

Office on Missing Persons -2022

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 2022 comprising the statement of financial position as at 31 December 2022 and statement of income and expenditure, 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 2022, 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 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 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 related to the preparation of financial statements

1.5.1 Internal Control over the Preparation of Financial Statements

Exercise general and specific authority in transaction management, recording transactions and maintaining accounting for assets as required to prepare financial statements in accordance with applicable reporting standards; A system of “well-designed” internal accounting controls sufficient to obtain reasonable assurance that assets are accessed only with the general and specific authority of management, the accounting for recorded assets is compared with existing assets at reasonable intervals, and appropriate action is taken against differences, etc. needs to be maintained by the institution.

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
i. Although the vehicle allowance expense in the reviewed year amounted to Rs.2,383,333. Due to accounting as Rs.2,433,633, the vehicle allowance expense was overstated by Rs.50,300.	Since there was no official who could get accurate information about the accrued expenses related to the accounts of the year 2021, it was informed that some accrued expenses related to the month of December 2021 have been included in the accounting of the accrued expenses of the year 2022.	Correct values should be included in the financial statements.
ii. In relation to the month of December 2021, the monthly allowance of Rs. 169,840 which should have been paid for the chairman and other commissioners was accounted as expenses of in the year under review, so the monthly allowance expense of in the year under review overstated by that amount.	Since there was no official who could get accurate information about the accrued expenses related to the accounts of the year 2021, it was informed that some accrued expenses related to the month of December 2021 have been included in the accounting of the accrued expenses of the year 2022.	Correct values should be included in the financial statements.
iii Due to accounting of Rs.196,711 paid for 8 items of expenses related to the year 2021 as expenses of the year under review, the surplus of the year was less than that amount in the accounts	Since there was no official who could get accurate information about the accrued expenses related to the accounts of the year 2021, it was informed that some accrued expenses related to	Correct values should be included in the financial statements.

	the month of December 2021 have been included in the accounting of the accrued expenses of the year 2022.		
iv	Although two vehicles were handed over to the office in the year under review, their value was not assessed and accounted for.	It was informed that although 2 vehicles were handed over to the office in the year 2022, they could not be accounted for as the value could not be obtained.	Vehicles should be assessed and accounted for.
v	According to the accrued expenses register, there were accrued expenses of Rs.3,843,088 at the beginning of the year under review and although the accrued expenses of Rs.67,183 had been accumulated during the year. The information about the other note related to the accumulated value was not submitted to the audit. Furthermore, during the year. The accrued expenses amounting to Rs.3,446,513 were settled and at the end of the year, Rs.463,758 were shown as accrued expenses, but the amount was added to the net assets instead of being accounted under the current liabilities of the year under review.	It has been informed that the concerned officer has been instructed to ensure that such classification errors do not occur.	Correct values should be included in the financial statements.

1.5.3 Unauthorized Transactions

Description of unauthorized transactions	Comments of the Management	Recommendation
The amount of Rs.663,015 which should have been reimbursed from the Office for Reparation as at 31st December 2021 was deducted from the net assets without making arrangements to recover it from that office in the year under review, so the net assets had decreased by that amount. Further, the approval to write off the relevant amount was not submitted for audit.	The cheque amounted to Rs.663,015 due in respect of the year 2021 was received in the year 2022 and the Accountant of the Ministry of Justice was asked about its accounting. It was informed that if other receipts are added to the funds provided by the Ministry, the cheque should be sent to the Ministry as the imprest account is in error, and accordingly, the balance of the receivable security	Arrangements should be made to recover the relevant amount from the office for Reparation.

expense account in the ledger accounts was transferred to the accumulated fund.

1.6 Non-compliance with laws, rules, regulations and management decisions etc

Noncompliance to laws, rules, regulations	Non compliance	Management Comment	Recommendation
a. Paragraph 3 of Public Administration Circular No. 2016/30 dated 29 December 2016	Regarding the vehicles used by the office, no fuel consumption test was done as per the circular.	It has been informed that it has been noted to carry out a fuel consumption test as soon as possible.	It should be done according to circulars.
b. Public Administration Circular No. 13/2008 (iv) dated 09 February 2011 and revised Public Administration Circular No. 13/2008 (v) dated 31 May 2019	Fuel allowances of Rs.47,995 were overpaid to two officials in violation of the circular. A liter of petrol costs calculation as Rs.338 when there were Rs.254 extra allowances of Rs.12,180 were paid for an officer in April.	That the excess fuel allowance paid due to incorrect calculation of fuel price was collected from the concerned officials and recorded for reporting. The incorrect payment was also informed that the amount of 12,180 was reported to the concerned officer and recorded for reporting.	It should be done according to circulars.
c. PE/COP/POLI/CIRCULAR issued by the Ministry of Finance and Paragraph 3.5 of Public Enterprises Circular PED1/2015 dated 25th May 2015	Four officers receiving transport and fuel allowance in the office had used reserve vehicles in violation of the circular instructions and two officers who receive the transport allowance had hired two cars from a private company to participate in a mobile service held in the Northern Province from January 25 to February 1, 2022, while there was room to use reserve vehicles. The office had paid an amount of Rs. 141,860 for that.	That it was noted not to provide reserve vehicles to officers receiving transport and fuel allowance, and while the mobile service was available during the worldwide covid pandemic and the board of directors meeting on 24 January 2022 had informed that in paper no. 06/2022, they had arranged to provide transport facilities to the officers who worked as the heads of the Panels in order to participate in the activities in a	It should be done according to circulars.

hygienic manner in accordance with the health guidelines.

d. Financial Regulations of the Democratic Socialist Republic of Sri Lanka .

i)	F.R. 110	Damages and losses register was not updated and maintained as per Financial Regulations.	So far, no damage and loss register has been maintained in this office, and it has been informed that a damage and loss register will be maintained in the future.	It should be done according to circulars
ii)	F.R.371(2) b	On 8 occasions the office has paid to non-staff officers a sum of Rs. 571,730 as sub imprest and exceeding Rs. 100,000 in 22 cases, 11 officials were given sub imprest advances totaling Rs.11,892,081, and the treasury had not been approved for that.	It was informed that advances will be issued to staff officers in the future, and a request has been made to the Director General of the of Treasury Operations to increase the current interim advance limit.	It should be done according to circulars.
iii)	F.R.371(v)	After issuing an sub imprest , the said sub imprest should be settled again within 10 days after completion of the work, but in 14 cases, the officials of the office had taken a time range from 21 days to 245 days to settle the sub imprest.	It has been informed that the officials have been informed to ensure that there are no delays in the settlement of advances as indicated by the audit.	It should be done according to circulars.
iv)	F.R. 1645(a)	Log books for vehicles used by the office had not been updated and maintained as per the financial regulations.	The ownership of the vehicle belonging to the Ministry of Justice has not yet been handed over to this office, and the log book related to that vehicle has not been handed over to us. It has been informed that the concerned officer was instructed to update and maintain the	It should be done according to circulars.

v)	F.R.1646	Running charts, logs books and monthly summaries of three vehicles held by the Office of Missing Persons were not submitted to the Audit.	log books related to the remaining two vehicles. It has been informed that from now on, the running charts will be sent before the 15th of every month.	It should be done according to circulars.
vi)	FR 315, FR 880 and Paragraph 9 of Public Finance Circular No. 01/2020 dated 28 August 2020	The officials who should made security deposit were not identified and arrangements were not made to security deposit.	It was informed that it was noted that the manner in which the security deposit can be make will be looked into and appropriate action will be taken in the future.	It should be done according to circulars
vii)	National Audit Act No. 19 of 2018 16 (2)	The annual performance report was not submitted along with the annual financial statements as per the Act.	It was informed that a note was taken to ensure that such delays do not occur.	It should be done according to the Act.

2. Financial review

2.1 Financial Results

The operating result of the year under review was a deficit of Rs. 5,463,248, and the corresponding deficit of the previous year was Rs. 5,466,061. Accordingly, an increase of Rs. 2,813 was observed in the financial result. This growth was mainly due to the increase of Rs. 8,735,756 in recurring receipts, the decrease of Rs. 1,214,491 in personnel emoluments, the increase of Rs. 914,475 in supply and consumption expenses and the increase of Rs. 8,581,574 in service expenses.

3. Operational review

3.1 Management inefficiency

Audit Observation	Comments of the Management	Recommendation
a) According to paragraph 2 of the National Budget Circular No. 2022/03 dated 26 April 2022 regarding the control of public expenditure, it has been stated that the limitation of public expenditure should be strictly followed by public institutions and in the year under review, the office had incurred expenses of Rs.	Although the purpose of establishing this regional office was to provide the people of those areas with the convenience of submitting their concerns directly to the Office of Missing Persons, with the aim of reducing the cost of running this regional office, it will be done with the	Work should be done in accordance with the circulars

<p>20,629,346 included contrary to that for five regional offices, and only 274 complaints had been recorded for these regional offices during the year.</p>	<p>expectation of getting a government building for it. It has already discussed this matter with the relevant district secretaries and informed that further necessary actions are being done in this regard.</p>	
<p>b) For the Batticaloa and Matara Regional Offices, the lease agreements of the buildings obtained on the basis of monthly rent of Rs.100,000 and Rs.150,000 have expired in August and June 2022, but the office has not taken steps to renew the lease agreement or move to other buildings.</p>	<p>Inquiries have been made to the relevant district secretaries to move this regional office to a government building, but no reply has been received so far. And informed that further discussions will be held with the district secretaries in the hope of moving this regional office to government buildings.</p>	<p>Care should be taken to minimize the costs</p>
<p>c) In the year 2022, it was planned to spend Rs. 9,000,000 to conduct an investigation with the support of the investigation division and to update number of 9000 files. By the end of this year, Rs. 20,580,368 had been spent and only number of 2389 files had been updated. Accordingly, the actual amount was 226 percent higher than the estimated amount, and it was observed that the amount was not properly estimated.</p>	<p>It was informed that due to the unrest in the country in the year 2022, the lack of fuel, the increase in goods and services as well as transportation fees, the actual cost has increased more than the estimated amount.</p>	<p>Estimates should be prepared so as that costs are minimized.</p>
<p>d) Although the Human Resources and Administration Division of the office had paid an amount of Rs.148,638 to the Sri Lanka Institute of Development Administration to conduct an Efficiency Bar Examination for officials, but no examination had been</p>	<p>It was informed that although Rs. 148,638 had been paid in advance to the Sri Lanka Institute of Development Administration for conducting the efficiency bar examination, the examination had not been</p>	<p>It should be arranged to hold the efficiency bar examination for officers at regular intervals.</p>

conducted during the year.

conducted in the year 2022
due to various reasons.

3.2 Operational Inefficiency

Audit Observation

The office had paid Rs. 22,377,622 as building rent to an external party in the year 2022, and in addition, it had paid Rs. 4,620,934 as cleaning service, security services, sanitation, water and electricity for this building. It was observed that these expenses were incurred for a less number of 15 officials.

Comments of the Management

Since January 2023, this office has been brought to the State Ministry of Justice, Prison Reform, and it has been informed that the expenses for rent, electricity and water have been greatly reduced.

Recommendation

Care should be taken to minimize government expenses

3.3 Human Resource Management

Audit Observation

a) Although there are 7 translators in the approved cadre, due to the fact that even one of them was not recruited, an amount of Rs. 3,082,880 was paid as a translation fee to ten translators selected externally in the year 2022.

Comments of the Management

Although they are prepared to hiring of translators, It was informed that because it was not possible to recruit under the government's policy of stopping new recruitments and according to the instructions of the Ministry of Justice, they called for prices and selected suitable translators and translated the relevant file on the basis of payment according to the government's circular.

Recommendation

Vacancy should be filled.

b) At the time of establish the office, officials had approved a staff of 255, but the work of this institution is currently being managed by a minimum number of 31 officials, so they did not pay attention to revising the approved number of employees.

Due to the inability to recruit approved staff, most of the work is done by trainees. It was informed that the communication and social coordination division and the tracing and investigation division also have limited scope due to the fact that they do not have officers at present.

The approved staff should be recruited or revised.

4. Accountability and Good Governance
4.1 Presentation of Financial Statements

Audit Observation	Comments of the Management	Recommendation
Although the office has followed Sri Lanka public sector accounting standards, it has not been disclosed in the financial statements.	It was informed that it was mentioned in the 2022 annual financial statement report that has prepared accounts following the Sri Lanka public sector accounting standards.	It should be properly disclosed in the financial statements.

4.2 Annual Action Plan

Audit Observation	Comments of the Management	Recommendation
<p>a) The Office of Missing Persons (Establishment, Administration and Performance of Duties) Act No. 14 of 2016 to perform the functions indicated in Section II, 10 (1) of the Office, which are 3 main divisions of tracing and investigation, communication and social coordination and finance and procurement divisions directly related, but the action plan prepared for the year 2022 did not include the tasks expected to be performed by that division.</p> <p>It was observed that it was not possible to achieve the objectives and goals due to the non-operation of these sectors, which are essential for the establishment of the institution.</p>	Due to the lack of heads in the divisions of Tracing and Investigation, Communication and Social Coordination and the inability to recruit officers related to those divisions and although the action plan does not include the activities of these divisions, it was informed that even though there are no heads of the divisions, the day-to-day duties are carried out by other officials.	An action plan should be prepared in such a way that the desired objectives of the organization are fulfilled.
<p>b) Although the main functions of the Act related to the establishment of the office include making recommendations to relevant authorities to take appropriate action on incidents related to missing persons and protecting the rights and obligations of missing persons and their relatives. The number of complaints received by the office until 31 December 2022 was number of 14,988, and the number of complaints resolved on that day was 2389. Accordingly, compared to the total number of complaints received, it was</p>	<p>In relation to international conventions and international human rights law, the investigation process in the form of a quasi-judiciary was started in the year 2022, in order to implement the national reconciliation mechanism by providing transitional justice, the investigation board system required to conduct an investigation was introduced and the necessary financial provision was made for it in the year 2022. Accordingly, it was informed that</p>	Efforts should be made to increase the number of complaints investigated.

observed that the number of investigated complaints was as low as 15 percent.

the investigation was started in the year 2022.

c) In relation to 15 works worth of Rs. 5,425,000 that were planned to be implemented in the year 2022 and included in the action plan, no work was done in the year under review. There was no proper estimation for 21 tasks related to 5 sections of the office, and it was observed that the progress was less than 50 percent.

In addition to the travel restrictions imposed by the government and the lack of fuel due to the covid epidemic in 2022, it was informed that the planned tasks could not be carried out as expected due to the vacancy of the staff in this office.

should follow the action plan.

4.3 Audit Committee

Audit Observation	Comments of the Management	Recommendation
<p>According to Chapter 04 of the Guideline on Corporate Governance for Public Enterprises issued by the Ministry of Finance No. 01/2021 and dated 16 November 2021, at least one audit committee should be held every three months, but the office had not done so.</p>	<p>It was informed that there is currently no officer required for this purpose, and that he has made a note to look into the matter and take appropriate action.</p>	<p>An audit committee should be held according to the circular.</p>