

## **Head -25 - Delimitation Commission**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Delimitation Commission for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 containing my comments and observations on the financial statements of the Commission was issued to the Chief Accounting Officer on 11 May 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Commission was issued to the Chief Accounting Officer on 14 June 2021 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the financial position of the Delimitation Commission as at 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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My opinion is qualified based on the matters appear in Paragraph 1.6 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 opinion.

#### **1.3 Responsibilities of Chief Accounting Officer on Financial Statements**

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Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer. As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Delimitation 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.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Delimitation Commission in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

#### **1.4 Auditor's Responsibility on Audit of Financial Statements**

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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 furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control of the Commission, obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluated the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Chief Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

## 1.5 Report on Other Legal Requirements

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I declare the following matters in terms of Section 6 (1) (d) and Section 38 of the National Audit Act No. 19 of 2018 .

- (a) The financial statements are in consistent with those of the preceding year,
- (b) The recommendations made by me regarding the financial statements furnished for the preceding year had been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Statement of Financial Position

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#### Audit Observation

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Even though the imprest balance as at 31 December 2020 was Rs. 141,663 , as a result that not been specified under cash and cash equivalents in the statement of financial position the financial assets and current liabilities had been stated in less by the same amount.

#### Comments of the Chief Accounting Officer

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Since the actions have been taken to send the relevant imprest balance to the Treasury before 02 January 2021 as per the Treasury instructions , it was not mentioned in the statement of financial position and the officers were instructed to state that value in future.

#### Recommendation

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It should be accurately accounted for.

## 1.6.2 Cash Flow Statement

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The following observations are made.

<b>Audit Observation</b> -----	<b>Comments of the Chief Accounting Officer</b> -----	<b>Recommendation</b> -----
(a) Even though the non-revenue receipt for the year under review was Rs. 243,861, it had not been shown as a cash flow generated from operational activities of the cash flow statement.	These are the receipts received as cross-notes and because it was not a cash receipt, it had not stated in the cash flow statement.	It should be accurately accounted for.
(b) Even though the personal emoluments and operating expenses were Rs.12,070,782 , cash outflow had been understated by Rs. 405,445 under operational activities as a result of stating as Rs. 11,665,337 in the cash flow statement.	This difference has occurred because of the deduction of expenses not made in cash from the value of personal emoluments and operating expenses.	-do-
(c) Even though the recovery of the advances for the year under review was Rs.161,584 , it had not been mentioned in the cash flow statement.	Because of the recovery of the relevant advances have been made through cross notes, it had not been stated in the cash flow statement.	-do-

### 1.6.3 Reconciliation Statement on Advances to Public Officers Account

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Even though the debits for the year under review were Rs. 324,000 , it has been shown as Rs. 1,041,141 including the opening balance of the year as debits in the annual reconciliation statement.	Relevant officials have been instructed to take actions to prevent such shortcomings in future.	Balances should be shown correctly.

### 2. Human Resources Management

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