

Head-25 Delimitation Commission

1. Financial Statements

1.1 Unqualified Opinion

The audit of the financial statement of the Delimitation Commission for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 including my comments and observations on the financial statements of the Delimitation Commission was issued to the Chief Accounting Officer on 15 May 2019 in terms of Sub-section 11 (1) of the National Audit Act No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act No. 19 of 2018 was issued to the Chief Accounting Officer on 08 May 2019. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the financial statements give a true and fair view of the financial position of the Delimitation Commission as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis Opinion

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 for the Financial Statements

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 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.

As per Sub-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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that effective internal control system for the financial control of the Commission 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 Responsibilities 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

I express the following matters in accordance with Section 6 (d) of National Audit Act, No. 19 of 2018.

- (a) Since there was no need for the Commission to prepare financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with the preceding year.
- (b) Since there was no requirement for the Commission to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

2. Financial Review

2.1 Expenditure Management

The following observations are made

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|--|--|---|
| (a) Total provisions made for 02 Recurrent Objects had been saved during the year under review. | Action should be taken in accordance with Financial Regulation 50. | Owing to absence of an officer who had obtained the property loan and as a result of carrying out maintenance of the building by the Survey Department, there was no need for utilizing provisions of those Objects. |
| (b) Since overprovisions had been made for 08 Recurrent and Capital Objects, saving after the utilization of those provisions had ranged from 17 per cent to 70 per cent of the provisions made. | Action should be taken in accordance with Financial Regulation 50. | Since the Legislature had not assigned a specific function to the Commission at present and owing to not arising a necessity to incur expenditure although provisions had been made to incur expenditure if such functions are assigned to the Commission, Provisions had been saved. Further, despite being made provisions for networking the Commission, as a decision had been taken to postpone shifting of the Commission to a permanent building, provisions had been saved. |

| Reference to Laws, Rules and Regulations | Non-compliance | Recommendation | Comments of the Chief Accounting Officer |
|---|--|--|--|
| (a) Statutory Provisions | | | |
| Section 16.2 of the National Audit Act No.19 of 2018. | In terms of provisions of the Act, the Annual Performance Report had not been submitted along with the financial statements. | Action should be taken in accordance with the provisions of the Act. | The Performance Report for the year 2018 is being prepared and immediately after compilation of the report it will be submitted. |

- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Financial Regulation 164

A sum of Rs.261,791 had been paid without obtaining the receipts duly affixed with stamps from the payee.

Action should be taken in accordance with the financial regulations.

The relevant officers have been instructed to obtain the receipts duly affixed with stamps from the payee for each payment in support of the receipt of relevant funds in future.

- (c) Public Administration Circular

Circular No.09/2009 dated 16 April 2009 and the Circular Letter No.03/2017 dated 19 April 2017.

Finger Scanners had not been used to confirm the arrival and departure.

Action should be taken in accordance with provisions in the Circulars.

Action will be taken to fix a Finger Scanner with the use of provisions made for the year 2019.

2.2 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with Laws, Rules, and Regulations observed at the audit test check are analyzed below.

3. Operating Review

3.1 Planning

The following observations are made.

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|---|---|
| ----- | ----- | ----- |
| An Action Plan had been prepared in terms of State Finance Circular No.1/2014 dated 17 February 2014. The organizational structure of the Commission, the approved cadre and actual cadre, annual imprest requirement | The Action Plan should be prepared in accordance with the Circular. | Action will be taken to avoid these shortcomings in the preparation of the Plan for the year 2019 in accordance with the relevant State Finance Circular. |

plan, expected output/outcome of the activities etc. had not been included in that plan in terms of provisions of the Circular.

3.2 Annual Performance Report

The following observations are made.

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|---|--|---|
| <p>-----</p> <p>In terms of Section 16.2 of the National audit Act No.19 of 2018 and the provisions of State Finance Circular No.402 dated 22 September 2002, the Performance Report for the year 2018 had not been prepared and tabled in Parliament even by 31 May 2019 with a copy to the Auditor General.</p> | <p>-----</p> <p>Action should be taken in accordance with the provisions in the Act and Circulars.</p> | <p>-----</p> <p>The Annual Performance Report is being prepared and action will be taken to furnish the report immediately after its compilation.</p> |

3.3 Procurements

The following observations are made.

| Audit Observation | Recommendation | Comments of the Chief Accounting Officer |
|--|--|---|
| <p>-----</p> <p>(a) Although it had been agreed to supply within 02 weeks a laptop computer ordered from a private institution, relevant laptop computer had been supplied after a delay of more than a period of month.</p> | <p>-----</p> <p>Agreements should be entered into on the basis of recovering charges for delays.</p> | <p>-----</p> <p>Although it had been informed to supply the goods within the agreed period, a period of more than one month had been taken for the supply of goods. Instructions have been given to be more careful in issuing documents for calling for bids to the institutions of these types in future.</p> |
| <p>(b) In the supply of air conditioners, the supplier had been informed to</p> | <p>The steps to be taken in connection with the breach of relevant conditions</p> | <p>On 15 February 2019, the relevant institution had been informed to produce the</p> |

produce a performance security so as to be valid for 06 months, whereas a security had been produced so as to be valid for 05 months.

should be included in the agreements entered into with the supplier.

performance security extending its period by another one month.