

Head 12 – National Education Commission

1. Financial Statements

1.1 Unqualified Opinion

The audit of the financial statements of the National Education Commission for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 the provisions of the National Audit Act, No.19 of 2018. In terms of Section 11(1) of the National Audit Act, No.19 of 2018, the summary report including my comments and observations on the financial statements of the National Education Commission was issued to the Chief Accounting Officer on 31 May 2019. In terms of Section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the National Education Commission was issued on 30 May 2019 to the Chief Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the financial statements give a true and fair view of the financial position of the National Education Commission as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Unqualified 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 the Chief Accounting Officer for the Financial Statements

The Chief Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions mentioned in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-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 of the Commission.

As per Sub-section 38(1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Commission and periodic reviews are carried out to monitor the effectiveness of such systems and accordingly make any alteration as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the 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 summary 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 scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on other Legal Requirements

As required by Sections 6 (c) and 38 of the National Audit Act, No.19 of 2018, I state the followings:

- (a) As there was no requirement of preparing financial statements for the preceding year, it could not be stated that the financial statements of the year under review correspond with the preceding year.
- (b) As there was no requirement of preparing financial statements for the preceding year by the National Education Commission, recommendations on the financial statements for the preceding year, had not been submitted.

2 Operating Review

2.1 Performance

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) According to the report including recommendations for National Education Policies presented to His Excellency the President in December 2017, ten programmes on awareness of policies declared periodically had been planned to be held at national and provincial level. However out of them, only 5 programmes had been held.	Action should be taken as planned.	The National Policy on General Education had been presented to His Excellency the President in December 2017. However, it had not yet been declared as a national policy and as such, there was no opportunity for holding programmes on awareness relating to relevant national or provincial levels, as planned.
(b) Provisions of Rs.5,220,000 had been made for formulation of policy proposals on higher education and out of that, a sum of Rs.4,656,645 had been utilized. The examination report	Action should be taken as planned.	The final report based on 8 research studies relating to preparation of a series of policy proposal on higher education, has been submitted to the Commission. The reports of the eight research studies had not been printed in trilingual as the said reports on studies are not

including recommendations for policies had not been submitted even by 10 May 2019.

required to be published, the final policy report is prepared based on them and action is being taken to print the reports of the eight research studies in trilingual.

2.2 Annual Performance Report

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>In terms of Public Finance Circular No.402 of 12 September 2002, the Commission should table the performance report relating to the year under review in Parliament within 150 days after closure of the financial year. Nevertheless, the Commission had not tabled the reports from the year 2014 to the year 2018 in Parliament even by 01 May 2019.</p>	<p>Action should be taken in terms of Public Finance Circular No.402 of 12 September 2002.</p>	<p>The Performance and Control Reports of years 2014, 2015 and 2016 relating to this Commission have been dated 13.02.2019 and submitted to the President's Office for seeking approval of the Cabinet for tabling in Parliament. However, the audit report relating to the year 2017 had not been received at the time and as such, the performance report and the control report of the year 2017 could not be submitted on that day.</p>

2.3 Procurements

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>(a) According to the Master Procurement Plan relating to the year 2018, the estimated procurement value had been Rs.1,327,000. By the end of the year under review, a sum of Rs.802,772 had been spent for procurements. However, the Master Procurement Plan had not been prepared in accordance with (b)</p>	<p>Should be in accordance with the Government Procurement Guidelines.</p>	<p>That it will be carried out in the year 2019.</p>

- and (c) of Guideline 4.2.1 of the Government Procurement Guidelines.
- (b) Standard Bidding Documents had not been used in accordance with Guidelines (a) and (b) of Guideline 5.3.1 of the Government Procurement Guidelines. -do- -do-
- (c) In terms of Guideline 2.11.3 of the Government Procurement Guidelines, minutes of Technical Evaluation Committee meetings and reports of Procurement Committee meetings had not been maintained. -do- -do-

3 Human Resources Management

 The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) Even though applications had been called by 10 May 2019 for recruitment of an officer for the post of Account which has fallen vacant, the interview had not been held.	Necessary provision should be made to carry out the affairs of the Commission without hindrance.	According to the applications called for filling of vacancy in the approved post of Accountant, necessary instructions have been given to hold interviews and to proceed further.
(b) Even though the Department of Management Services had approved two posts of Senior Policy Research Officer, action had not been taken by 10 May 2019 to recruit officers. Moreover, 11 other approved posts had been vacant.	-do-	Necessary steps are taken to make recruitments for all vacant posts. Moreover, a newspaper advertisement dated 02.04.2019 had been published to recruit a Senior Policy Research Officer and 02 Development Officers and from among the applications received for the post of Senior Policy Research Officer, an interview had been held for two candidates according to qualifications. According to the recommendations of the Interview Board, reference had been made to the Department of Management Services by now to obtain approval for the recruitment of an officer.