

## **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 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, and cash flow statement for the year then ended, , and notes to the financial statements, including a summary of significant accounting policies 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 30 May 2024 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 31 July 2024 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 2024 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 Chief Accounting Officer	Recommendation
(a) Although accurate estimates should be prepared by chief accounting officer as per Financial Regulation 50 and, though the provisions should made to ensure that significant differences between the amount of the estimate and the expenditure are subject to scrutiny as per Financial Regulations 127(5), it had been increased the budgeted provision of 10 recurrent expenditure subjects and a capital expenditure subject though the Supplementary Estimates for expenditure of National Committee of Delimitation for Local Government Bodies from 12 per cent to 2000 per cent.	The corresponding increase is due to the provision made for the National Committee for Local Government Delimitation.	While preparing the 2023 expenditure estimates, attention should be paid to the Circular 03/2022 and the expenditure estimates should be prepared in accordance with the Financial Regulation 50.

(b) The total allocation of Rs.1,088,000 allocated by the supplementary estimate for 03 expenditure subjects had remained unutilized.	The relevant supplementary estimates are the allocations received on behalf of the National Committee for Local Government Delimitation.	Expenditure requirements should be accurately predicted and funds should be allocated through supplementary estimates.
(c) The sum of Rs.3,051,927 was saved from the net allocation of Rs.10,203,060 for 05 recurring expenditure subjects. It ranged from 17 per cent to 50 per cent of the net provision.	According to the National Budget Circular No. 01/2024 dated 10.01.2024, savings have occurred due to the limitation of expenditure and the provision made for the National Committee for Delimitation of Local Government Bodies.	While preparing the 2023 expenditure estimates, attention should be paid to the circular 03/2022 and the expenditure estimates should be prepared in accordance with the Financial Regulation 50.

## 2.2 Entering in to Commitments & Liabilities

<b>Audit Observation</b>	<b>Comments of Chief Accounting Officer</b>	<b>Recommendation</b>
During the inspection of the payment vouchers in month of January 2024, the payment of Rs.5,761 of telephone bills related to the month of December of the year under review had not been included in the liability statement as per Financial Regulations 94(2) and (3).	The relevant officials were advised to take action to prevent such deficiencies from occurring in the future.	All liabilities related to the year under review should be included in the statement of liabilities incurred.

## 2.3 Non-compliance with Laws, Rules and Regulations

Cases of non-compliance with the provisions of laws, rules and regulations observed during sample audits are analyzed below.

	<b>Observation</b>	<b>Comments of Chief Accounting Officer</b>	<b>Recommendation</b>	
	<b>Reference to Laws, Rules &amp; Regulations</b>	<b>Non-compliance</b>		
(a)	Section 16.2 of National Audit Act No. 19 of 2018	The draft performance report prepared for the year under review was not submitted for audit along with the financial statements.	The relevant officials were advised to arrange to submit a draft of the annual performance report along with the annual financial statements. In the coming years.	It should be acted as per the Act.
(b)	Public Administration Circular No. 02/2018 dated 24 January 2018	The commission had not prepared a human resource development plan for the year under review.	The Human Resource Plan was not developed as per the Public Administration Circular 02/2018, as there is no specific role other than the role assigned by Article 95(1) of the Constitution.	It should be acted as per circulars.

## 3. Operational Review

### 3.1 Planning

Following observations were made.

	<b>Audit Observation</b>	<b>Comments of Chief Accounting Officer</b>	<b>Recommendation</b>
(a)	The action plan prepared by the commission for the year under review was not in accordance with the format	The relevant officials were informed to prepare the action plan in the coming years, according	The action plan should be prepared in the format of the circular.

of action plan presented in paragraph 3 of Public Finance Circular No. 2/2020 dated 28 August 2020.

to the Paragraph 03 of the Public Finance Circular No. 2/2020 dated 28 August 2020.

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| (b) | Physical targets were not mentioned in 14 of the 16 tasks included in the annual action plan prepared for the year under review. | The relevant officials were informed to mention the physical targets in the coming years. | Physical targets should be specified for each task in the annual action plan. |
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### 3.2 Management Deficiencies

Following observations were made.

<b>Audit Observation</b>	<b>Comments of Chief Accounting Officer</b>	<b>Recommendation</b>
(a) The commission was established in the year 2015 and although the constitutions clarified the appointment of commission members and allocation of constituencies, there was no clarification regarding the role and powers of the commission. Although no role has been assigned to the Commission, a provision of Rs.27,041,060 was allocated to the Commission for the year 2023 by the Appropriation Act and Rs.21,293,574 had been spent.	Although a role has not been assigned yet, the Delimitation Commission is currently engaged in the functions such as collection of the necessary data for delimitation activities, updating the existing data, as well as conducting studies on the work done in delimitation globally. No response has been received so far for the requests made for a specific role in several cases. The money allocated by the Appropriation Act is for the salaries and necessary recurring expenses of the Delimitation Commission in 2023 and although no specific task has been assigned so far, the	Attention should be paid to the fact that the Commission has not been assigned specific roles and powers.

Commission is engaged in collecting information and data necessary for the work related to the delimitation activities in the future.

- (b) 02 vehicles belonging to the Presidential Secretariat had been used for the commission's work since 2016. These two vehicles were not handed over to the Commission till the audited date of 31 March 2024 and the Commission had spent Rs.1,048,189 for the purchase of tires and repair costs for these two vehicles in the year under review.
- The Presidential Secretariat has informed through the letter dated 30.04.2024 to takeover these vehicles and further work is being done accordingly currently. Only the matters of insurance and revenue licenses for the two related vehicles were done under the provisions of the Presidential Secretariat, while the vehicle maintenance and service work were carried out under the provisions of the Delimitation Commission.
- It should be take actions to take over the property used by the Commission.
- (c) Although a cost estimate should be prepared for the planned works and the payment should be made according to Section 9.1(b) of the Public Finance Circular No. 01/2020 dated 28 August 2020 by providing ad-hoc sub imprest, the commission had not prepared expenditure estimates for delimitation committee meeting held in 05 districts and, Rs.55,300 and Rs.36,081 which had been incurred by two officials for fuel and catering respectively for those meetings were later reimbursed.
- The relevant expenses were incurred on behalf of the Local Government Delimitation Committee and considering the limited time given for the prompt delivery of the Local Government Delimitation Committee report, those expenses were incurred by private funds and reimbursed
- The payment should be made by providing ad-hoc sub imprest for planned activities.

#### 4. Good Governance

##### 4.1 Service Rendering to Public

<b>Audit Observation</b>	<b>Comments of Chief Accounting Officer</b>	<b>Recommendation</b>
The Commission had not maintained a website, although it should have facilitated public interest, allegations or praises about the institution through its official website according to Section 10 of the Right to Information Act No. 12 of 2016.	Agreed with the observations.	A website should be maintained as per the Act.

##### 4.2 Internal Audit

<b>Audit Observation</b>	<b>Comments of Chief Accounting Officer</b>	<b>Recommendation</b>
An appropriate auditor should be appointed by the Chief Accounting Officer to carry out internal audit according to Section 40 of the National Audit Act No. 19 of 2018, action had not been taken to appoint an internal auditor to carry out the internal audit since 2015.	Agreed with the observation.	Internal audit functions should be carried out in accordance with Section 40 of the National Audit Act.

##### 4.3 Audit and Management Committee

<b>Audit Observation</b>	<b>Comments of Chief Accounting Officer</b>	<b>Recommendation</b>
There should be an Audit and Management Committee for each entity according to Section 41 of the National Audit Act No. 19 of 2018, the Commission's Audit and Management Committee has not been held since 2015.	Agreed with the observation.	The Audit and Management Committee shall be held in accordance with Section 41 of the National Audit Act.



## 5. Human Resources Management

Following observations were made.

Audit Observation	Comments of Chief Accounting Officer	Recommendation
(a) Although the approved cadre of the Commission as on 31 December 2023 was 15, as the actual cadre was 08, there were 07 vacancies in the cadre.	Agreed with the observation.	Arrangements should be made to fill up vacancies in essential posts.
(b) Permanent officers had not been appointed for the post of Senior Secretary and Accountant since year 2016 and officers were assigned on the acting basis for it.	Agreed with the observation.	Arrangements should be made to fill up vacancies in essential posts.