

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 2021 comprising the statement of financial position as at 31 December 2021 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 26 May 2022 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 08 June 2022 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 2021 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

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

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

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

I declare the following matters in terms of Section 6 (1) (d) 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

1.6.1 Accounting Deficiencies

(a) Statement of Financial Performance

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(i) Remittances made to the Treasury by the Commission in the years 2020 and 2021 amounting to Rs.22,719 and Rs. 141,663 respectively had not been included in the statement of financial performance.	The relevant officials were instructed to take actions to prevent such shortcomings in future.	It should be accurately accounted for.
(ii) Balance of statement financial performance as at 31 December 2021, the balance should be equal to the sum of the balance as per the statement of imprest reconciliation and the total of the imprest balance as at the end of the year in terms	The relevant officers were instructed to include comparable and accurate values in future years.	The imprest balance should be compared with the balance in the reconcile statement and the comparative figures of the year 2020 should be accurately mentioned.

of Paragraph 7.5 of the Accounts Guidelines No. 2021/03 dated 21 November 2021 and although the comparative figures for the year 2020 should also be shown accordingly, the imprest balance of the current year of the Commission did not match with the balance of the reconciliation statement. The comparative figures for the year 2020 had not been accurately stated.

(b) Cash Flow Statement

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

(i) In calculating cash flow generated from operational activities by the Commission, the fees, surcharges, fines and license fees, advances and deposits had not been included. Due to this, the cash flow generated from the operational activities of the cash flow statement submitted by the Commission was not accurate. Further, fees, surcharges, fines and license fees, advances and deposits to calculate the

The officers were made aware to include all relevant figures to calculate the cash flow in future years.

It should be accurately accounted for.

cash flow generated through operational activities had not been included in the submission of the re-adjusted accounts for the year 2020 as well.

- (ii) Although the personal emoluments and operating expenses of the Commission was Rs.11,116,932, it had been stated as Rs.10,618,856 in the cash flow statement submitted for audit. Further, the personal emoluments and operating expenditure for the year 2020 as adjusted by the Commission had not been adjusted in the cash flow statement accurately.
- The officers were made aware to include all relevant figures to calculate the cash flow in future years.
- It should be accurately accounted for.
- (iii) Although the Commission had borne Rs. 6,400 for Other Expenditure Heads in the preceding year, it had not been stated in the cash flow statement accurately. Further, in preparing the re-adjusted cash flow statement for the year 2020, expenditure incurred on Other Expenditure Heads had not been included.
- The officers were made aware to include the expenditure incurred on Other Expenditure Heads accurately.
- It should be accurately accounted for.

1.6.2 Reconciliation Statement on Advances to Public Officers' Account

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Although the cash debits in the year under review were Rs.99,300, it had been stated as Rs. 978,857 in the annual reconciliation statement as debits including the opening balance of the year.	Relevant officers were instructed to act in the manner that not to occur such shortcomings in future.	The balances should be accurately mentioned .

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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As a result of non-preparation of expenditure estimates in accordance with Financial Regulations 50, the total provision of 02 capital expenditure objects totalled to Rs. 150,000 had been saved.	The provisions for the relevant expenditure have been saved due to the Covid epidemic.	Expenditure estimates should be prepared in accordance with Financial Regulations 50 .

2.2 Non-compliance with Laws, Rules and Regulations etc.

The instances of non-compliance with the provisions of the laws, rules and regulations observed during the audit test checks are as follows.

Audit Observations

<u>Reference to Laws, Rules and Regulations</u>	<u>Non-compliance</u>	<u>Comments of the Chief Accounting Officer</u>	<u>Recommendation</u>
(a) Section 16.2 of the National Audit Act No. 19 of 2018	The Draft of the Performance Report prepared for the year under review had not been submitted for audit along with the financial statements.	Agree.	It should act in accordance with the Act.
(b) Public Administration Circular No. 02/2018 dated 24 January 2018	A Human Resource Development Plan had not been prepared by the Commission for the year under review.	Agree.	A Human Resource Development Plan should be prepared in accordance with the Circular.

3. Operating Review

3.1 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>(a) Even though a Memorandum of Cabinet of Ministers had been submitted in the years 2017 and 2018 regarding the requirement to prepare an Act for the Commission, because of an approval for that had not been obtained, activities on preparation of a Bill had not been commenced even by the date of audit.</p>	<p>Agree with the observation.</p>	<p>Preparation of the Act should be expedited.</p>
<p>(b) Two vehicles belonging to the Presidential Secretariat had been used for the activities of the Commission since 2016. The two vehicles had not been taken over to the Commission even by the date of audit as at 31 January 2022 .</p>	<p>It is informed that the future actions will be taken after inquiring from the Presidential Secretariat.</p>	<p>Actions should be taken to take over those vehicles to the Commission.</p>

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| <p>(c) Even though the role and powers of the Commission had not been clarified by the Constitution, a sum of Rs. 13.32 Million and Rs. 14.22 Million had been allocated for the years 2020 and 2021 respectively to the Commission from the Appropriation Act and a sum of Rs. 12.08 Million and Rs. 11.13 Million from that provision respectively had been spent.</p> | <p>The relevant parties have been informed to delegate a specific role.</p> | <p>A specific role and the delegation of powers should be made to the Commission.</p> |
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4. Human Resources Management

The following observations are made.

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

A number of 15 posts had been approved for the Commission by the letter No. DMS/1029 dated 05 February 2016 and out of that there were 05 posts in vacant as at 31 December 2021 . The post of Secretary and the post of Accountant, which were the senior level posts, had been in vacant since 2016 and two officers have been attached for that on an acting basis since 2016.

Agree .

Actions should be taken to fill the vacancies.