those of the preceding year financial statements as per the following audit observation.

Audit Observation	Reference to Paragraph of this Report
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Existence of differences in reconciling the balances of the audited financial statements of the preceding year with the opening balances of the year under review.	1.6.1 (b)
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- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented .

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Recurrent Expenditures

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The expenditure incurred by the Commission for other expenditure heads amounted to Rs. 6,429,201 had not been stated under the expenditures made on behalf of other expenditure heads in the cash flow statement and it had been shown under the personal emoluments and operating expenditures.	Comments had not been given	The expenditure incurred on behalf of other expenditure heads should be accurately shown in the cash flow statement.

(b) Property, Plant and Equipment

Audit Observation	Comments of the Chief Accounting Officer-	Recommendation
Electromechanical tools purchased during the year under review valued at Rs. 169,483 had been added to the opening balance of the year under review and shown without being recorded as purchases in the year in ACA 6, statement of non-financial assets . Therefore, the opening balance of non-financial assets of the year under review was not equal to the closing balance of the preceding year.	This has been purchased under the expenditure object 2001 and since there is no facility under the CIGAS Programme to capitalize the purchases made under that expenditure object, it was added to the opening balance. The Department of State Accounts has given permissions to do so.	The closing balances of assets of the preceding year should be shown as the opening balances of the year under review and purchases should be recorded separately.

(c) Failure to Maintain Records and Books

Audit Observation	Comments of the Chief Accounting Officer-	Recommendation
The Register of Vehicle Accidents prepared by the Commission had not been properly maintained in an updated manner.	The prompt actions will be taken to write off the losses related to four accidents occurred in the years 2003, 2016 and 2022 from books and to update the Register.	Register of Vehicle Accidents should be properly maintained in an updated manner.

2. Financial Review

2.1 Advancing Monies to be used in Bribery Detection as Bribes

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer-	Recommendation
(a) Even though the judgement had been declared in respect of advance of Rs.193,900 as at 31 December 2022, it had not been settled to the shroff even by 14 June 2023, the date of audit.	A sum of Rs.23,800 is in the custody of the court. Arrangements are being made to settle the case files pertaining to the remaining Rs.170,100 .	Actions should be taken to settle the advances as soon as the completion of proceedings and appeals.
(b) Although a certificate can be presented to the court whenever possible, because of a certificate is issued in the Magistrate's Court for currency notes used in raids in terms of Section 30 (a) (3) of the Bribery Act No. 11 of 1954, as it was not acted accordingly, the government money valued at Rs.39,716,535 had remained in the custody of the Productions Officer as at 31 December 2022 .	It has been sent to the Commission Meeting to be held on 23.06.21 for the discussion purpose.	Actions should be taken in terms of the Act.

2.2 Entered into Commitments and Liabilities

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer-	Recommendation
(a) Liabilities of Rs. 222,033 had been entered into exceeding the savings of provision amounted to Rs.740,814 in 03 expenditure objects.	As there are savings in other expenditure objects and also provisions have been made available for the transfers under F.R. 66, these commitments were entered into.	The liabilities should be entered into without exceeding the provisions.

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| (b) | Although the annual recurrent services, supplies and deferred liabilities should be stated in the Annexure-(iv), statement of commitments entered into in terms of F.R.94 (2) and (3), the liabilities amounted to Rs. 564,851 pertaining to travelling expenses, overtime expenses and fuel which did not fall under that had been shown in that statement. | Comments had not been given. | Only the commitments and liabilities entered into in terms of F.R. 94(2) and (3) should be shown in the Annexure (iv) . |
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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.

Observation	Comments of the Chief Accounting Officer	Recommendation
Reference to the Laws, Rules, Regulations etc.	Non-compliance	
(a) Section 16.2 of the National Audit Act No. 19 of 2018	The Draft Performance Report prepared for the year under review had not been submitted for audit along with the financial statements	As per the Commission Act, this report has been submitted to the President's Secretariat in due time. A copy can be submitted to the Auditor General in future years if required . The Draft Performance Report should be submitted to the audit along with the financial statements in terms of the National Audit Act .

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| <p>(b) Section 11.1.6 of Public Finance Circular No. 01/2020 dated 28 August 2020</p> | <p>Although the Board of Survey Report of the preceding year should be submitted to the audit before 31 March 2022 by taking measures appropriately in respect of goods to be destroyed, repaired, sold and transferred to other government agencies as per the General Format 47 before 15 March of each financial year, the Board of Survey report had been submitted to the audit without being proceeded accordingly.</p> | <p>There has been a slight delay and will be done on time in the future years.</p> | <p>The provisions of the Circular should be followed and submitted the Report .</p> |
| <p>(c) Paragraph 03 of Public Finance Circular No. 02/2020 dated 28 August 2020</p> | <p>The Action Plan prepared by the Commission was not in accordance with the format mentioned in the circular.</p> | <p>The Annual Action Plan 2022 has been prepared in quarter system and the Action Plan of 2023 has been prepared according to the relevant format.</p> | <p>Actions should be taken in terms of Circulars.</p> |
| <p>(d) Paragraph 2.2 of State Accounts Guideline No. 2022/05 dated 13 December 2022</p> | <p>Although only financial reporting formats relevant to the entity should be used, the revenue collected by the Commission on behalf of other expenditure heads</p> | <p>The respective officers were informed not to attach those formats in preparing the final accounts for future years.</p> | <p>The formats to be prepared only by Revenue Accounting Officers should not be made relevant to the Commission.</p> |

were indicated in the Formats ACA 1, ACA 1(ii), ACA 1(iii) which should be used only by Revenue Accounting Officers, had been submitted with the financial statements.

3. Operating Review

3.1 Failure to Perform Duties

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The commission had completed 69 cases in the year 2021 and out of that, 40 cases equal to 58 per cent were the withdrawal cases. The accused were acquitted in 18 cases and the accused were found guilty in 11 cases only. A number of 89 cases were prosecuted in the year 2022 and out of which, 45 cases were withdrawn due to various reasons . Only 20 cases had been re- prosecuted by 19 December 2022, the date of audit.</p>	<p>It has been prosecuted the 20 cases out of the withdrawn cases in 2022. It has been decided not to file 09 cases. Arrangements are being made to prosecute for 14. As there are contradictions in the evidence of the remaining 2, discussions are being done regarding prosecution.</p>	<p>Prosecution or other appropriate actions should be taken promptly in respect of withdrawn cases.</p>
<p>(b) There were 1,508 pending files remained at Legal Division of the Commission as at 31 December 2021. Out of that, 489 files and 33 files had remained in pending for more than 05 years and for more than 10 years respectively.</p>	<p>Among the 926 unfinished files, there are very complex and large files that need to be consulted and some files that can provide legal reports in a simple and short time. Therefore, a</p>	<p>The works on files should be completed and the performance should be enhanced and it should be able to present an age</p>

There were 926 files that had not been completed as at 31 December 2022, and their age analysis were not submitted for audit.

precise age analysis cannot be presented.

analysis of files.

- (c) The National Action Plan for Eliminating Bribery and Corruption in Sri Lanka was approved by the Cabinet of Ministers on 05 February 2019 and its activities had been commenced on 18 March 2019 . Although it had elapsed more than about 3 ½ years even by the date of audit, 20 December 2022 after the plan had been started, it had not been implemented 11 tasks out of the 27 tasks mentioned in it.

The related works were delayed due to the Covid epidemic situation and arrangements are being made to implement the rest of the works in the year 2023 .

Actions should be taken to implement the tasks included in the National Action Plan promptly.

3.2 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Arrangements had not been made to carry out investigations in respect of 04 accidents that occurred in the years 2003, 2016 and 2022 with a total of Rs. 544,293 out of 08 damage and loss balances of Rs. 639,843 as at 31 December 2022 and to charge from the respective parties or to write off by the date of audit 22 May 2023 as per Financial Regulations.</p>	<p>Except for 04 accidents that occurred in the years 2003, 2016 and 2022, all the remained have been written off from the books and actions are being taken to write off the losses related to these four accidents from the books promptly.</p>	<p>Actions should be taken to recover or take appropriate actions as per the provisions of the Financial Regulations.</p>

3.3 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The activities of the amendment of the Commission to Investigate Allegations of Bribery or Corruption Act No. 19 of 1994, which was planned in the year 2019, had not been completed even in the year under review.</p>	<p>The Draft Bill of the Commission to Investigate Allegations of Bribery or Corruption Act has been submitted to Parliament for adoption by now.</p>	<p>The activities of the amendment of the Act should be completed immediately.</p>
<p>(b) The Committee appointed on disposal of productions on 31 January 2006 had recommended to auction 36 items of productions related to 10 files and to dispose of 32 items of productions related to 27 files and even though 17 years had elapsed after giving recommendations, these recommendations had not been implemented even by the end of the year under review.</p>	<p>The matter has been forwarded to the Meeting of the Commission prescribed to be held on 21.06.2023 for discussion.</p>	<p>The recommendation of the Committee appointed on disposal of productions should be implemented promptly.</p>

4. Human Resources Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
There were 36 vacancies at senior level, 203 vacancies at tertiary level, 158 vacancies at secondary level and 56 vacancies at primary level as per the information of civil staff of the Commission as at 31 December 2022 . According to the investigation staff information, there were 15 vacancies in that staff.	As government employee recruitment has been suspended from the year 2022 recruitments could not be carried out. According to the Staff Reconciliation Sub-Committee Report held at the end of 2022, many posts have been suppressed. Recruitment process is being done only for a few approved posts.	Measures should be taken to fill vacancies in essential positions or to revise the staff that adversely affects to the performance.