

Legal Aid commission of Sri Lanka - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Legal Aid commission of Sri Lanka for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the 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 material accounting policy information, 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 commission as at 31 December 2024, 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

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

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 of the Commission.

1.4 Audit Scope

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:

- 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 Commission'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 the commission 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 Commission, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Commission has complied with applicable written law, or other general or special directions issued by the governing body of the Commission.
- Whether the commission has performed according to its powers, functions and duties; and
- Whether the resources of the commission 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 Non- Compliance with Sri Lanka Public Sector Accounting Standards

Non- Compliance with the reference to particular Standard	Management Comment	Recommendation
(a) In terms of paragraph 63(e) of Sri Lanka Public Sector Accounting Standard No. 01, values in the financial statements should be presented using level of rounding however, in the financial statements submitted for the year 2024, the values had been presented in cents.	It has been informed that, in future, the financial statements will be prepared by presenting the figures according to the appropriate rounding levels.	Action should be taken to use the level of rounds in accordance with the referred standard.
(b) Although according to paragraph 47 of Sri Lanka Public Sector Accounting Standard No. 07, property, plant, and equipment items that have only insignificant changes in fair value should be revalued once every 03 or 05 years. The Commission had not revalued property, plant, and equipment, excluding motor vehicles, valued at Rs. 103,965,189 during the near 05 years.	Noted. It has been decided to revalue all fixed assets of the institution again. Accordingly, it has been informed that action will be taken to record the newly revalued amounts in the books.	Action should be taken to revalue the assets in accordance with the referred standard.

- (c) According to paragraph 65 of Sri Lanka Public Sector Accounting Standard No. 07, the residual value and useful life of an asset should be reviewed at the end of the day of each annual reporting period by reducing them. As at 31 December 2024, assets that had been fully depreciated, cost of Rs.38,321,172 had not been revalued. Accordingly, although it should have been recognized in the difference of the accounting estimates in accordance with Sri Lanka Public Sector Accounting Standard No. 03, this was not done
- Noted. It has been decided to revalue all fixed assets of the institution. Accordingly, it has been informed that action will be taken to record the newly revalued amounts in the books. Later it was informed that the residual value and useful life of the relevant assets will be reviewed annually.
- The useful life of the asset should be reviewed in accordance with the referred standard.

1.5.2 Unreconciled Control Accounts or Records

Item	As per Financial Statements Rs.	As per corresponding Record Rs.	Difference Rs.	Management Comment	Recommendation
(a) Building Value	41,606,860	45,727,010	4,120,150	The Commission has planned to properly identify its fixed assets and take the necessary actions to revalue them, Only fixed assets to which the institution has legal ownership are to be recorded in the ledger accounts. It was informed that measures will be taken to rectify the	The values presented in the statement of financial position should be reconciled with the corresponding records.

existing discrepancies between the asset register and the ledger accounts.

(b)	The value of assets in the category of computers, printers, mobile phones, and laptop computers.	39,531,930	40,874,755	1,342,825	The Commission has planned to properly identify its fixed assets and take the necessary actions to revalue them. Only fixed assets to which the institution has legal ownership are to be recorded in the ledger accounts. It was informed that measures will be taken to rectify the existing discrepancies between the asset register and the ledger accounts.	The values presented in the statement of financial position should be reconciled with the corresponding records.
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1.5.3 Documentary Evidences not made available for Audit

	Item available	Amount Rs.	Evidence not	Management Comment	Recommendation
(a)	Plant and Equipment	382,679	Detailed Schedules	These assets will be fully depreciated by 2024. In 2025,	The relevant documents should

				actions will be taken to rectify the deficiencies in the existing fixed assets register and to rectify the deficiencies in accounting policies and estimates. it has been noted a fixed assets register has been prepared and maintained.	be submitted to the audit in respect of the values presented in the financial statements.
(b)	Office equipment, computers, and household items	15,656,035	Detailed Schedules	These assets will be fully depreciated by 2024. Measures will be taken in 2025 to address the deficiencies in the existing fixed assets register and to rectify the deficiencies in accounting policies and estimates. The relevant assets have been identified and measured, and it has been noted that a proper fixed assets register will be prepared and maintained.	The relevant documents should be submitted to the audit in respect of the values presented in the financial statements with necessity.

1.6 Accounts Receivable and Payable

1.6.1 Payables

Audit Observation	Management Comment	Recommendation
According to the time analysis of the payable balance amounting to Rs. 6,673,222 as at 31 December 2024, Rs. 5,442,797 outstanding balance for less than 01 year, Rs. 5,461 outstanding balance for between 01 and 02 years, Rs. 547,681 outstanding balance for between 02 and 03 years, and Rs. 677,283 outstanding balance for more than 05 years, However, the Commission had not taken action to settle the said payable balances.	It is intended to obtain recommendations from the institution's future Management and Audit Committee regarding the settlement of the overdue balances.	Action should be taken to settle the payable balances.

1.7 Non- Compliance with Laws, Rules, Regulations and Management Decisions etc.

	Reference to Laws, Rules, Regulations etc.	Non- Compliance	Management Comment	Recommendation
(a)	Section 4(i) of the Legal Aid Law, No. 27 of 1978 of the National State Assembly	Although research programmes should have been implemented with regard to a specific area of the providing of legal aid, It had not been done accordingly.	At present, a large number of legal officers of the Commission are pursuing postgraduate studies, and they are basing their research dissertations on areas related to the legal aid. Furthermore, the conduct of the research has been hampered due to the inability to allocate adequate funds for the research.	Research programs should be carried out in accordance with the referred act.
(b)	Stamp Duty Act, No. 43 of 1982	Although a stamp duty of Rs. 25 should have been charged for payments exceeding Rs. 25,000, such duty was not collected on 13 occasions involving payments totaling Rs. 590,592	The relevant stamp duty should be collected and remitted to the Department of Inland Revenue.	Stamp duty should be collected in accordance with the referred act.
(c)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i)	F.R. 237(a)(1)	Payments for work performed or supplies provided should have been made based on a certificate confirming that the work was satisfactorily	Noted. In future, all payments related to repairs will be made in accordance with the Financial Regulations.	Payments should be made on the certification of the responsible officer in accordance with the Financial Regulations.

executed in accordance with the contract. Payments totaling Rs. 636,022 for 16 repairs were made without obtaining a certificate from the responsible officer relevant for those activities.

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| (ii) F.R. 237(b) | Although a certificate should have been attached confirming that the goods had been received and duly entered in the relevant goods register and inventory book at the time of making payments for supplies, in respect of 08 purchases valued at Rs. 886,621, the Commission had not taken action in accordance of the said regulations. | Noted. It has been noted that payments for store supplies will be made in accordance with the provisions of the Financial Regulations. | Action should be taken to obtain confirmation of the receipt of goods in accordance with the Financial Regulations. |
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(d) **Public Administration Circular**

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| Circular No. 05/2008 dated 06 February 2008 and Circular No. 05/2008 (I) dated 24 January 2018. | Although every public institution was required to introduce the Citizen/Client Charter with the objective of enhancing the efficiency of public sector operations | A Citizen Charter has not been prepared up to now. However, action will be taken to prepare the Citizen Charter in the future. | Action should be taken to prepare the Citizen Charter in accordance with the referred circular. |
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and fostering better understanding and mutual trust among the parties involved, The Commission had not introduced such a Citizen/Client Charter.

(e) **Public Enterprises Circular**

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| (i) Section 11 of the Finance Act, No. 38 of 1971, and Circular No. PED 25 dated 29 July 2004 | Although government ministries, State Corporation, and state-owned companies are required to obtain the approval of the Minister of Finance or the competent Minister before investing their funds Fixed deposits amounting to Rs. 9,144,650 invested up to the end of the year under review had not been dealt with in accordance with the said circular. | This investment has been maintained as a fund to meet any urgent requirement that may arise for the payment of employee gratuities of the institution. I further inform that the institution will act regarding this investment in accordance with the future directions provided by the Treasury or the Audit. | Action should be taken to obtain approval for the investments in accordance with the referred Act and Circular. |
| (ii) Paragraph 3 of Schedule 1 under Strategic Planning, as set out in Paragraph 2.3 of the Circular No. 01/2021 dated 16 | Although the master budget should have included the forecasted income statement, forecasted financial position, and forecasted cash flow statement, the Commission had not included these | Since 2025, efforts have been made to prepare the budgeted income statement, budgeted statement of financial position, and budgeted cash flow statement together. | Action should be taken in accordance with the referred guidelines. |

November 2021 statements into the master budget which (Guidelines on Public Enterprises). it was prepared.

- (f) Letter No. MSDW/08/65 dated April 27, 2018, issued by the Ministry of Sustainable Development and Wildlife. The Commission had not appointed officers to coordinate the achievement of Sustainable Development Goals, nor had it prepared a Sustainable Development Programme. Steps have been taken to appoint Development Officers, and actions relating thereto are being carried out within the scope of the institution's official duties. Action should be taken in accordance with the referred letter.

1.8 Cash Management

Audit Observation	Management Comment	Recommendation
The Commission maintained a bank current account at the hultsdorp Branch of the Bank of Ceylon, with cash balance ranging between Rs.150,000 and Rs.26,000,000 during the 12 month period from January to December 2024. As a result, the institution's excess amount remained idle in the bank account.	It was informed that, in future, necessary measures would be taken to maintain only the excellent amount in the bank current account when managing the institution's funds.	Cash should not be kept an idle.

2. Financial Review

2.1 Financial Result

The opening result of the year under review amounted to a deficit of Rs. 30,741,357 and the corresponding deficit in the preceding year amounted to Rs.8,802,344. Therefore deterioration amounting to Rs. 21,939,013 of the financial result was observed. The deterioration mainly due to the expenditures increased by Rs.57,988,243, in comparison to a revenue increase of Rs.36,049,231.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Management Comment	Recommendation
(a) As at 31 December 2024, no action had been taken to dispose of 03 office equipment items valued at Rs.229,275, which were non-operational, and 05 three-wheelers valued at Rs.2,500,000, which were not in running condition.	According to Sri Lanka Public Sector Accounting Standard 07, the cost and accumulated depreciation of an asset should be derecognized only at the time the asset is disposed of. Accordingly, these assets have not been removed from the institution and relevant assets remain in the institution. A report on the usage and future useful life of these assets should be obtained from a committee comprising experts and knowledgeable parties. Based on the recommendations of this committee, necessary future actions should be undertaken, as duly noted.	A review should be conducted on the usage and useful life of the office equipment and three-wheelers.
(b) In accordance with the Memorandum of Understanding established with the Sri Lanka Legal Aid Commission and the United Nations Development Programme (UNDP JURE-LOA), the revised National Legal Aid Policy and action Plan were also presented in the second and third quarters. No steps were taken during the second quarter to organize donor coordination meetings, prepare a fee schedule for non-bailable criminal matters, or provide relevant support for cases throughout the recurrent year. Amounts of Rs.2,249,000, Rs.180,000, and Rs.637,500 had been allocated for these purposes, and the third installment from the UNDP was received by the Commission on 29 November	The revised National Legal Aid Policy and Operational Plan could not be presented because the Ministry of Justice being unable to amend the revised National Legal Aid Policy and Operational Plan and submit them for Cabinet approval within the prescribed timeframe.	The relevant tasks should be planned and carried out immediately within the stipulated timeframe.

2024. However, as the aforementioned activities were not carried out, the funds were returned to the Treasury on 08 December 2024.

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| <p>(c) For the Legal Aid Clinics and awareness programs, Rs.16,830,000 had been allocated during the first 03 quarters in accordance with the agreement. As at 31 December 2024, expenditures of Rs.13,035,683 had been incurred for the related activities. Accordingly, 23 percent of the total allocated funds remained unutilized as at 31 December 2024.</p> | <p>The project had been contracted for implementation over 04 quarters, and according to the agreement, in order to request funds for the next quarter, 80 percent of the funds received for the previous quarter should have been spent on the projects related for that quarter. An amount of Rs.66,000 was allocated for each program on legal awareness and Legal Aid Clinics. However, in each program, Rs.66,000 of the allocated funds were saved without spent and that amount remain saved as balance.</p> | <p>Allocated funds should be properly utilized.</p> |
| <p>(d) Although Cabinet approval was obtained in 2016 to establish a mechanism to the supervision of these activities, ensuring that legal aid is delivered in a more systematic manner that the public receives a more effective and important service, The formulation of the National Legal Aid Policy had not been completed as at 31 December 2024.</p> | <p>These are multi-stakeholder activities, and the necessary actions are being carried out through various related discussions.</p> | <p>Actions should be taken to formulate the National Legal Aid Policy.</p> |
| <p>(e) As at now, the Commission does not have an official website. It was reported to the audit that the previous website had become non-functional due to the termination of technical services, and that a new website was being created as a donation under the UNDP-JURE project. However, the official website has not yet been completed.</p> | <p>The creation of the website by the JURE project, implemented under the United Nations Development Programme (UNDP), is currently in its final stage.</p> | <p>The official website should be created and completed.</p> |

3.2 Operational Inefficiencies

Audit Observation	Management Comment	Recommendation
(a) As at 1 January 2024, the Commission had 38,905 pending cases, of which only 23,709 cases were concluded during the year 2024. Accordingly, within the cases pending at the beginning of 2024 the number of cases which have not concluded as at 31 December 2024 was 39 percent.	The pendency and delay of cases fall outside the control of the Legal Aid Commission; therefore, the backlog of cases thus remains. Furthermore, as the filling and concluding of cases constitute as a normal procedure, there were remaining saved balances.	Action should be taken to conclude the cases which have not concluded.
(b) During the year 2024, a total of 12,362 cases were filed; however, information regarding the cases that were concluded had not been submitted as at the audited date.	The preparation of the annual final report is carried out by collecting information from Legal Aid Centers across the country. Accordingly, I present the quantitative figures related to judicial activities for the year 2024.	Information should be submitted for audit within the prescribed timeframe.

3.3 Procurement Management

Audit Observation	Management Comment	Recommendation
(a) According to Section 4.2.1(b) of the 2006 Procurement Guidelines, the main procurement plan should have to be listed the expected procurement activities for a minimum period of three years; however the main procurement plan prepared by the Commission for the year 2024 included only the procurement activities relating to the year 2024.	Action will be taken to prepare a main procurement plan for the year 2025–2027 and to carry out procurement activities accordingly.	procurement plan should be prepare for a period of 03 years, in accordance with the Procurement Guidelines.
(b) According to 4.2.1(e) of the 2006 Procurement Guidelines, the main procurement plan should be regularly updated within a period not exceeding	Future actions will be taken to operate in accordance with 4.2.1(e) of the Procurement Guidelines.	Action should be taken to update the procurement plan in accordance with the

	six months. However, due to the failure to prepare a main procurement plan, it was not possible to carry out activities in accordance with the Procurement Guidelines.	Procurement Guidelines.	
(c)	In accordance with Section 4.2.2(a) of the Procurement Guidelines, the Commission did not prepare a procurement timetable for the year 2024 in chronological order, which was describing the steps of each procurement activity from initiation to completion.	A procurement timeframe for the year 2025 will be prepared, and activities will be carried out accordingly.	Action should be taken to prepare a procurement timetable in accordance with the Procurement Guidelines.
(d)	According to 2.5.1(f) of the Procurement Guidelines, it is the responsibility of the Procurement Committees to review the report and recommendations of the Technical Evaluation Committee and to make decisions or recommendations in compliance with 8.1 of the Guidelines; however because the Commission did not have a procurement committee, with the approval of the Board of Directors all procurements have been purchased on the basis of the Technical Committee's decisions.	In the year 2025, procurement committees were established under the approval of the Secretary of portfolio Ministry.	Action should be taken to review the recommendations of the Technical Committee in procurement activities in accordance with the Procurement Guidelines.
(e)	According to 6.3.6 of the Procurement Guidelines 2006, proceedings relating to the opening of bids should be recorded in the format specified in 6.3.6 of the Procurement Manual. Although such records should be signed by all members of the Bid Opening Committee, this procedure had not been	For the year 2025, the relevant duties will be carried out by the Procurement Committees.	Action should be taken to record the bid opening in accordance with the Procurement Guidelines.

followed in the procurement of household items valued at Rs. 177,365.

3.4 Human Resources Management

Audit Observation	Management Comment	Recommendation
Although the approved senior-level cadre was 152, the actual cadre was 120; hence, 32 vacancies existed in 5 senior-level positions. Accordingly, the positions of Director General, Director (Legal), Director (Administration/Finance and Secretary to the Commission), and Assistant Director /Deputy Director (Regional) of the Commission, as well as 28 Legal Officer posts, remained vacant.	All requests for approval to fill the vacancies have been forwarded to the Prime Minister's Office through the Ministry of Justice and the Department of Management Services; however, approval has not yet been granted.	Necessary steps should be taken to fill the vacancies.

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation	Management Comment	Recommendation
However, in terms of Section 40(1) of the National Audit Act, No. 19 of 2018, although the Commission is required to have its own Internal Auditor appointed by the Governing Board to carry out internal audit functions, the Commission had not approved a post of Internal Auditor in its approved cadre.	Action is being taken to submit a request to the Department of Management Services to amend the recruitment procedure for the establishment of an Internal Audit post.	Actions should be taken in accordance with the National Audit Act, No. 19 of 2018.

4.2 Budgetary Control

Audit Observation	Management Comment	Recommendation
Provision of Rs.2,000,000 had been allocated for plant and equipment maintenance. However, as at 31 December 2024, none of the allocated provisions had been expended.	No comments were provided.	Provisions should be allocated in the required amounts.