

Head -12 National Education Commission

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Education Commission for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 National Education Commission was issued to the Chief Accounting Officer on 29 May 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Judicial Service Commission was issued to the Chief Accounting Officer on 20 November 2020 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 in accordance with the provisions of State Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the National Education Commission as at 31 December 2019 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

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 of the Commission, 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 in consistent with those of the preceding year,
- (b) The recommendations made by me regarding the financial statements furnished for the preceding year had been implemented.

1.6 Commenting on Financial Statements

1.6.1 Certifications to be made by the Chief Accounting Officer

Audit Observation

The Chief Accounting Officer should ensure that an effective internal control system for the financial control exists and carry out periodic reviews to monitor the effectiveness of such systems in terms of the of Section 38 of the National Audit Act No. 19 of 2018 and accordingly, make any alterations as required for such systems to be effectively carried out and even though such reviews should be made in writing and submitted a copy to the Auditor General, the statements that such reviews were made had not been furnished to audit.

Recommendation

Actions should be taken in terms of the of Section 38 of the National Audit Act No. 19 of 2018

Comments of the Chief Accounting Officer

The Chairman has held Monthly Progress Review Meetings to develop and maintain an effective internal control system. It is accepted that the actions have not been taken to inform the Auditor General about the decisions taken therein and necessary steps will be taken by focussing on this from 2020 .

1.6.2 Non-compliance with Laws, Rules, Regulations

The following observations are made.

Audit Observation

Reference to Laws, Rules, Regulations	Non-compliance	Recommendation	Comments of the Chief Accounting Officer
(a) National Education Commission Act No. 19 of 1991	(i) Section 3 (2) Although the Commission had declared as it was a Corporation with a perpetual succession, the provisions such as allocation of funds for expenditure and leave and incurring expenses, issuance of railway warrants, had taken a form of Government Departments.	Actions should be taken in accordance with the Act.	The Treasury has been considering in respect of the Accounts of the National Education Commission as a Grade B Department since 1991 and as a Grade A Department since 14 November 2017.

(ii) Section 10 (1) (f)	Arrangements have not been made to establish a database in accordance with the Provisions of the Act up to the year under review.	Actions should be taken in accordance with the Act.	Agree. It is included in the 2020 - 2025 Five-year Plan.
(iii) Section 20	A report containing the recommendations of the Commission had not been submitted to the His Excellency President annually.	Actions should be taken in accordance with the Act.	Actions had not been taken so far to submit a report to His Excellency President in terms of Section 20 of the Act and necessary steps will be taken for that in future.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka, Financial Regulation 756	Conducting a Board of Survey in respect of assets valued at Rs. 44,974,918 by the end of the year under review and submission of the relevant reports to the Auditor General had not been carried out even by 23 September 2020 .	Actions should be taken in accordance with Financial Regulations.	Board of Survey has been completed. Due to the spread of Covid-19 virus, it was impossible to perform the disposal activities of idle assets. Relevant activities are being carried out.

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
(a) Due to non-preparation of estimates accurately and frugally in terms of Paragraphs 50 (ii) and (iii) of the Financial Regulation, a saving of provisions amounting to Rs. 5,385,382 was observed in the Total Estimate.	Actions should be taken in accordance with Financial Regulations.	As a result of the for incurring all expenses with a control, non-implementation of procurement activities which were not commenced at the time of issuance of circulars as advised, sponsorships received from UNICEF and the British Council for the formulation of National Policies on Preschool Education and School Based Professional Guidance as per the Budget Circular Guidelines issued for the year 2019 in connection with spending money frugally, had caused to the saving of provisions those were to be spent on it .

<p>(b) Expenditures had been incurred in two capital expenditure objects exceeding the mandatory savings of Rs. 25,775 and Rs. 86,658 respectively.</p>	<p>Actions should be taken in accordance with the Circular.</p>	<p>-do-</p>
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2.2 Entered into Liabilities and Commitments

Audit Observation

The value of the agreed liabilities exceeding the net provisions in 03 recurrent expenditure objects was Rs.770,404.

Recommendation

Actions should be taken in accordance with the Circular.

Comments of the Chief Accounting Officer

Additional provisions obtained with the approval of the Treasury have been utilized for the overtime expenses which had to be paid to the junior staff for the duties of the National Education Commission.

3. **Operating Review**

3.1 **Vision and Mission**

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) An Education Policy based on the proposal for the Education Policy submitted by the Commission in 1992 had been declared by the His Excellency President in 1997. However, actions had not been taken for the proposals made later on for the Education Policy to declare as policies.	Arrangements should be made in terms of Sections 2 (1) and 2 (3) of the Act.	The Education Policy is published by His Excellency President in terms of Section 2 (1) of the National Education Commission Act No. 19 of 1991 .
(b) Although the National Education Commission, which was established in accordance with the recommendations mentioned in of Chapter 4 of the Report of Presidential Commission on Youth, had to prepare a Ten-Year Plan on National Education Policy, it had not been prepared.	It is needed to build an appropriate time frame for formulating and declaring the National Education Policy.	Agree. The term of a Commission is 05 years. The Policy Statements prepared by the Commissions so appointed are presented to His Excellency President from time to time. Currently engaged in the formulation of National Education Policies by now as explained above.

3.2 Failure to Obtain the Desired Output Level

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
<p>(a) Even though a sum of Rs. 400,000 had been made available for the preparation a Research Report on deploying of Diploma Holders under public and private sector under National Vocational Qualifications Levels 5 and 6, the Final Research Report had not been released.</p>	<p>Arrangements should be made as planned.</p>	<p>Implementation of this work which was delayed due to lack of staff, has been included in the Action Plan of the year 2020 and commenced.</p>
<p>(b) Even though there was a provision of Rs. 1,800,000 for the re-evaluation of the National Policy on General Education, recommendations had not been developed to re-evaluate the structure of the school system and special and non-formal education.</p>	<p>-do -</p>	<p>Agree. Although the work has not been completed due to staff shortages, it is planned to complete the work after carrying out new recruitments.</p>

(c) A provision of Rs. 1,500,000 had been made available for carrying out a re-study on 24 functions with regard to the decentralization of the power to the Provincial Councils in connection with education under the 13th Amendment of the Constitution and its financial progress had been only 8.7 per cent.

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A basic study has been conducted and this study has been suspended due to failure to find a suitable specialist resource person and however, the new Commission has decided not to proceed with this matter as it was a matter pertaining to the Constitution.

4. Achieving the Sustainable Development Goals

Audit Observation

Even though the Commission was aware of the United Nations 'Agenda' for Sustainable Development Year 2030, actions had not been taken to identify the sustainable development goals and objectives that can be applied to the Commission, milestones to be achieved and indicators to measure targeted achievements.

Recommendation

Action should be taken to identify sustainable development, goals and objectives, milestones to be achieved and indicators to measure the targeted achievement.

Comments of the Chief Accounting Officer

These sustainable goals and objectives have already been taken into account in education policy making. It is advised to take steps to specify that in the relevant reports in the future.

5. Human Resource Management

5.1 Attached Staff, Actual Staff

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) The Accountant (Internal Auditor) of the Ministry of Education had been appointed on an acting basis without enrolling an officer to the post of Accountant on a permanent basis.	A permanent officer should be appointed for the post of Accountant.	The first phase of the activity to fill the vacancies has already been commenced and the recruitment for the post of Accountant is planned to be completed in the second phase.
(b) There were 17 vacancies in 8 posts including the two approved Senior Policy Research Officer posts.	Arrangements should be made to fill the essential vacancies or to review existing posts.	Recruitment activities have been commenced.