

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 2023 comprising the statement of financial position as at 31 December 2023 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 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 Office as at 31 December 2023 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 Scope of the Audit (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.

Audit Observation	Comments of the Management	Recommendation
The general ledger had not been formally maintained.	It has been noted to correct deficiencies in accounting during the preparation and presentation of the financial statements of the year 2024 and it had been informed that a formal procedure had been used to maintain accounts so that such deficiencies would not occur.	Actions should be taken to maintain the basic books related to financial statements properly.

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) When comparing the ledger and financial statements as on 31 December of the year under review, the value of six ledger accounts was Rs.36,850,761 and the value of those six accounts in the financial statements was stated as Rs.38,141,109, and accordingly it was observed that there was a difference of Rs.1,290,348.	It has been noted to correct deficiencies in accounting during the preparation and presentation of the financial statements of the year 2024 and it had been informed that a formal procedure had been used to maintain accounts so that such deficiencies would not occur.	Actions should be taken to include the Correct values in the financial statements.

- (b) During the year under review, the amount of Rs.6,615,760 incurred by the Ministry of Justice for the annual rent, security expenses, water and electricity expenses related to the new building in Rajagiriya had not been included in the income and expenditure account. It had been informed that these expenses could not be included in the accounts as they were not informed in writing that they had been borne by the Ministry of Justice and when preparing the accounts for the year 2024, these expenses were recorded to be accounted in the adjustments of the previous year. Actions should be taken to include the Correct values in the financial statements.
- (c) Although the Batticaloa branch had paid rent of Rs.300,000 in relation to the first quarter of the year under review, the deficiency was understated by Rs.300,000 because the total annual rent expense is shown as Rs.1,500,000 instead of Rs.1,200,000 in the Income Expenditure Account, current liabilities were overstated by Rs.300,000 because of showing the accrued rent under current liabilities as Rs.1,200,000 instead of Rs.900,000, in the statement of financial position and due to the fact that the rent of Rs.240,000 due for the last quarter of the Mannar branch had not been taken into account, the deficit and current liabilities of the transition year had been understated by that value. Furthermore, by recording the rent of Rs. 423,146 related to the year 2020 to the rent account of the conversion year, the deficiency was overstated by that value. It had been informed that instructions have been given to the concerned officers to correct them in preparation of final accounts in the year 2024. Actions should be taken to include the Correct values in the financial statements.
- (d) Due to being shown as Rs.141,450 paid for an annual service contract, Rs.159,390 paid for the purchase of 03 toners and aluminium fixture worth of Rs.183,639 which were removed from the office building owing to moving the office to a new Instructions have been given to the concerned officers to correct them while preparing the final accounts of the year 2024. Actions should be taken to include the correct values in the financial statements.

location under fixed assets in the year under review totalling Rs.484,479, had been overstated by that value. Further, due to the fact that the amount paid for the aforementioned service agreement and purchase of toner amounting to Rs.300,840 had not been taken to the year's income and expenditure statement, the deficiency had been understated by that value.

1.5.3 Absence of written evidence for Audit.

Subject	Amount (Rs.)	Audit evidence not provided	Comments of the Management	Recommendation
Cost for the fuel	2,955,159	Information related to the cost of fuel related to the vehicle of the institution and the vehicles obtained from the Ministry and the fuel allowance paid to the officers of the office	The fuel expenses of 2,955,159 include the expenses incurred for the car bearing number CAO 4458 owned by the office and for the vehicles obtained from the Ministry of Justice and it had been informed that the relevant documents were attached to the payment voucher itself in obtaining the fuel required for the investigation activities.	Actions should be taken make Arrangements to provide the information required for the audit

1.6 Accounts Receivable and Payable

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

Reference to laws, rules, regulations etc.	Non-compliance (Rs.)t	Comments of the Management	Recommendation
(a) Public Finance Circular No. 01/2020 dated 28 August 2020			

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| (i) | Paragraph 9.1(b). | A ad hoc sub imprest totalling Rs.331,000 had been given to three non-staff officials on 7 occasions. | It had been informed that due to the fact that the staff vacancies were not filled, adhoc sub imprests had to be given to non-staff officers in carrying out the investigation work. | Actions should be taken to proceed as per the referred circular. |
| (ii) | 9.1 (b) and Financial Regulation 371 (5) | After issuing an ad hoc sub imprest, the said ad hoc sub imprest should be settled again within 10 days after completion of the work but 12 officers had delayed the settlement of the ad hoc sub imprest obtained in 37 cases for a period of 13 to 65 days. | Although there have been delays due to some practical circumstances, it had been informed that written instructions have been given to formalize it in the future. | Actions should be taken to proceed as per the referred Regulation. |
| (iii) | 9.1 (c) and Financial Regulation 371 (4) | Although it has been stated that even the accounting officer should not obtain the ad hoc sub imprest for non-specific and unnecessary work, four officers had returned Rs.526,800 taken as ad hoc sub imprest without spending. | It had been informed that although the arrangements were made to conduct preliminary investigations, the activities had to be suspended on some occasions and the entire advance amount had to be paid back. | Actions should be taken to proceed as per the referred Regulation. |
| (b) | Financial Regulation 1646 | Although running charts and monthly summary reports for the reserve vehicles should be prepared and submitted to the Auditor General before the 15 of the following month, the running charts and monthly summary reports of the vehicle in the office had not been submitted in this way. | It was informed that actions would be taken to update daily running charts and monthly summary reports starting from the year 2024 and submit to the Auditor General. | Actions should be taken to proceed as per the referred Regulation. |

- (c) Public Administration Circular No.30/2016 and dated 29 December 2016
- (i) Paragraph 3 Although Fuel tests in respect of vehicles were supposed to be done after every 12 months period or after running a distance of 25000 km, actions had not been taken to do so. As the vehicles are not in running condition at this time, it was informed that the fuel tests would be done after making the necessary arrangements to run the vehicles. Actions should be taken to proceed as per the referred Circular.
- (ii) Public Administration Circular No. 12/2003 iv and circular No. 03 (b) (c) and dated 27 February 2017 as amended by circular No. 12/2003 iii and dated 22 August 2016. Although the initial hourly rate of Rs.500 for simultaneous interpretation of public meetings, discussions and other lectures should be paid for each hour on the increase, the office had paid a daily rate of Rs. 4,500 each amounting to Rs.243,000 for 35 interpreters who participated in 5 research programs without the basis of the number of hours worked. The interpreters used in the preliminary investigation committees will perform both the immediate interpretation and the translation of the statements obtained from the victims and witnesses. It had been informed that these payments have been made for both the number of hours and tasks as the translation service is also available from 8.30 a.m. till 4.30 p.m. Actions should be taken to proceed as per the referred Circular.
- (d) Public Enterprises Circular No. PED 05/2022 dated 22 August 2022.
- (i) Paragraph 03 Although officers in public enterprises can be given foreign leave with no pay for working in a foreign country outside Sri Lanka subject to a maximum of 05 It had been informed that there had been an oversight in approving leave. Actions should be taken to proceed as per the referred Circular.

years during their service period, an officer who worked in the office had been given 05 years leave with no pay for pursuing her post-graduation according to this circular.

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| (ii) | 3.9 and 3.13 paragraphs | An officer who went abroad on 02 October 2023 had not remitted the foreign exchange as per the circular until 30 April 2024 and although a report containing the details of the non-resident foreign currency account expected to be used and its progress should be reported to the Board of Directors and the Secretary of the Ministry on a monthly basis, it had not been followed. | Although the concerned officer had been informed to remit the money to the non-resident account monthly, she had informed that she was unable to send money until now because she could not find a job and she had further informed that the present situation would be presented to the current board of directors and the secretary of the Ministry. | Actions should be taken to proceed as per the referred Circular. |
| (e) | Section 2 of Annex 1 of the Guidelines on Corporate Governance for Public Enterprises dated 16 November 2021 No. 01/2021 issued by the Ministry of Finance. | Although an action plan should articulate strategies, specific activities and a series of activities to be completed, the prepared action plan had not specified target objectives and strategies for activities or actions. | It had been informed that it was recorded to act as per the circular. | Actions should be taken to proceed as per the referred guidelines |
| (f) | Public Enterprises Circular No. 02/2022 issued by the Ministry of Finance and paragraph 02 of the circular | Contrary to the circular, the office had overpaid three officials for phone bills of Rs.46,000 from January to April. | It had been informed that overpaid telephone bills would be deducted in July 2024 allowance payment. | Actions should be taken to proceed as per the referred Circular. |

dated 18
January 2022 in
respect of the
provision of
communication
facilities for
corporations,
boards and
government-
owned
companies

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| (g) | National Audit Act No. 19 of 2018 16(2) | Actions had not been taken to submit the annual performance report along with the annual financial statements as per the Act. | It had been informed that the annual report of the year 2023 has been forwarded to the Secretary General of the Constitutional Council. | Actions should be taken to proceed as per the referred Act. |
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2. Financial Review

2.1 Financial Results

The operating result of the year under review was a deficit of Rs.11,545,375 while the corresponding deficit of the previous year was Rs.5,816,253. Accordingly, it was observed there was a deterioration of Rs.5, 729,122 in the financial result. This decline was mainly due to the decrease in the government's contribution to recurrent expenditure and the increase in maintenance expenses.

3. Operational Review

3.1 Management inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) As on 31 December of the year under review, the Office had sent 1883 cases to the Office for Reparations for payment of revival allowances for which the investigation was completed but the said office had paid revival allowances in respect of 206 files as on 31 December. Accordingly, although the progress of payment of allowances by the Office for Reparations was as low as 10 per cent, there was not enough follow-up regarding the reasons that affected it.	A follow-up should be done in this regard referring letters No.: OMP/VFS/053 dated 16 February 2024 and 20 March 2024, after that, it had been informed that there appeared a progress in payment of revival allowances.	Actions should be taken to make timely follows up.

- (b) Also, although the Office on Missing Persons had forwarded about 424 files to the Registrar General's Department after completing the investigations and obtaining the compliance report of the Management Board to issue death certificates and disappearance certificates, Only 60 certificates i.e. 14 per cent have been issued during the year and there was no adequate follow-up in that regard.
- There had been a discussion on 25 September 2023 with the participation of the Ministry's Secretary, Registrar General and others in this regard and it had been informed that attention was paid to the need to speed up the issuance of the relevant certificates.
- Arrangements should be made to carry out follow-up activities.

3.2 Human Resource Management

Audit Observation	Comments of the Management	Recommendation
Although as on 31 December of the year under review, the number of cadre approved by the Department of Management Services was 255, the actual cadre on that date was 43. Accordingly, 23 positions out of 41 positions contributing directly to the administrative affairs of the authority remained vacant.	23 new recruitments were made in the year 2023 after obtaining approval from the Prime Minister's Secretariat and it had been informed that despite applying for the remaining posts from the Ministry of Public Administration and the Department of Multipurpose Development, the recruitment failed due to lack of applicants.	Actions should be taken to fill the vacancies expeditiously

4. Accountability and good governance

4.1 Presentation of financial statements

Audit Observation	Comments of the Management	Recommendation
Although the draft financial statements and annual report should be submitted to the audit within 60 days of the end of the accounting year according to paragraph 6.6 of the Manual for Public Enterprises No. 01/2021 and dated 16 November 2021 issued by the Ministry of Finance, the financial statements of the office had	It had been informed that there was a delay in the submission of accounts and reports due to vacancies in the finance division.	Actions should be taken to proceed as per the referred Circular

been submitted on the 16 May 2024.

4.2 Annual Report

Audit Observation	Comments of the Management	Recommendation
According to paragraph 6.6 of the Manual for Public Enterprises No. 01/2021 and dated 16 November 2021 issued by the Ministry of Finance, although the annual report including the financial statements and the audit report should be tabled in Parliament within 05 months after the end of the accounting year, Actions had not been taken to table the annual report related to the year 2022 in Parliament by 30 June 2024.	It had been informed that there was a delay in the submission of accounts and reports due to vacancies in the finance division.	Actions should be taken to proceed as per the referred Circular.

4.3 Annual Action Plan

Audit Observation	Comments of the Management	Recommendation
(a) Tracing and Investigation and Communication and Outreach Divisions which are two main sections of the office, are directly involved in performing the functions indicated in section 11 (1)10 of the Act in respect of Establishment of the Office on Missing Persons Administration and Performance of Functions in the Act No.14 of 2016, The actions expected to be performed by those divisions had not been included in the action plan prepared for the year 2023.	It had been informed that the Tracing and Investigation division was not functioning because there was no permanent staff and due to the fact that the employees had not been recruited for the vacancies in the communication and Outreach divisions.	The action plan should be prepared in such a way that the desired objectives of the institution are fulfilled.
(b) No work had been carried out during the year in relation to 25 tasks worth Rs.5,415,000 which were planned to be implemented during the year under review.	It had been informed that the work could not be done as planned due to the vacancy of the head positions related to 3 divisions during the year and the agreement of the	Actions should be taken to follow the action plan.

ICRC to prepare a detailed data system without charging money.

- (c) Although the Legal, Policy and Research Division had planned to prepare 7750 files for preliminary investigations under phase one and two at a cost of Rs.7,750,000 during the year under review, by the end of this year, 2832 files had been completed at a cost of Rs.21,825,578. And thus the actual amount was 282 percent higher than the estimated amount.
- It was informed that the sum of Rs.21,825,578 was not only for the preparation of 2832 files, but was the total expenditure incurred at all stages before the preliminary investigation, during the preliminary investigation and at the end of the preliminary investigation.
- Actions should be taken to prepare estimates so that costs are minimized.
- (d) Also, although it had been planned to translate 7500 files at a cost of Rs.7,500,000 and seek the approval of the Board of Directors, only 279 files were translated at a cost of Rs.135,590 and this was about 4 percent less than the planned work during the year.
- It had been informed that due to the lack of sufficient translators and the severe shortage and rise in prices of stationery and writing paper, limited translation work had to be done.
- Actions should be taken to prepare estimates so that costs are minimized.
- (e) Although the Victim and Family Support Division had planned to hold 8 meetings at a cost of Rs.200,000 to facilitate dialogue with civil society groups related to the issues of missing persons, only 3 meetings had been held at a cost of Rs.175,000.
- It had been informed that the number of meetings planned to be held in the year 2023 could not be formally completed due to the vacancy of the head of victim and family support and insufficient staff.
- Actions should be taken to prepare estimates so that costs are minimized.