

## Head 335 -National Education Commission

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### 1. Financial Statement

#### 1.1 Qualified Opinion

The audit of the financial statements of the Head 335 -National Education 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 National Education Commission was issued to the Accounting Officer on 15 May 2023 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Commission was issued to the Accounting Officer on 26 May 2023 in terms of Section 11 (2) of the Audit Act. This report will be 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 National Education 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 on the matters described 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 evidences I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### 1.3 Responsibilities of the 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 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 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 exercised professional judgment and maintain professional skepticism 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 its internal control.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- 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.

The 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 of the preceding year had been implemented.

## 1.6 Comments on the Financial Statements

### 16.1 Accounting Deficiencies

#### (a) Property Plant and Equipment

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
The value of property, plant and equipment was stated as Rs.44,193,169 in the statement of financial position, and those value was stated as Rs.46,619,220 under the CIGAS program of the Treasury and, as such, a difference of Rs.2,426,051 was observed.	The treasury will correct in the future.	Financial statements should be prepared in comparison with treasury values.

#### (b) Not Maintenance of Books and Records

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(i) Security Register A security register containing the details of all officers and employees required to give security was not prepared in terms of Finance Regulation 891(1).	Action will be taken to maintain a deposit register in the future.	Financial Regulations should be followed.
(ii) Counterfoil Register The counterfoil Register had not been updated in term of Financial Regulation 341	Action is being taken to update the counterfoil register.	Financial Regulations should be followed.

## 2. Financial Review

### 2.1 Expenditure Management

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
98 percent of the funds allocated for building repair and maintenance expenditure object was saved.	The building repair and maintenance works were carried out by the building owner, and the building rent covers these costs, as such, provision was saved in this expenditure object.	Cost estimates should be prepared as accurately as possible.

### 2.2 Certification to be done by the Accounting Officer

According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, the Accounting Officer should have certified the following matters, but it had not been done so.

<b>Audit Observation</b>	<b>Comment of the Chief Accounting Officer/Accounting Officer</b>	<b>Recommendation</b>
(i) The Accounting Officer should certify that an effective system of internal control is introduced and maintained for the financial control of the National Education Commission and the periodically review should be carried out on the effectiveness of the system and accordingly the necessary changes should be made to maintain the system effectively and those reviews should be done in writing and a copy of the same should be submitted to the Auditor General, but statements that such reviews had been made were not submitted to the audit.	Although an internal audit circle had been set up and necessary action had been taken in the year 2021, due to the constraints such as fuel shortages, intermittent reporting to service etc. it was unable to actively maintain in the year 2022. At present, actions have been taken to actively maintain that system. The relevant review reports are being submitted to the audit.	The provisions of Section 38 of the National Audit Act No. 19 of 2018 should be followed.
(ii) Although it should be ensured that there was an effective system for the proper execution of internal audit functions, as per the observations mentioned in paragraph 4.1 of the report, that requirement was not fulfilled.	It has been possible to hold only one Audit Management Committee meeting due to the emergence of disruptive situations such as fuel shortage, intermittent reporting to work etc. in the year 2022.	The provisions of Section 41 of the National Audit Act No. 19 of 2018 should be followed.

### 2.3 Non-compliance with Laws, Rules and Regulations

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

<b>Reference to the Laws, Rules, and Regulations</b>	<b>Non Compliance</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Section 3:1 of Public Administration Circular No. 30/2016 dated 29 December 2016.	Action had not been taken in terms of the circular regarding the 06 vehicles belonging to the commission.	The necessary actions are being taken to systematically carry out fuel consumption tests of reserve vehicles.	Circular provisions should be followed.

### 2.4 Unapproved Payments

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
In addition to the salaries and allowances for the regular position, the Secretary of the Commission was paid a total of Rs.395,883, a sum of Rs.42,428 in the year 2021 and a sum of Rs.353,455 in the year 2022, as a secondary allowance, but a formal approval related to that payment was not submitted to the audit.	That all appointed secretaries were paid secondary allowance of half of salary. The current secretary was appointed on 29 October 2021 and in response to the inquiry made by the President's Office regarding the payment of this allowance, it has been informed that she was able to pay the relevant allowance.	A formal approval should be obtained for payment of allowances.

## 3. Operational Review

### 3.1 Planning

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Information such as the updated organization structure of the institution, approved cadre, details of the currently employed staff and the imprest plan for annual activities had not been included to the action plan prepared for the year.	Action was taken to make necessary amendments to the Annual Action Plan 2023.	Action plan should be prepared as per circular.

### 3.2 Non Execution of Functions

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) Although it was planned to amend the 30 years old Commission Act and submit it to the Parliament for approval by the month of April of the year under review for the program related to carrying out an educational reform suitable for the 21st century, the recommended amendments to the Act had only been submitted to the Minister on 05 October 2022.	The draft prepared to amend the Commission Act has been forwarded to the Ministry of Education.	Amendments to the Act should be made as per plans.
(b) Although it was planned to prepare an accepted policy document on Science, Technology, Engineering, Aesthetics and Mathematics (STEAM) education in Sri Lanka as on 30 June of the year under review, only one research paper had been submitted to the first Bilateral National Research Conference on Education conducted by the National Education Commission in December 2022.	That the final report of the research is being prepared despite the delay in the completion of the work due to various obstacles in the year 2022.	Actions should be taken to carry out the activities mentioned in the plan as expected.
(c) Although it was planned to prepare a recommended national strategic framework on teacher education for teacher professionalization in Sri Lanka by August 2022, data collection is being done for that purpose even by the end of the year.	That the final report of the research is being prepared despite the delay in the completion of the work due to various obstacles in the year 2022.	Actions should be taken to carry out the activities mentioned in the plan as expected.
(d) Although it was planned to establish a monitoring system of the National Education Commission for early childhood development centers, only a related thesis was presented to the research conference.	That the final report of the research is being prepared despite the delay in the completion of the work due to various obstacles in the year 2022. The activities of installing a monitoring system is planned to be done in the year 2024.	Necessary actions should be taken to complete the activities mentioned in the plan within the expected time period.

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| <p>(e) Although the National Education Commission had submitted recommendations to the President in the years 1992, 2003, 2016 and 2018 regarding multidisciplinary fields such as pre-school, primary, secondary, tertiary, higher, non-formal, adult, special, vocational and religious education as well as student enrollment, teacher recruitment and professional development, curriculum development in the education, assessment and evaluation, educational resources and support services etc., they have not been in the implementation step until now.</p> | <p>The National Education Policy Framework 2020-2030 covering 8 major fields of education in Sri Lanka was presented to the President through the Ministry of Education and as per the instructions of the President, an education policy is being prepared through a cabinet sub-committee.</p> | <p>The recommendations of the Education Policy Framework should be implemented to achieve the desired objectives.</p> |
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### 3.3 Delays in Execution of Projects

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<p>(a) Although the accepted policy document on non-formal education programs and the submission of recommendations for strengthen the existing mechanism for preparing the present programs was included in the 2022 plan, it was again included in the year 2023.</p>	<p>Agreed.</p>	<p>Actions should be taken to act according to the plan.</p>
<p>(b) Although the research and findings on counseling and guidance needs of Piriven students were included in the 2022 plan, it was included in the year 2023 due to the heavy load of academic activities.</p>	<p>Agreed.</p>	<p>Possible actions should be taken to act according to the plan.</p>

### 3.4 Security of Public Officers

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) The Accounting Officers had not taken action to deposit security from 04 officers of the council regarding the custody and security of government money etc. under the Financial Regulation 315.	Necessary action will be taken in the future.	The Financial Regulations should be followed.
(b) As per the Financial Regulation 880, officers who are administratively responsible for, or who under delegation are entrusted with, the receipt or custody of public money, revenue stamps or stores, or the disbursement of public money or the issue of stamps or stores and those who certify vouchers or sign cheques on Government Account will be required to give security in accordance with the Public Officers (Security) Ordinance Cap. 612, but the officials of the National Education Commission involved in the said activities had not kept the security deposit.	Necessary action will be taken in the future as per the Financial Regulation 880.	The Financial Regulations should be followed.

### 3.5 Management Inefficiencies

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
A total sum of Rs.18,718,664 had been paid during the year under review, including building rent of Rs.15,727,424 for 4748 square feet of Bandaranaike Conference Hall premises for running the office and a sum of Rs.2,991,240 for vehicle facilities, sanitation and cleaning, electricity bill and water bill when the institute staff was 30 by the end of the year under review.	Until another suitable place with lower rental cost was found, this institution was maintained in the 4748 square feet of Bandaranaike Conference Hall premises. Action was taken to return nearly 1000 square feet and the lease agreement is being amended in the year 2023 accordingly.	Action should be taken to be economical in procuring buildings for running institutions.



**4. Good Governance**

**4.1 Audit and Management Committee**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Contrary to the Section 41 of the National Audit Act No. 19 of 2018, the Commission had conducted only one meeting of the Audit and Management Committee in relation to the year under review.	The National Education Policy Framework 2020-2023 report was presented to His Excellency the President in 2022, and as it was an essential task to discuss its progress, the committee members decided not to hold audit and management committee meetings for the first and second quarters of 2022.	Audit and Management Committee meetings should be held as per the Act.