

Head - 06 - Public Service Commission

1. Financial Statements

1.1 Qualified Opinion

Head 06 -The audit of the financial statements of the Public Service Commission for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 Public Service Commission was issued to the Chief Accounting Officer on 23 May 2023 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 20 June 2023 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 give a true and fair view of the financial position of the Public Service Commission as at 31 December 2022 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

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report. 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) 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 pertaining to the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Non-revenue Receipts

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The revenue of Rs.9,534,266 collected by the Commission on behalf of other Revenue Heads had been shown as non-revenue receipts in the cash flow statement.	Although the revenue amounting to Rs.9,534,266 collected by the reporting entity on behalf of other Revenue Heads has been accurately shown in the ACA 7 imprest reconciliation statement, it has been shown as non-revenue receipts under cash flows generated from operating activities in the cash flows statement by a mistake.	Cash flow statement should be accurately prepared according to the relevant Format.

(b) Property, Plant and Equipment

Audit Observation	Comments of the Chief Accounting Officer-	Recommendation
<p>(i) Although the total value of property, plant and equipment as at 31 December of the year under review according to the Register of Fixed Assets was Rs.854,113,318, it had been shown as Rs.809,113,318, in the statement of financial position of the Commission by understating Rs.45,000,000. Accordingly, the property, plant and equipment reserve balance was also understated by the same value.</p>	<p>The error occurred when entering the value of Rs. 50,000,000 of the motor vehicle obtained from the Ministry of Finance in the CIGAS web application as Rs. 5,000,000 has caused this difference. The said vehicle has been transferred back to the Ministry at present and it has been noted to correct this difference in the financial statements 2023 .</p>	<p>The value of property, plant and equipment should be accurately accounted for.</p>
<p>(ii) The opening balance of machines and machinery equipment in ACA 06 - statement of non-financial assets had been understated by Rs. 32,500 .</p>	<p>Although the balance of machines and machinery equipment at the end of 2021 has been accurately identified as Rs. 39,705,896.96, it has been stated as two figures as opening balance of Rs.39,673,396.96 and the additions to the opening balance of Rs.32,500 in the CIGAS application 2022 . The CIGAS Programme Division of the Department of State Accounts has been made aware on this recording .</p>	<p>The closing balance of the previous year should be shown accurately as the opening balance of the year under review.</p>

2. Financial Review

2.1 Entered into Liabilities and Commitments

Audit Observation-	Comments of the Chief Accounting Officer	Recommendation
The liabilities amounting to Rs. 1,609,362 pertaining to three expenditure objects which were not mentioned in the Annexure III of statement of commitments and liabilities had been paid from the provisions of the year 2023 . A liability related to one of the expenditure items exceeded the balance of the provision when adjusting the expenditure of the year under review was Rs.494,532.	These liabilities are the vouchers presented for payment in the year 2023. Hence, exceeding of net provision has not occurred and as the vouchers for the payment of the bills for the month of December mentioned in the inquiry were received in the month of January, it has not been included in the statement of liabilities. Provisions have been made only for making payments related to the year and actions have been taken to prevent the occurring of additional provisions.	All liabilities related to the year should be shown in the financial statements and entering into liabilities exceeding the provisions should be avoided.

2.2 Non- compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions of laws, rules and regulations observed during audit test checks are analyzed below.

Reference to Laws, Rules , Regulations	Observation Non-compliance	Comments of the Chief Accountng Officer	Recommendation
(a) Section 13.3 of Chapter 11 of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	The Officers had been appointed for the post of Administrative Officer of the Commission which was in vacant from 01 March 2019 on the acting basis from a period of 4 years up to 31 March 2023 which is the date of audit and for the post of Secretary which was in vacant from 09 December 2021 on contract basis and also on the acting basis and the Commission had not taken steps to fill those posts permanently.	Arrangements are being made to permanently fill the post of Administrative Officer from the officers to be recruited in the future according to the results of the examinations conducted for recruitment to the Supra Grade of Management Services. The newly appointed Commission on 17.04.2023 has invited applications for the post of Secretary and actions are being taken to appoint a Secretary.	It should act in accordance with the Establishments Code.
(b) Public Administration Circular No. 30/2016 dated 29 December 2016	The General 268(a) Format had not been prepared in respect of 3 pool vehicles of the Commission.	It has been informed in writing to make aware the drivers about the way of preparation of General 268(a) Format on running charts and prepare it.	Actions should be taken in accordance with the Circular.

3. Operating Review

3.1 Performance

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) From the requests received by the Commission in the year 2022, information had been called from each institution regarding 1,342 requests as at 28 April 2023 and activities on 523 requests were being processed. Out of the requests received in 2020 and 2021, the activities of a number of 07 and 11 requests respectively had not been commenced even by 28 April 2023 .</p>	<p>The letters which are observed as the activities were not commenced are not physically available in the respective sections and it is observed that there may be a situation caused by double counting in the entry of data into the records management system or advance copies or a copy of a letter or letters included in the files referred to the Police Commission.</p>	<p>Immediate remedies should be taken by identifying existing obstacles and other errors to act expeditiously on requests received by the Commission.</p>
<p>(b) The Commission should take a decision within 15 days in the case of transfers and 45 days in the case of promotions after receiving an appeal to the Commission in terms of Section 237 of the Procedural Rules of the Public Service Commission published in the Special Gazette of the Democratic Socialist Republic of Sri Lanka No. 1589/30 dated 20 February 2009. Nevertheless, a time period between 45 days and 1,504 days had been spent to give decisions on 07 transfer</p>	<p>Most of the appeals received by the Appellate Division are forwarded by the Appellate Officers as an advance copy to avoid the delay and actions will be taken promptly by the Appellate Division to retrieve the reports and files containing the observations and recommendations from the relevant Ministries regarding those appeals. Accordingly, further actions cannot be taken regarding that until those reports and documents are</p>	<p>Immediate remedies should be taken by identifying existing obstacles and other errors on the requests received by the Commission.</p>

appeals out of 21 appeal files examined and although more than 2 years had elapsed since one promotion appeal was received, a decision had not been given even by 20 February 2023, the date of audit .

received and the time taken to provide a decision on appeals varies and is beyond the control of the Division.

3.2 Assets Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) There were 116 different types of toners and drums in the stores as at 22 February 2023 and 17 of them were purchased before 2020 and a number of 05, 12, 72 and 10 had been purchased in the years 2020, 2021, 2022 and 2023 respectively.	33 of these toner/drum models are used in the office.	The toner and drum should be purchased by considering the stock balance in the store.
(b) Due to the non-availability of 08 toners out of 03 types of toner purchased before the year 2020 in the Commission and also the usage has reduced due to the fact that the machines are very old, the toner had remained in idle.	Printers using T Samsung toner were available in the office prior to 2016 and it is being looked into in respect of that. Since 02 photocopiers using T SharfAR 5318 toner are very old, they are not frequently used.	Appropriate measures should be taken in respect of the toners in idle.
(c) Despite one T Brother 2150 toner is in stock as at 01 January 2020, 03 and 02 toners were purchased in the years 2020 and 2022, respectively and remained	Since the machines using T Brother 2150 and 2140 type toner had to be repaired from time to time and because of inactive for long, the	Appropriate steps should be taken in respect of toners remained in idle.

unused and despite a Brother 2140 drum in stock as at 01 January 2020, another similar drum was purchased in 2021 and remained unused in storage.

usage has reduced. These toners are being used by now.

(d) A vehicle with a cost of Rs.2,850,000 belonging to the Commission had been parked in the premises of the institution without running from October 2020 to 09 March 2023 the date of audit.

Although this car has been sent for repairs from time to time since 2020, repairs could not be successfully carried out due to unavailability of required spare parts. Therefore, suggestions have been presented on this vehicle to be disposed of under effective methods. Accordingly, further activities are being done.

Necessary measures should be taken in respect of vehicles.

4. Human Resources Management

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

(a) There were 13 vacancies in the Secretary post at Senior Level and 04 posts at the Tertiary Level, one post at the Secondary Level and 07 posts at the Primary Level as at 31 December 2022 and the vacancies had not been filled even by 31 March 2023 the date of audit.

The duties on the vacant post of Secretary and two post of Tertiary level have been done on acting basis from 01.01.2023 . It has been noted to arrange full-time recruitment for the post of technical officer in the future. The vacancy in Interpreter Service has been communicated to the Director General of Combined Services. The duties of the post of stenographer are performed by an officer in

Arrangements should be made to fill the vacancies in essential posts which adversely affect the performance.

the staff. Out of the 07 vacancies at the primary level, the duties of 04 posts are covered by the officers of the Multi-task Development Department.

- (b) The service period of 08 staff officers, 38 management service officers and 11 primary service officers had exceeded 06 years as at 14 January 2023. The service period of one management service officer out of that, in the Commission had exceeded 20 years.
- According to the annual transfer circulars, the information of the officers who have completed 05 years of service in the Commission has been forwarded to the relevant authorities. In exceptional cases, requests of the Commission and the decision of the Secretary have been made to not consider the certain officers for transfers on the basis of service requirements.
- The transfer policy should be implemented.
- (c) In calling for applications for the post of Secretary to the Commission in the year 2018, although the service period of the Special Grade of the Special Grade Officers of the Sri Lanka Administrative Service was not mentioned, it was a unique situation that for the experience of the recruitment qualifications, not less than 08 years of active and satisfactory service in the Special Grade of the Sri Lanka Administrative Service in the recruitment procedure approved on 01 December 2022 . Due to the limited number of officers
- The appointment of a Secretary to the Public Service Commission is a function assigned to the Commission in terms of Article 54.10 of the Constitution and accordingly, the arrangements were made to appoint a Secretary in a manner to be decided by the Commission and According to that, the Public Service Commission has prepared the Scheme of Recruitment for the post of Secretary and included the relevant eligibility criteria for it.
- The qualifications should be adjusted so that more officers can apply.

with such length of service in the Special Grade of the Sri Lanka Administrative Service, only 08 applications were received for the newspaper advertisement published on 14.12.2022 for the recruitment of the post of Secretary.