

Head 25 – Delimitation Commission

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Delimitation 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. In terms of Section 11(1) of the National Audit Act, No. 19 of 2018, the summary report including my comments and observations on the financial statements of the Delimitation Commission was issued to the Chief Accounting Officer on 29 May 2020. In terms of Section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Commission was issued on 10 July 2020 to the Chief Accounting Officer. This report which should be read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the financial statements prepared in terms of provisions of the Public Accounts Circular No. 271/2019 of 03 December 2019 give a true and fair view of the financial position of the Delimitation Commission as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with the Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards is further described in the Auditor's Responsibility 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 Responsibility of the Chief Accounting Officer for the Financial Statement

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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer determines 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 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.

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 in the Commission and carry out periodic reviews to monitor the effectiveness of such system 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, 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, 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

As required by Section 6 (1) (d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings:

- (a) The financial statements of the year under review are consistent with the preceding year.
- (b) Recommendations on financial statements related to the previous year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of Financial Statements with Provisions of the Circular

Even though financial statements should be prepared in terms of the State Accounts Circular No. 271/2019 of 3 December 2019, instances of deviating from the requirements are as follows.

	Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a)	Final Treasury computer printouts on financial statements had not been included in the financial statement as annexures.	In terms of Paragraph 3.1 of the Circular, the final Treasury computer printouts on financial statements should be included in the financial Statement as annexures.	Officers were instructed to avoid such shortcomings.
(b)	In the preparation of financial statements, the value of income and expenditure and other major ledger balances had not been reported to the approximate rupee value in several formats.	In the preparation of financial statements in terms of Paragraph 3.2 of the Circular, the value of income and expenditure and other major ledger balances should be reported to the approximate rupee value.	Officers were instructed to avoid such shortcomings.

1.6.2 Non-maintenance of Registers and Books

It was observed in the audit test checks that the Commission had not maintained several registers and certain registers had not been maintained systematically and had not been updated. Several such instances are mentioned below.

	Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a)	A movement register had not been maintained to note down the departure of officers from the offices to discharge duties and returning to the offices.	A movement register should be maintained.	Instructions were issued to maintain a movement register hereinafter.
(b)	Details regarding the issuance of goods had not been included in the inventory.	Details on receiving and issuing of goods should be included in the inventory.	Instructions were issued to include the details in the inventory hereafter.

1.6.3 Non-compliances with Laws, Rules and Regulations

Instances of non-compliance with provisions of Laws, Rules and Regulations, observed during the course of audit test checks are analyzed below.

	Observation -----	Recommendation	Comments of the Chief Accounting Officer
Reference to Laws, Rules and Regulations	Non-compliance -----	-----	-----
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) FR 138 (8)	Even though particulars regarding work that should be completed and units and the work done had not been stated in the overtime payment vouchers, the vouchers had been certified and payments had been made.	Action should be taken in terms of the Financial Regulations.	Instructions have been given to function accurately in the future.
(ii) F.R.264	Action had not been taken to obtain the receipt related to the expenditure incurred on repairs and even the signature had not been placed on the payment voucher to substantiate that money had been obtained.	Action should be taken in terms of the Financial Regulations.	Relevant officers were instructed to take action to avoid the occurrence of such shortcomings in the future.
(b)	Public Administration Circular bearing No. 09/2009 of 16 April 2009.		
	Finger print machines had not been used for the confirmation of the arrival and departure of officers to and from the offices.	Action should be taken in compliance with the Circular.	Even though quotations were called on 23 September 2019 for the supply of the relevant finger print machine using the provisions of the year 2019, quotations were not submitted. Since the

Government had informed by the National Budget Circular No. 5/2019 of 24 September 2019 to carry out only the essential procurements, the relevant procurement activities were not proceeded.

- (c) Paragraph 6 of the Public Administration Circular bearing No. 09/2009 of 16 April 2009. The attendance and departure register, which can be maintained as an internal control system had not been maintained properly. The attendance and departure register should be maintained properly. Instructions have been given to avoid the occurrence of this shortcoming hereinafter.

2. Financial Review

2.1 Management of Expenditure

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
Total provisions made for 02 Recurrent Objects and 02 Capital Objects had been saved.	Estimates have to be prepared in terms of FR 50.	As per Paragraph 6 of the Budget Circular No. 03/2019 of 08 April 2019, instructions have been issued to limit and to minimize foreign tours. Officers who have obtained property loans are not in the Commission at present and a certain amount has been allocated through these estimates by considering the possibility of an officer, who has obtained the property loan transferring to the Commission or the possibility of an officer in the Commission getting the property loan. Instructions have been given to prepare estimates after considering this amount of saving in the allocation of provisions for the future estimates.

3. Operational Review

3.1 Procurements

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
Even though it has been scheduled to accomplish 5 functions mentioned in the procurement plan during the year, only 2 functions out of that had been	Action should be taken to accomplish the functions of the procurement plan.	As per the Paragraph 3 of the National Budget Circular No. 5/2019 of 24 September 2019, only 2

accomplished. The estimated provision as per the procurement plan was Rs. **570,000** and since the expenditure for the 2 aforementioned functions was Rs.**264,110**, the financial progress was 46 per cent.

functions were accomplished since action was taken to supply only the essential office equipment.

3.2 Other Observations

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
(a) Provisions amounting to Rs. 15,875,000 had been made for recurrent and capital expenditure from the annual budget estimate of the year 2019 and the total expenditure of the year was Rs. 12,849,555 . Since the Legislature had stated that a specific role had not been assigned presently, it is not possible to satisfy with the performance of the expenditure of Rs. 12,849,555 .	The Institution should have a specific role.	Even though the Legislature has not yet assigned a specific role to the Commission, the Commission will involve in the related delimitation functions in the future and responses have not yet been given for the requests made for assigning a specific role to the Commission in several instances.
(b) Even though a vehicle of the Commission had run from 60 km to 410 km within 8 days in the Month of January 2019, duties for which the vehicle was used had not been stated in the running charts.	The daily running charts should be updated properly.	The vehicle was in operation to carry files including information to Divisional Secretariats for the discharge of duties on creating awareness on delimitation.

4. Human Resource Management

Two acting officers had been appointed for the two senior level approved posts by 31 December **2019**. Five Posts out of seven approved posts in secondary level had been remained vacant.