

Head 020 – Election Commission

1. Financial Statements

1.1 Qualified Opinion

Head 020 -The audit of the financial statements of the Election 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 29 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 12 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, 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 Election 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 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 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) of the National Audit Act No. 19 of 2018 .

- (a) The financial statements submitted for audit were not consistent with those of the preceding year financial statements as per the following audit observation.

Audit Inspection Reference	Reference to Paragraph of this Report
Existence of differences in reconciling the balances of the audited financial statements of the preceding year with the opening balances of the year under review.	1.6.1 (b) (i)

- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented .

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Non-Revenue Receipts

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) The employee loan interest that should be shown under cash flow generated from operating activities in the cash flow statement amounting to Rs.4,132,893 had been shown under the cash flow generated from investing activities.	It is informed that the actions will be taken to correct this mistake during the preparation of the final accounts of the year 2023.	Cash flow statement should be accurately prepared as per the relevant format.

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| <p>(ii) Non-revenue receipts amounting to Rs. 28,531,110 had been shown as fees, surcharges, fines and license receipts in the cash flow statement.</p> | <p>It is informed that the actions will be taken to correct this mistake during the preparation of the final accounts of the year 2023.</p> | <p>Cash flow statement should be accurately prepared as per the relevant format.</p> |
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(b) Property, Plant and Equipment

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(i) In reconciling the closing balances of non-financial assets of the preceding year with the opening balances of the year under review, the unfinished building balance had been understated by Rs.05 million, the balance of the vehicles had been overstated by Rs.58.33 million and the other machinery and equipment balance had also been understated by Rs.10.26 million.</p>	<p>Due to an error occurred in the uploading of fixed assets by the Department of State Accounts in the year 2021 the balance of unfinished buildings has increased by Rs.5 million and the balance of vehicles has shown a decrease of Rs.58.33 and an increase of Rs. 10.26 million increase was shown in machinery and equipment. Due to the correction of the error in the year 2022, the opening balance has changed.</p>	<p>The relevant adjustments should be shown separately by indicating the closing balance of the preceding year as opening balance of the year under review.</p>
<p>(ii) Even though the assets which were identified in the Board of Survey for the year 2021 cost at Rs.6,717,017 had been disposed in the year 2022, the value had not been accounted for.</p>	<p>As efforts are being made to get the assets marked in the Asset List for removal of disposed goods, actions will be taken to remove it from the CIGAS programme as soon as the matter is over.</p>	<p>The cost of the assets which had been disposed should be written off.</p>

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| (iii) | Three buildings and 02 lands with an assessed value of Rs. 255,459,809 had not been accounted for. | As the values of the respective buildings and lands were not received separately, it was unable to bring to accounts through the CIGAS computer system. | The assets should be accurately accounted for. |
| (iv) | As the 02 buildings which were assessed at a Rs. 3,118,000 had been accounted for as Rs. 3,700,000, the balance of non-financial assets was overstated by Rs.582,000. | Actions will be taken to correct in the year 2023 . | The assets should be accurately accounted for. |
| (v) | Two buildings which did not belong to the Commission had been shown in the financial statements with a total value of Rs.40,950,000. | As the values of the respective buildings and lands had not been received separately, it was requested to provide the relevant information to remove from the CIGAS database system. | The relevant values should be removed and to correct the accounts. |

(c) **Reconciliation Statement of Advances to Public Officers' Account**

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

Although the balance of Advances to Public Officers' Account B as at 31 December 2021 was Rs.100,974,010, a sum of Rs.101,108,337 had been shown as an opening balance in the Format ACA 5 of the financial statement 2022 .

Even though the debt balance of Rs.134,327.00 settled during the year 2021 had been debited to the Commission during the year itself, as it has not been recognized, the balance has not been shown in the financial statements 2021. Actions have been taken to apply the journal entry in 2023 to correct this.

The opening balance should be accurately accounted for.

2. Financial Review

2.1 Expenditure Management

Audit Observation

Due to non-preparation of expenditure estimates as per Financial Regulation 50, there were savings of Rs.288,601 and Rs.20,319,312 respectively in one recurrent expenditure object and 02 capital expenditure objects. It had ranged from 48 per cent to 100 per cent of the net provision.

Comments of the Chief Accounting

Since expenses for food and beverages are not accounted for under food and uniform expenditure object, the provisions have been saved. Due to the distribution of allocations on a quarterly basis in 2022, the allocations of the first three quarters of the expenditure object 1303 have been saved. As the expenditure related to the expenditure objects 2002 and 2105 have not arisen, the provision has been saved.

Recommendation

Expenditure estimates should be accurately prepared.

2.2 Entered into Liabilities and Commitments

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to the fact that the savings of the provision was Rs.2,300,891 and the liabilities therein was Rs. 82,051,967 in relation to 06 expenditure objects, exceeding of savings was Rs.79,751,076 .	A sum of Rs.43,000,000, Rs. 3,000,000 and Rs. 1,000,000 have been deducted from the allocations made for 1409, 1301 and 1402 expenditure objects respectively. Allocations of Rs.8,300,000 have been transferred from other expenditure objects under F.R. 66 transfers. Accordingly, the savings of these expenditure objects have been exceeded.	It should enter into liabilities without exceeding provisions.
(b) Liabilities relating to 07 expenditure objects totalled to Rs. 63,132,679 had not been shown in the Annexure iii, statement of commitments and liabilities.	Liabilities can be entered into the CIGAS programme only if the provision of programme shows a saving. Therefore, the above liability value has not included in it.	All the liabilities pertaining to the Expenditure Head should be shown accurately in the accounts.

3. Operating Review

3.1 Procurements

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Purchasing of Banners Despite the programme can be planned in advance because of the work of celebrating the Voter's Day was included in the Action Plan of the year 2022, the	As it was decided that the transportation costs can be reduced by handing over the relevant banners to the District Offices during the awareness campaign for the	Actions should be taken in terms of Paragraph 6.2.2 of Government Procurement

procurement had been done considering as an urgent need to prepare 730 banners by following the shopping method and instead of the minimum period of 07 days to be allowed for submission of bids, only 02 days had been given for it for the suppliers in contrary to Paragraph 6.2.2 of the Government Procurement Guideline .

Deputy/Assistant Election Commissioners held on Voters' Day, it was planned to finish printing the banners before that day and get them to the office. Accordingly, the number of days given to the suppliers has been reduced to 02 in accordance with the fact that the above-mentioned deadlines can be reduced for the emergency procurement mentioned at the end of Paragraph 6.2.2 of the Procurement Guidelines so that the government can bear the minimum cost.

(b) Purchase of Additional Power Generator for Data Center

(i) Quotations were called from 08 suppliers on 22 April 2022 for this procurement and the last date for submission of procurement applications had been mentioned as 13 May. As per the file submitted for the audit, the date had been extended later to 20 May 2022 only and it was noticed to the suppliers 02 days before the last date for submission of quotations, that is 18 May 2022.

Although the last date for submission of procurement applications was 13 May, no quotations whatsoever were offered by that day due to the bad situation in the country. The last date has been revised to 20.05.2022 and it was informed to all suppliers again on 18.05.2022 and as it was felt that there was insufficient time, again the bid opening date was revised to 23.05.2022 and the suppliers were informed.

Revision of the last date for submission of procurement applications should be noticed to suppliers during adequate period of time.

(ii) Although the receipt of bids shall be closed at the time specified in the bidding documents in accordance with Section 6.3.2 of the Government Procurement Guidelines and it was stated that the late bids should not be

Although the last date of receipt of quotations in this bid was 20.05.2022 Later, the receipt date has been revised to 23.05.2022.

Arrangements should be made in terms of Section 6.3.2 of the Government Procurement Guidelines.

accepted, and also the deadline for receipt of quotations for this contract was 20 May 2022, the selected supplier had submitted quotations on 21 May 2022 .

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| <p>(iii) Without obtaining the confirmation from the Electrical Engineer that the generator complies with the relevant specifications a cheque had been written and held on 30 December of the year under review for Rs.4,767,000 of the tax-free value of Rs.6,912,420 .</p> | <p>Even though the cheque of Rs.4,767,000 mentioned here had been written on 30.12.2022, the cheque has been issued to the respective institution after the connection of the generator to the data center was confirmed and the supply was done properly.</p> | <p>The payments should be made after ensuring compliance with relevant specifications and that the government funds should not be withheld without obtaining proper approval.</p> |
| <p>(iv) Although the amount allocated for this was Rs. 2,500,000 as per the Procurement Plan of the year under review, the actual value of it amounting to Rs. 6,912,420 had been increased by 176 per cent higher than the estimated amount and the Procurement Plan had not been revised accordingly.</p> | <p>The occurrence of price increase due to the appreciation of the Dollar and the power crisis in the country has caused to the huge increase in the price of generators.</p> | <p>The Procurement Plan should be revised.</p> |
| <p>(v) A sum of Rs.66,000 had been paid to an external institution without obtaining a prior approval to disable and restore the servers of the data center to install the generator.</p> | <p>After the completion of the work, the bill had been submitted and approved and paid based on the recommendations of the Information Technology Division.</p> | <p>The payment should be made after obtaining a prior approval.</p> |
| <p>(c) Construction of a Room for Installation of the Generator</p> | | |
| <p>(i) The quotations for this contract had been called after elapsing a period of 02 ½ months since the award of the contract for the purchase of the generator and the contract had been awarded to the entity that had purchased</p> | <p>The quotations have been called for this purpose from the registered contractors in the year 2022 and from Sathmina Construction Company, which has successfully completed the</p> | <p>Arrangements should be made in accordance with Government Procurement Guidelines.</p> |

the generator which was not a registered supplier in the year 2022 .

construction work of the Commission, and from Vinci Engineering (Pvt) Company, which was proposed to purchase these electrical machines and the contract has been awarded to Vinci Engineering (Pvt) which had submitted the lowest price.

(ii) Although the quotations had been called for this contract on 18 October 2022 the Company which was awarded the contract had submitted an estimate on 08 September 2022, that was before the quotations were called.

Initially this contract was intended to be performed by the Company that purchased the machine, it was then decided to call for open bids. Accordingly, quotations were called from 08 suppliers and the contract was awarded to Vincy Construction, which was submitted the most favorable quotation out of the two.

Arrangements should be made in accordance with Government Procurement Guidelines.

(iii) The contract value of Rs. 795,000 had increased by more than 38 per cent from the estimate presented by the Technical Officer.

This increase has happened due to the rapid increase in prices due to the bad condition of the country after the preparation of estimates.

Realistic and accurate estimates should be prepared.

3.2 Assets Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The generator in the Puttalam District Election Office had remained in idle for over 6 years without being used.	This is currently in the Head Office and arrangements have been made to provide it to another office based on the need.	Proper actions should be taken to use the generator.

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| <p>(b) The Galle District Election Office had not carried out investigations in accordance with the Financial Regulations regarding a mobile phone that was misplaced as per the Board of Survey Report of the year 2021 and the losses had not been recovered.</p> | <p>An Investigation Committee has been appointed to determine the persons responsible for this misplacement and after receiving the relevant report, actions will be taken to submit it to the audit.</p> | <p>Actions should be taken in accordance with the Financial Regulation 104 (1) .</p> |
| <p>(c) Different types of toners, ribbons, master roll inks which had been purchased without proper planning for the last few elections valued at Rs.12,848,164 had remained in idle in the stores without being used.</p> | <p>A Committee has been appointed to identify those responsible and after receiving the report of the Committee necessary actions will be taken to proceed.</p> | <p>Actions should be taken in accordance with the Financial Regulation 104 (1) and the determination of those responsible should be carried out promptly.</p> |

3.3 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Actions had not been taken to recover a sum of Rs. 151,192 during the year related to 03 vehicle accidents that had occurred during the year under review. Similarly, the value of the damages from the accidents that happened in the years 2019, 2020 and 2021 could not be recovered and could not be written off from the books was Rs.2,598,736.</p>	<p>A sum of Rs.151,192.00 is to be recovered from the assessed loss of 03 vehicles due to the vehicle accidents happened during the year under review. Actions will be taken to write off the losses that have been ordered to be written off from the books due to the accidents that occurred in the years 2019, 2020 and 2021 .</p>	<p>Actions should be taken to recover the value of damages related to vehicle accidents</p>
<p>(b) The balance of Rs.2,671,428 carried forward as at 31 December 2022 as per the Register of</p>	<p>Actions will be taken to correct.</p>	<p>The balance carried forward without being written off should be shown in</p>

Losses and Damages had not been shown in Annexure ii of the Statement of Write-offs.

Annexure ii of the statement of writing off from the books.

3.4 Management Inefficiencies

Audit Observation

It was impossible to recover the debt balance of Rs.97,110 to be collected from an officer who was released for Army Services in July 2021 and the loan balance of Rs.129,080 to be collected from an officer who had retired in May 2021 even in the year 2022 .

Comments of the Chief Accounting Officer

The officer, who had been released for Army Services, finally settled an amount of Rs. 10,000 on 02.12.2022 and as the retirement file of the officer who had retired in May 2021 has not been completed so far, it was impossible to recover the loan.

Recommendation

Actions should be taken to recover the debt balances promptly.

4. Human Resources Management

Audit Observation

There were 06 senior level posts, 09 tertiary level posts, 42 secondary level posts and 29 primary level posts vacant in the Commission as at 31 December 2022 .

Comments of the Chief Accounting Officer

The relevant divisions have been informed to provide officers for the vacancies and actions will be taken to fill the vacancies promptly.

Recommendation

Actions should be taken to fill the vacancies in essential posts which adversely affect performance.