

Head -025 - Delimitation Commission

1. Financial Statements

1.1 Opinion

Head 025 - The audit of the financial statements of the Delimitation Commission for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 31 May 2023 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 21 June 2023 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, the financial statements prepared give a true and fair view of the financial position of the Delimitation Commission as at 31 December 2022 and its financial performance and cash flow 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 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 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 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, 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) and Section 38 of the National Audit Act No. 19 of 2018 .

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

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The total allocation of Rs. 150,000 made by the supplementary estimates for 03 expenditure objects had entirely been saved.	The relevant supplementary estimate provisions are the allocations received for the National Committee for Delimitation of Local Government Divisions.	Supplementary estimate allocations should be requested with proper planning.
(b) A sum of Rs. 950,000 had been allocated by the supplementary estimates for 02 expenditure objects and the saving of the supplementary estimate of those expenditure objects was Rs. 279,127 equal to 29 per cent of the supplementary estimate provision.	The relevant supplementary estimate provisions are the allocations received for the National Committee for Delimitation of Local Government Divisions	Supplementary estimate allocations should be requested with proper planning.

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.

Reference to Laws, Rules and Regulations	Audit Observations	Comments of the Chief Accounting Officer	Recommendation
(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.	The relevant officers were given instructions to make arrangements for the submission of Draft Annual Performance Report along with annual financial statements in future years.	It should act in accordance with the Act.
(b) Financial Regulations 262(2) of the Democratic Socialist Republic of Sri Lanka	The “Paid” stamp was not affixed in all paid vouchers and payment confirmation documents.	The respective officers were instructed to take actions to prevent such deficiencies from occurring in the future.	Actions should be taken in accordance with the Financial Regulations.
(c) 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.	It is informed that the actions will be taken to prepare the Human Resource Development Plan in this year in terms of Public Administration Circular No. 02/2018 .	Actions should be taken in accordance with the Circular.

3. Operating Review

3.1 Planning

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though it had been planned to provide training for the officers of the Commission as one of the tasks of the Action Plan prepared for the year under review, those training programmes were not specifically identified and the number of training programmes had also not indicated in the Plan.	The relevant officers were instructed to include the number of training programmes in the Action Plan in the future years.	All the data related to each task should be included in the Action Plan.

3.2 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though the constitution has not clarified the role and powers of the Commission, a sum of Rs. 14.22 million and Rs. 15.98 million had been allocated from the Appropriation Act to the Commission in the years 2021 and 2022 respectively, a sum of Rs.11.13 million and Rs. 14.10 million had been spent from that allocations.	The related expenses are the expenses incurred for the salaries and essential recurrent expenses in the years 2021 and 2022 and although specific role has not been assigned so far, the Commission has engaged in the work of collecting information and data required for the related delimitation activities in the future and the functions of the National Committee for Delimitation of Local Government Divisions appointed from November 2022 were achieved.	Attention should be drawn in respect of failure of assigning the specific roles and powers to the Commission.

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| (b) | Even though a Memorandum of Cabinet of Ministers was submitted in 2017 and 2018 regarding the requirement of preparation of an Act for the Commission, the preparation of the Act had not been completed even by the date of audit. | Comments have not been given. | The requirement should be recognized and steps should be taken. |
| (c) | Even though 02 vehicles belonging to the Presidential Secretariat have been used for the activities of the Commission since 2016, these vehicles had not been transferred to the Commission even by the date of audit, 31 January 2023 . | Comments have not been given. | Arrangements should be made to take over the properties used by the Commission and account for. |

4. Human Resources Management

Audit Observation

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 2022. 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.

Comments of the Chief Accounting Officer

As specific duty has not been assigned to the Commission by the Constitution or any other Act so far, arrangements have not been made to fill all the approved posts and recruitments will be made in the future, as per the requirement. Duties of the posts of Secretary and Accountant have been covered on acting basis.

Recommendation

If there are vacancies in the essential posts which adversely affect the performance, actions should be taken to fill them.