

## **Head 009 – Administrative Appeals Tribunal**

### **1. Financial Statements**

#### **1.1 Opinion**

Head 009 - The audit of the financial statements of the Administrative Appeals Tribunal for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and the cash flow statement including information related to the material accounting policies 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 containing my comments and observations on the financial statements of the Administrative Appeals Tribunal was issued to the Chief Accounting Officer on 20 May 2024 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Administrative Appeals Tribunal was issued to the Chief Accounting Officer on 29 July 2024 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Administrative Appeals Tribunal as at 31 December 2023 and its financial performance and its 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 responsibility for the financial statements is further described in the Auditor's Responsibility Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Responsibility of the Chief Accounting Officer for the Financial Statements**

The Chief 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 the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Authority is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control 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 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**1.5. Report on Other Legal Requirements**

I express the following matters in terms of Section 6 (1) (d) 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 of the preceding year had been implemented.

**2. Financial Review**

**2.1 Expenditure Management**

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Due to the non-preparation of expenditure estimates in accordance with the Financial Regulations 50, there were savings in the range of 14 percent to 100 percent in 04 recurrent expenditure subjects.	These savings were made due to no need to pay allocated money for transport allowances as the reasons such as no need to employ overtime due to the recruitment of 03 new office assistants, expenditure management by the Public Finance Circular No. 01/2023 and 02/2023, use of office vehicle for duty travels and non-payment of bata allowance, no need to repair the vehicles as expected and getting 3 1/2 months foreign leave by the former secretary and leaving from the service, these savings were made due to not having to pay money.	Expenditure estimates should be prepared in accordance with Financial Regulations 50.

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| (b) | The initial provision for the maintenance of machines and machinery was Rs. 250,000. Rs. 200,000 had been transferred to that expenditure subject by F.R. 66 and as a result, the reasons given for the balance of Rs. 36,227 in that expenditure subject were not acceptable in the audit. | A photocopier and an air conditioner used by the authority had to be repaired due to unexpected breakdowns and the provisions had to be transferred under F.R. 66 due to the insufficiency of the provisions given under the expenditure subject 2102. | Expenditure estimates should be prepared in accordance with Financial Regulations 50. |
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### 2.3 Non- compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the sample audit tests are analyzed below.

<b>Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<b>Reference to Laws, Rules and Regulations</b>	<b>Non- compliance</b>	
(a) Section 16.2 of the National Audit Act No. 19 of 2018	The draft performance report prepared for the year under review was not submitted for audit along with the financial statements.	The preparation was delayed because the performance report had to be submitted in three languages and the report had to be given within 150 days after the end of the financial year. However, after receiving the audit report, the performance report will be prepared.
		Should be act as per the Audit Act.

- (b) Section04 of Public Finance Circular No. 2020/2 dated 28 August 2020
- The Authority had not prepared a procurement plan for the year under review.
- Please consider that preparation of a procurement plan is impractical due to that many purchases are not made and all stationery purchases are made by the State Trading Commercial Corporation.
- Should be act as per the circular.
- (c) Section 06 of Public Accounts Guide No. 05/2023 dated 30 November 2023
- (i) Rs. 663,000 received in cash to government officers' advance "B" account as at 31 December 2023 had been recorded as receivings in ACA 5 format by cross note.
- This is not a cash receiving but a loan premium collected in the payment of salary. It is informed that it is correct to account by cross note.
- Rs. 663,000 should be recorded as cash receiving in format ACA 5.
- (ii) The non-financial assets report (SA 82) generated by the CIGAS web application instead of the ACA 6 format was not attached to the financial statements. Also, although it was mentioned a balance of Rs. 21,014,390 as non-financial assets at the end of the year under review in the financial statements, the non-financial assets report (SA 82) was a nil report.
- Due to that the value of certain items had to be accurately determined and only one officer was attached to the accounts division, time was limited to enter information about the assets into the CIGAS application. Action is being taken yet now to include the information about non-financial assets to the CIGAS programme.
- Statement of non-financial assets (SA 82) should be submitted attached with the financial statement.

### 3. Good Governance

#### 3.1 Rendering Services to the Public

##### **Audit Observation**

According to section 10 of the Right to Information Act No. 12 of 2016, public necessity and posting of allegations or complaints about the institution should be facilitated through an official website, the authority had not been act accordingly.

##### **Comments of the Chief Recommendation Accounting Officer**

Currently, the initial work of creating the website has been done. The necessary information is being entered into the website in these days.

An official website should facilitate the public necessity and posting of allegations and complaints about the institution.

### 4. Human Resource Management

The following observations are made.

##### **Audit Observation**

- (a) Although the approved staff of the authority as at 31 December 2023 was 32, there was 11 vacancies in the staff due to the actual staff was 21. Although the vacancy period of 04 posts was from 01 to 05 years, retired officers were employed on contract basis without appointing permanent officers.
- (b) Although more than 21 years have passed since the establishment of the Authority, recruitment procedures for each post had not been prepared until the end of the year under review.

##### **Comments of the Chief Recommendation Accounting Officer**

After getting the approval for recruitment procedure, recruitment will be done for the vacant posts.

Necessary arrangements should be made to fill the vacancies in essential posts.

The recruitment procedure is being processed immediately.

Recruitment should be done for the required posts after getting approval for the recruitment procedure.

- (c) According to paragraph 2(iv) of Public Administration Circular No. 03/2018 dated 20 February 2018, no one who has completed the age of 67 years for any reason shall be appointed to an approved position in the public service, but 04 retired officers above 67 years of age were employed in 04 approved positions of the Authority.
- Due to the inability to recruit the approved number of employees of the Authority and due to the urgent need to continue the duties, a number of experienced officers have been recruited on the agreement of the Judicial Services Commission to provide maximum service and the service of the previous officers has been extended under the government policy of non-recruitment in newly.
- Should be act as per the circular.
- (d) According to the Public Administration Circular No. 02/2018 dated 24 January 2018, although a human resource development plan should be prepared as per procedure, the authority had not prepared a human resource development plan for the year under review.
- It is mentioned that it is impractical to prepare a human resource development plan as there is not a possibility of directing employees for training due to the strong need to maintain judicial affairs.
- Should be act as per the circular.