

12. Head 12 - National Education Commission

11.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the National Education Commission for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Chairman of the Commission on 14 August 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

11.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

11.3 Audit Observations

According to the Financial Records and Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (c) and other major audit findings appearing in paragraphs 12.4 to 12.9 herein, the

Appropriation Account and the Reconciliation Statements of the National Education Commission had been satisfactorily prepared.

(a) **Non-maintenance of Books and Registers.**

The following registers had not been maintained by the National Education Commission in a proper and updated manner.

Category -----	Regulations -----
Register of Fixed Assets	Treasury Circular No 842 dated 19 December 1978
Fixed Assets Register for Computer accessories and software	Treasury Circular No IAI/2002/02 dated 28 November 2002

(b) **Budgetary Variance**

Following variances were observed.

- (i) Total net provision amounting to Rs.50,000 allocated for an Object had totally been saved.
- (ii) The saving of Rs.1,430,894 resulted in after utilization of provisions owing to overprovisions allocated for 05 Objects and the non-implementation of planned activities, was in the ranged between 14 per cent and 69 per cent of the net provisions for those Objects.

(c) **Imprest Account**

Following deficiencies were observed in the Imprest Account.

- (i) The ad hoc sub imprest that can be issued to a staff grade officer at once as per Financial Regulation 371 had been increased up to Rs.50,000 under the approval of Treasury. Nevertheless, 04 officers had been issued ad hoc sub imprests by exceeding that limit in 16 instances from Rs.50,000 to Rs.130,000 totalling Rs.998,500.

- (ii) Out of the advances totalling to Rs.638,000 granted in 21 instances during the year under review for conducting workshops and meetings of the Commission, an amount of Rs 239,000 equivalent to 37 per cent had been resettled without being utilized. Moreover, expenses made out of the tasks for which advances had been granted, granting advances without estimates being presented, and issue of more advances in order to settle advances obtained for the same task, had taken place.

12.4 Good Governance and Accountability

12.4.1 Annual Action Plan

The Action Plan prepared for the year 2013 that had not mentioned the time duration for each task, estimated cost, and officers responsible for each task, had not been approved by the National Education Commission.

12.4.2 Annual Procurement Plan

A Procurement Plan had been prepared to acquire Capital Assets valued at Rs.850,000 for the year under review. Although goods had been purchased by spending an amount totaling to Rs.805,256 that had not been mentioned in the Plan, the Procurement Plan had not been updated as per the Guideline 4.2.1(e) of the Government Procurement Guidelines.

12.4.3 Internal Audit

An internal audit had not been executed.

12.4.4 Implementation of Audit and Management Committee

Audit and Management Committee had not been conducted.

12.5 Assets Management

Annual Board of Survey

Action had not been taken in terms of Financial Regulations on the unusable items declared through the Board of Survey reports for the year 2013.

12.6 Non-compliance

----- Non-compliance with Laws, Rules and Regulations. -----

Instances of non-compliance with the provisions in Laws, Rules and Regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
Financial Regulations of Democratic Socialist Republic of Sri Lanka -----		
(a) Financial Regulations 138 and 245(i)	176,536	Payments made in 8 vouchers had not been certified.
(b) Financial Regulation 753(1) and (2)		Receipt and issue orders had not been used in receiving and issuing goods.

12.7 Performance

Observations on the progress of the Commission as per the Action Plan for 2013 are as follows.

(a) **Tasks not Executed** -----

Following activities planned to carry out during the year under review, had not been carried out.

- (i) Sub Activity 1- Develop mechanism for collecting information from school system through in Service Advisers for development mechanism.
- (ii) Sub Activity 3- Preparation of policy proposals for development of National Universities.
- (iii) Sub Activity 5- Preparation of comparison report on primary curriculum and primary education objectives in various countries.

(b) Tasks not Executed Adequately

Following activities planned to execute during the year under review, had not been executed adequately.

(i) Sub Activity 2- Preparation of policy proposals and strategy for development of small schools. The project that has been progressing since 2012 had planned to prepare policy proposals in order to develop small schools by collecting information from selected schools in all of the 9 provinces though, none of the other tasks had been carried out except for gathering information from schools in the Western Province.

(ii) Sub Activity 4 Preparation of standards for communication and the printed media for Sinhala language usage in education system. Though it had been planned to prepare policy proposals by preparing the report with information collected from the relevant parties and obtaining opinions by distributing the report among the selected schools, no any other task had been carried out except conducting 2 sessions of discussion on the standardization and usage of Sinhala language.

12.8 Irregular Transactions

Certain transactions performed by the Commission were of irregular nature. Several such instances observed in sample tests are as follows.

(a) Office equipment under 8 categories totalling Rs. 335,450 had been purchased. The purchase had been made without obtaining quotations from suppliers selected in defiance of Guideline 9.8 (d) of Government Procurement Guidelines.

- (b) Three laptops and 05 MS Office packages valued at Rs. 386,500 had been purchased sans approval from Procurement Committee and recommendation of the Technical Evaluation Committee on the condition of an urgent requirement.

12.9 Human Resource Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2013 had been as follows.

Category of Employee	Approved No	Actual No	No of Vacancies
(i) Senior Level	03	03	-
(ii) Tertiary Level	11	04	07
(iii) Secondary Level	10	09	01
(iv) Primary Level	12	12	-
Total	36	28	08

It was failed to fill eight posts remained vacant even as at end of the year under review.