Head 020 - Election Commission - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 020 – The audit of the financial statements of Election Commission for the year ended 31 December 2024 comprising the Statement of Financial Position as at 31 December 2024 and the Statement of Financial Performance and Cash Flow Statement for the year then ended and Notes to the Financial Statements, including material accounting policy information 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 06 June 2025 in terms of Section 11(1) of the National Audit Act No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Commission was issued to the Chief Accounting Officer on 13 June 2025 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements of the Election Commission for the year ended as at 31 December 2024 give a true and fair view of the financial position, financial performance and cash flows, in all material respects in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters set out in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities regarding financial statements are further described in the Auditor's Responsibilities 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 Emphasis of Matter – Basis for Preparation of Financial Statements

Attention is drawn to Note 1 to the financial statements, which describes the basis of preparation of these financial statements. The financial statements have been prepared for the requirements of the Election Commission, the Treasury and Parliament in accordance with Government Financial Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended solely for the use of the Election Commission, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibilities of Chief Accounting Officer and 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 Government Financial Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025 is the responsibility of the Chief Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Election 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 Election 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.

1.5 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.

1.6 Comments on the Financial Statements

1.6.1 Presentation of Accounts

(a) Property, Plant & Equipment

Following observations were made.

	Audit Observation	Comments of Chief Accounting Officer	Recommendation
(i)	Although the cost of acquiring capital assets as per the financial statements of the year under review was Rs.58,577,962, but as per the Treasury printed note, the value of non-financial assets was Rs.49,208,875, therefore, the value of non-financial assets in the financial statements was understated by Rs.9,369,087.	It was stated that actions would be done to rectify by checking.	The acquisition of capital assets during the year under review should be stated correctly in the Financial Statements.
(ii)	The cost of non-financial assets with an estimated value of Rs.8,097,278 that were disposed of in the years 2022 and 2023 and cost of 132 non-financial asset items identified as being subject to disposal in the 2023 Board of Survey had not been specifically identified and removed from the financial statements.	Since the codes and values of the disposed assets do not match the codes and values in the CIGAS database, it has been stated that the cost of the disposed assets had not been removed and would be updated and notified promptly.	The disposed assets should be identified exactly and removed from the non-financial assets.
(iii)	Due to the doubling of the value of 230 printing machines, which were Rs.18,050,592 under non-financial assets in the financial statements during the year under review, non-financial assets were overstated by that value.	It was stated that actions would be done to rectify.	Non-financial assets should be accounted correctly.

(iv)	04 laminating machines, 58 fax machines and 83 mobile phones had not been accounted for as non-financial assets, contrary to paragraph 8.2 of the Public Accounts Guideline No. 06/2024 dated 16 December 2024, as amended on 21 February 2025.	It was stated that actions would be done to rectify.	It should be acted as per Account Guideline.
(v)	Although 725 Thermometers worth of Rs.5,639,000 were listed as medical equipment in the non-financial assets of the year under review, a difference of 250 items was observed as the physical balance was 475.	It was stated that information would be submitted by checking.	It should be maintained corrected balances in non-financial assets.

2. 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 consistent with those of the preceding year,

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

3. Financial Review

3.1 Expenditure Management

Following observations were made.

	Audit Observation	Comments of Chief Accounting Officer	Recommendation
(a)	Due to the failure to prepare expenditure estimates properly in accordance with Financial Regulation 50, provisions ranging from 8 percent to 99 percent were saved in 05 recurrent expenditure items and 04 capital expenditure items.	The reasons for this are given as expenses incurred under the election expenditure heading due to the need to hold two national elections within the year, the non-completion of the renovation work of the official house of the Kegalle Election Office, non-installation of fire protection system, suspension of construction, non-receipt of opportunities to adequately provide training programs to staff.	Expenditure estimates should be prepared with due regard to economy and efficiency in accordance with Financial Regulation 50.

(b)	The annual budgeted allocation had been increased by transferring the annual budget allocation of 3 expenditure heads in the range of 3 percent to 254 percent through Financial Regulation 66.	It was stated that the provisions have been increased due to the increase in the cost of living allowance, participation in essential overseas programs, and the increase in the allowances paid for the preparation of the voters' register.	It should be acted to prepare with accurate forecasts as realistic as possible when preparing cost estimates.
(c)	Out of the total transfers made during the year 2024 of Rs.25,700,000, amount of Rs.20,900,000, which was 81 percent, had been submitted after 30 November, in contrary to the Section 13 of Budget Circular No. 01/2024 dated 10 January 2024.	It is stated that transfers of Financial Regulations 66 have been made after the need was identified.	It should be acted as per Circulars.

3.2 Entering into Liabilities and Commitments

Following observations were made.

	Audit Observation	Comments of Chief Accounting Officer	Recommendation
(a)	Although no expenditure or commitment shall be made for any work, service or supply unless there is money in the annual estimates in terms of Financial Regulation 94(1), the Election Commission had entered in to liabilities of Rs.2,203,560 in excess of the allocation for 03 expenditure items.	It has been stated that the above liabilities had to be incurred in accordance with Financial Regulations 94(2) and 94(3) of the Act due to the uninterrupted conduct of office activities.	It should be acted as per Financial Regulations.
(b)	Although the maximum commitment limit for 12 expenditure items as per Financial Regulation 94(2) was stated in the financial statements as Rs.934,057,655, it was calculated by the audit to be Rs.341,911,163 and accordingly the difference was Rs.592,146,492.	It has been stated that steps would be taken to rectify by checking.	Maximum commitment limits should be determined accurately in accordance with financial regulations.

(c)	Although the maximum commitment limit for expenditure items 020-1-1-0-1409, 020-1-1-2-1409 and 020-1-1-7-1409 as per Financial Regulation 94(2) was Rs.671,255,675 as stated in the financial statements, by exceeding that limit, commitments had been made for Rs. 944,234,600.	Replies were not provided.	It should be acted as per Financial Regulations.

3.3 Non-compliance to the Laws, Rules and Regulations

Following observations were made.

	Reference to Laws, Rules and Regulations	Non-compliance	Comments of Chief Accounting Officer	Recommendation
(a)	Section 3.1 of Public Administration Circular No. 30/2016 dated 29 December 2016	As per the referenced circular, the fuel combustion of 59 vehicles owned had not been checked by the Commission as of 31 December 2024.	It is stated that fuel combustion would be tested and submitted for audit in the future.	It should be acted as per Circulars.
(b)	Financial Regulation 892 of Financial Regulation of Democratic Republic of Sri Lanka	Although a revised report of all officers required to be furnished security should be submitted to the Auditor General before 15th February occurring after every 3 years, as per the relevant format, this had not been done.	It is stated that act would be done to present it in the future.	It should be acted as per Financial Regulations.
(c)	Financial Regulation 454(2) of Financial Regulation of Democratic Republic of Sri Lanka	Inventories of all Electrical fittings, apparatus in government buildings had not been maintained.	It was stated that actions would be done to prepare.	It should be acted as per Financial Regulations.

3.4 Issuance and Settlement of Advances

Audit Observation	Comments of Chief Accounting Officer	Recommendation
Action had not been taken even during the year under review to recover a loan balance of Rs.153,400 relating to the period between years 01 and 03 from an officer who left the service on 31 December 2024.	The Divisional Secretariat, Delf has been informed to take steps to collect the loan balance of Rs.153,400 from the guarantor.	It should be acted to recover arrears loan balances.

3.5 Deposit Balances

Audit Observation	Comments of Chief Accounting Officer	Recommendation
Political parties had deposited securities of Rs.162,606,500 when submitting nominations for the Local Government Elections scheduled to be held on 09 March 2023 and, although Section 3 of the Local Government Elections (Special Provisions) Act No. 01 dated 17 February 2025 states that the security deposit money so received must be returned due to the cancellation of the said election, action had not been done to repay Rs.16,079,000 of those deposits as at 20 May 2025.	It has been stated that it had not been possible to repay the security due to the death of the persons who deposited the security, departure abroad, the loss of the security receipts and the failure of the relevant persons to appear.	It should be acted as per Section 3 of referenced Act.

4. Operational Review

4.1 Annual Performance Report

Audit Observation	Comments of Chief Accounting Officer	Recommendation
The draft performance report for the year under review, which was required to be submitted with the financial statements in accordance with Section 16.2 of the National Audit Act, No. 19 of 2018, had not been submitted.	It was stated that the Performance Report for the year 2024 had been prepared by now.	It should be acted as per Section 16.2 of National Audit Act No. 19 of 2018.

4.2 Procurements

Following observations were made.

	Audit Observation	Comments of Chief Accounting Officer	Recommendation
(a)	Although, as per Section 4 of Public Finance Circular No. 02/2020 dated 28 August 2020, an annual procurement plan should be prepared to implement recurring and capital programs in the coming year according to the subjects assigned to the institution, though provisions of Rs. 25,000,000 had been allocated for the provision of cleaning and security services, it had not been included in the procurement plan.	It was stated that actions would be done to enter next year onwards.	The Procurement Pan should be prepared correctly as per referenced Circular.
(b)	In accordance with Section 4 of the said circular and paragraph 4.2.1 of the Procurement Guidelines, a detailed procurement plan for the year 2024 had not been submitted.	It was stated that the required advices were given to prepare and present a comprehensive procurement plan since next year onwards.	It should be acted as per referenced Procurement Guideline and Circular.

(c)	According to the Procurement Plan for the year 2021, a provision of Rs. 5,000,000 had been allocated for the installation of a fire protection system. Due to the non-completion of that work, an agreement was reached with the Buildings Department on 07 June 2024 to complete it by 30 September 2024 at an estimate of Rs. 17,739,130 excluding VAT, with provisions of Rs. 25,000,000 allocated in the year 2024. Although an expenditure of Rs. 9,369,087 was incurred under F.R. 208 during the year under review, bills or other reports relating to the work performed were not submitted to the audit to verify the expenditure. Also, the relevant work had not been completed by 30 September 2025, and even in 2025, provisions of Rs. 6,800,000 had been allocated for the same work.	Replies were not provided.	Actions should be done as per agreed agreement and it should be obtained relevant bills, expenditure reports for all payments.

4.3 Asset Management

Following observations were made.

	Audit Observation	Comments of Chief Accounting Officer	Recommendation
(a)	Although the financial statements show 35,905 ballot boxes valued at Rs. 132,888,960, according to the 2024 Board of Survey reports, as the number of ballot boxes was 26,607, a difference of 9,298 ballot boxes was observed.	It was stated that action would be taken rectify by checking.	The required actions should be taken timely by searching reasons for the deficits.
(b)	14,250 card board ballot boxes for Rs.34,817,758 for the 2024 Presidential Election and 14,150 ballot boxes for Rs.33,438,751 for the General Election were purchased. There were unused 135 ballot boxes. Rs.8,068,865 had also been paid for polythene bags to protect the ballot boxes from getting wet. however, although an expenditure of Rs. 2,199,530 was incurred to repair wooden ballot	Replies were not provided.	The assets owned to the Commission should be utilized optimally.

	boxes during the year under review, only 430 wooden ballot boxes were used.		
(c)	Although the assets have been accounted for through the CIGAS system in accordance with Asset Management Circular No. 01/2017 dated 28 July 2017. Due to the failure to use classification codes to identify assets in accordance with paragraph 09 of the said circular, it was not possible to physically verify the relevant assets.	It was stated that actions would be taken to rectify.	It should be acted as per referenced Circular.