

Right to Information Commission and its affairs - 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Right to Information Commission for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 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 the 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 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 based 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.

1.4 Scope of Audit (Auditor's Responsibility on the 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:

- 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 the Institute on 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 Institute'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. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the 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 Institute 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 it has performed according to its powers, functions and duties; and
- Whether the resources 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 Preparation of Financial Statement

1.5.1 Internal Control over the Preparation of Financial Statements

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with Management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with Management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.5.2 Non-compliance with Sri Lanka Public Sector Accounting Standards

Non-compliance Reference to Standard	with Relevant Standard	Comments of the Management	Recommendation
(a) The adjustments which should be made in the financial statements in respect of the capital grants received by the Commission amounting to Rs. 920,649 and Rs. 9,441,684 during the year under review and in the preceding year respectively had not been carried out in terms of Sri Lanka Public Sector Accounting Standard 11 (Amendment) .		Actions will be taken to rectify these deficiencies from the next year.	Actions should be taken in terms of Sri Lanka Public Sector Accounting Standard 11 .

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| <p>(b) Although, depreciation of property, plant and equipment should be adjusted as a non-cash movement to the surplus or deficit of the year under cash flow generated from operating activities when preparing the cash flow statements under the indirect method in terms of Sri Lanka Public Sector Accounting Standard No. 02, the depreciation of property, plant and equipment valued at Rs. 1,702,467 had been adjusted under the cash flow from investment activities.</p> | <p>Depreciation of fixed assets was considered as a financial outflow of the entity and included in the cash flow from investing activities. Actions will be taken to adjust the depreciation value according to Public Sector Accounting Standard No. 02 from next year.</p> | <p>Actions should be taken in terms of Sri Lanka Public Sector Accounting Standard 02 .</p> |
| <p>(c) In preparation statement of financial position, the assets, liabilities and equity /net assets had not been presented in order of liquidity as per the format stated in Sri Lanka Public Sector Accounting Standard No. 01 .</p> | <p>Actions will be taken to account for the assets and liabilities as per the format stated in Sri Lanka Public Sector Accounting Standard No. 01.</p> | <p>The statement of financial position should be presented in order of liquidity in terms of Sri Lanka Public Sector Accounting Standard No. 01.</p> |

1.5.3 Accounting Deficiencies

Audit Observations	Comments of the Management	Recommendation
<p>Provisions had not been made for audit fees in the financial statements for the year under review and the preceding year.</p>	<p>Audit fees could not be recorded as an accrued expense by a mistake . This will be corrected in future.</p>	<p>Provisions for audit fees should be made in the financial statements.</p>

1.6 Non-compliance with Laws, Rules, Regulations, and Management Decisions etc.

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a)	Financial Regulations 371(5) of Democratic Socialist Republic of Sri Lanka	Although, after issuing an sub - imprest, the said sub - imprest should be settled within 10 days after completion of the relevant task, 02 sub -imprest totalling to Rs.90,000 had not been settled as per Financial Regulations.	Out of the 26 approved staff of the Commission, the number of officers/employees employed is only 10. Accordingly, because of the relevant officers have been assigned for many other duties in addition to their duties, this situation has arisen.	Actions should be taken in terms of Financial Regulations.
(b)	Guideline on Corporate Governance for Public Enterprises No. 01/2021 dated 16 November 2021			
(i)	Section 4.2	Although the Commission should appoint an Audit Committee and hold meetings at least once in three months in a year an Audit Committee had not been so appointed.	About 10 out of the approved staff of the Commission are currently working and the posts of Director General, Senior Research Assistant, Legal Officer, Research Assistant and Administrative Officer are also vacant. Therefore, except for the essential day-to-day activities of the Commission and the	Actions should be taken in terms of the Guideline.

hearing of appeals, the Commission does not have the ability to carry out other tasks and as a result, establishing of the Audit Committee and conducting of Committees could not be held.

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| (ii) Section 4.4 | Although an Internal Audit should be carried out in order to verify the reliability of the financial and operational information of the organization, to verify the efficiency and effectiveness of operations and programmes, and to review laws, rules and procedures, an Internal Audit had not been implemented for the year 2022. | About 10 out of the approved staff of the Commission are currently working and the posts of Director General, Senior Research Assistant, Legal Officer, Research Assistant and Administrative Officer are also vacant. Therefore, except for the essential day-to-day activities of the Commission and the hearing of appeals, the Commission does not have the ability to carry out other tasks as a result, an Internal Audit cannot be performed. | Actions should be taken in terms of the Guideline. |
| (iii) Section 5.2 | The Annual Action Plan prepared by the Commission for the year 2022 was not prepared according to the relevant format and the relevant approvals for that had not been obtained . | Although the Annual Action Plan for the year 2022 has been forwarded to the Ministry within the prescribed period of that year the approval for that was not received. | The Annual Action Plan should be prepared and approved according to the prescribed Format . |

- (c) Section 6.6 of the Operational Manual on Public Enterprises issued by the Department of Public Enterprises dated 16 November 2021
- Although it was stated that the Annual Report including financial statements and audit report should be tabled in Parliament within 150 days after the end of the accounting year, the Commission had not tabled the Annual Reports for the years 2020 and 2021 in Parliament even by 30 April 2023 .
- The Annual Report for the year 2020 has been forwarded to the Line Ministry for submission to Parliament. The Annual Report of the year 2021 has been sent for translation purpose in two languages.
- Arrangements should be made in terms of Section 6.6 of the Operational Manual of Public Enterprises.

2. Financial Review

2.1 Financial Results

The operating result for the year under review was a deficit of Rs. 1,912,855 and the correspondence deficit for the preceding year was Rs. 73,237. Accordingly, a deterioration of Rs. 1,839,618 was observed in the financial result. The depreciation of property, plant and equipment amounted to Rs, 1,702,467 had mainly attributed to this deterioration.

3. Operational Review

3.1 Management Inefficiencies

The following observations are made.

Audit Observations	Comments of the Management	Recommendation
(a) The Commission had received 1,089 appeals in the year 2019 and the number of orders heard and announced in those appeals as at 31 December 2022 was 709 . It was 65 per cent of the appeals received. The Commission had received 729, 800 and 1,525 appeals respectively in the years 2020, 2021 and 2022. Due to the fact that the Commission had not prepared a data system or methodology to obtain	Answers have not been given.	An age analysis of orders published in each year should be able to obtain.

information about the number of orders announced in that year from the appeals received in each year, it was impossible to obtain information in audit on the progress of hearing appeals in the years 2020, 2021 and 2022 .

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| <p>(b) Six programmes planned in the Annual Action Plan had not been implemented.</p> | <p>Because of the economic difficulties in the country, it was not possible to get the necessary provisions from external parties.</p> | <p>Actions should be taken to perform the Annual Action Plan.</p> |
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3.2 Human Resources Management

Audit Observations	Comments of the Management	Recommendation
<p>The Chief Executive Officer of the Commission is the Director General in terms of Section 13 of the Right to Information Act No. 12 of 2016 and a number of officers and employees as may be determined necessary for the conduct of the activities of the Commission should be appointed by the Commission. Accordingly, although the approved cadre of the Commission as at 31 December 2022 was 26, thus the actual number of employees was 14, the number of vacancies was 12. Out of those vacant posts, the posts of Director General, Legal Officer, Administrative Officer, Finance Officer and Research Officer had been appointed on the acting basis.</p>	<p>The recruitment of employees for public sector offices has been suspended in accordance with the Public Finance Circular No. 2022/03. Accordingly, it was not possible to fill any vacancy. However, although it was requested a special permission to recruit 04 officers for the position of stenographer, which is essential to perform the role of the Commission efficiently, that request was also rejected by the ministry.</p>	<p>Actions should be taken to fill the vacancies in essential posts which adversely affects the performance.</p>