

1. Financial Statements

1.1 Opinion

The audit of the financial statement of the National Police Commission for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 including my comments and observations on the financial statements of the National Police Commission was issued to the Chief Accounting Officer on 12 June 2020 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 and the Detailed Annual Management Audit Report relating to the Commission in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Chief Accounting Officer on 11 August 2020. This report will be presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the accompanying financial statements prepared in accordance with the State Accounts Circular, No. 271/2019 dated 03 December 2019, give a true and fair view of the financial position of the National Police Commission as at 31 December 2019, and its financial performance and cash flows 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 for the Financial Statements

-----

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 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.

As per Sub-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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that effective internal control system for the financial control of the Commission exists, and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### 1.4 Auditor's Responsibilities 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with the Chief Accounting Officer regarding, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

#### 1.5 Report on Other Legal and Regulatory Requirements

---

I express the following matters in accordance with Section 6 (1) (d) and Section 38 of the National Audit Act, No. 19 of 2018.

- a) The financial statements are consistent with the preceding year.
- b) The recommendations made by me on the financial statements relating to the preceding year had been implemented.

1.6 Comments on Financial Statements

-----

1.6.1 Responsibilities of the Chief Accounting Officer

-----

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
-----	-----	-----
According to the provisions set out in Section 38 of the National Audit Act, No. 19 of 2018, the Chief Accounting Officer should ensure that an effective internal control system for the financial control of the Commission be prepared & maintained, and periodic reviews should be carried out to monitor the effectiveness of such systems; accordingly, any alterations should be made as required for such systems to be effectively carried out. Such reviews should be carried out in writing, and the copies thereof should be presented to the Auditor General. However, statements to the effect that such a review had been carried out, were not presented to the Audit.	Provisions in Section 38 of the National Audit Act, No. 19 of 2018 should be followed.	There is no objection on the audit observations mentioned in the report.

1.6.2 Non-compliances with Laws, Rules, and Regulations

-----

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
-----	-----	-----
The register of loans and advances, and register of loans and debtor advances should be properly maintained in order to ensure a sufficient accounting system and internal control relating to the Advances to Public Officers Account. It is mentioned in the State Accounts Circular, No. 256/2017 dated 05 July 2017 that loans and debtor information should be properly documented and filed whilst certifying that the books of the Department are reconciled with the Treasury books monthly thereby presenting the	Provisions of the State Account Circular should be followed.	Action will be taken in due course in accordance with the State Accounts Circular to certify that the books of the Department are reconciled with the Treasury books monthly thereby presenting a reconciliation statement to the Auditor General.

relevant reconciliation statements to the Auditor General. However, such certificates had not been presented.

2. Financial Review

-----

2.1 Expenditure Management

-----

The following observations are made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
a) Of the supplementary provision amounting to Rs. 14,450,000 obtained for a an Item of Expenditure, a sum of Rs. 3,780,850 had been saved representing 26 per cent.	Action should be taken to ensure efficient utilization of supplementary provision.	There is no objection on the audit observation.
b) Of the total net provision of Rs. 1,703,000 made on 04 Items of Expenditure, a sum of Rs. 708,801 had been saved. That saving ranged between 21 per cent and 100 per cent.	Action should be taken to ensure efficient utilization of provision.	There is no objection on the audit observation.

3. Operating Review

-----

3.1 Failure to Achieve the Expected Level of Output

-----

3.1.1 Progress on Resolving Public Complaints according to the Nature of the Complaint

-----

A number of 1,568 complaints had been received by the Commission during the year under review under 12 miscellaneous categories whereas 1,651 complaints had been received in the preceding year. Of the complaints received in the year under review, 1,151 complaints equivalent to 74 per cent had been resolved, and as for the complaints received in the preceding year, 1,191 complaints had been resolved indicating 74 per cent.

The following observations are made in that connection.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer -----
a) Number of complaints received in the year under review as well as the preceding year with respect to inaction of Police, misuse of power, and favoritism, represented 80 per cent of the total number of complaints.	Suitable measures should be taken to minimize such issues.	Action will be taken to send a final reply as soon as a response is received from the provincial offices.
b) The percentage of resolving public complaints received against the Police officers relating to beating, bribery and corruption, deaths occurred at Police custody, and drug related offences, remained as low as 60 per cent.	An efficient methodology should be in place to resolve such complaints received by the Commission.	Action will be taken to send a final reply as soon as a response is received from the provincial offices.

### 3.1.2 Progress on Resolving Public Complaints in terms of Provinces

-----

According to the information provided for the Audit, the following observations were made on the complaints received in the year 2019 in terms of provinces and the progress of resolving them.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer -----
a) The office of the Western Province had received the highest number of complaints being 540 and 32 per cent thereof or 172 complaints remained to be resolved.	More attention should be paid to resolve the complaints at the offices that receive a large number of complaints.	Action will be taken to send a final reply as soon as a response is received from the provincial offices.
b) The percentage of failure in resolving complaints received by the offices in North Central, Uva, Eastern, and Northern provinces remained around 25 per cent.	More attention should be paid on resolving complaints at provincial offices.	Action will be taken to send a final reply as soon as a response is received from the provincial offices.

3.2 Assets Management

-----

Audit Observation

Recommendation

Comment of the Chief Accounting Officer

-----

-----

-----

The annual Board of Survey should have been conducted for the year 2019 and the reports thereof should have been furnished to the Auditor General before 17 March 2020 in terms of Public Finance Circular, No. 05/2016, dated 31 March 2016. However, it had not been so done.

The Board of Survey should be completed on time as per the Circular.

The said delay occurred due to curfew and service period of the Chairman of the Board of Survey coming to an end. It is commenced by now.

4. Good Governance

-----

4.1 Internal Audit

-----

Audit Observation

Recommendation

Comment of the Chief Accounting Officer

-----

-----

-----

As an Internal Audit Unit had not been established for the Commission, no internal audit had been carried out in the year under review.

Action should be taken in terms of provisions set out in Section 40 of the National Audit Act, No. 19 of 2018.

Action will be taken to obtain approval of the Department of Management Services to create the post of Internal Auditor.

5. Human Resource Management

-----

5.1 Attached Cadre and Actual Cadre

-----

The following observations are made.

Audit Observation	Recommendation	Comment of the Chief Accounting Officer
-----	-----	-----
a) The actual cadre had been shown as 108 but 37 employees on contract basis had been included therein.	Action should be taken to attach permanent officers.	As the appointing authority had not provided permanent officers, employees had to be recruited on contract basis due to service requirements.
b) There are only 16 officers in the other 08 provinces except for the Western Province; other than the 08 Provincial Directors (contract), 05 Investigation Officers, 02 Development Officers, and a Management Assistant are employed. It remained questionable as to whether experienced investigative officers were attached to those offices for investigating the complaints received by the provincial offices.	If essentially necessary, Investigation Officers should be attached to the provincial offices.	In order to improve the knowledge, awareness, and skills required for investigating the complaints, training courses are conducted for the officers.
c) There are 109 employees attached to the Western / Head Office including 12 Investigation Officers, 40 Management Assistants, and 13 KKS, but it was observed that there was a discrepancy in attaching staff as for providing services regionally.	Action should be taken to minimize differences in attaching officers among the divisions of the Commission.	It is the only duty of the provincial offices to accept and resolve the complaints whereas many a task is carried out by the Head Office.