

Head 06 – Public Service Commission

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of Head 06 – Public Service Commission for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information 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 Commission was issued to the Chief Accounting Officer on 30 May 2024 in terms of Section 11(1) of the National Audit Act No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Commission was issued to the Chief Accounting Officer on 16 August 2024 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Public Service Commission as at 31 December 2023, and its financial performance and cash flows 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 described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. 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 and the Accounting Officer for the Financial Statements

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

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 the preparation of annual and periodic financial statements.

In terms of 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 carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations 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 and its materiality depends on the influence on economic decisions taken by users 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:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Accounting Officer 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

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act No.19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Incurring Liabilities and Commitments

Audit observations	Comments of the Chief Accounting Officer	Recommendation
Sum of Rs.1,457,443 payments made in the months of January and February of 2024 related to the liabilities of 03 expenditure objects of the year 2023 was not stated in the statement of commitments as per the F.R. 94 (2) and (3). Out of that, the remained excess of the provision of one expenditure object was Rs.58,280.	The bills mentioned are for the month of December and the vouchers for payment were received in January. These bills are not included in the statement of liabilities due to the fact that these bills were not paid while preparing the statement of liabilities.	All liabilities related to the year under review should be included in the statement of commitments entered into liabilities.

3. Operation Review

3.1 Performance

The following observations are made.

Audit observations	Comments of the Chief Accounting Officer	Recommendation
(a) According to the Section 237 of the Procedural Rules of the Public Service Commission Published from Extraordinary Gazette of Democratic Socialist Republic of Sri Lanka No.1589/30 dated 20 February 2009, an appeal addressed to the Commission should be taken a decision by the Commission within 15 days in the case of transfers and	Most of the appeals received by the appeals division are forwarded as letter of progression by the officers to avoid delay and although the reports and files containing observations and recommendations were called from the relevant Ministries regarding the said appeals, the decision of the	Action should be taken as per the Section 237 of the Procedural Rules of the Public Service Commission

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| <p>45 days in the case of promotions after received by the commission. Nevertheless, the decisions related to 04 out of 10 appeal files which were subjected to sample testing related to the requests received during the period from 2015 to 2021 had not been given by 2024.01.22 and a period of 01 to 07 years had been spent to give the decisions for 06 files that had been given decisions.</p> | <p>Commission could not be given in the year received of the appeal due to the reason that the reports were not received in the same year. Accordingly, if the performance is measured only based on the number of appeals received in the reviewed year and the number of appeals that have been decided and completed within the same year, the Ministries and Departments that provided the relevant reports will be determined on the time it takes to submit those reports.</p> | |
| <p>(b) The time period for giving decisions on appeals receiving relate to the promotion has not been indicated in Procedural Rules No.2310/29 dated 14 February 2022 which had been issued revoking the Commission's Procedural Rules No. 1589/30 dated 20 February 2009.</p> | <p>According to the number of appeals submit to the Commission, it is impractical to impose a time limit based on the time it takes to take a decision on one appeal. However, internal standing orders have been enacted to prevent undue delays in dealing with an appeal.</p> | <p>The time period for giving decisions on appeals received regarding the promotions should be mentioned as stated in the Commission's Procedural Rules No. 1589/30</p> |
| <p>(c) Dealing with the discipline of officers under the disciplinary control of the Commission is one of the main functions of the Commission and although it is stated that a formal disciplinary inquiry should be completed within 06 months as per the Public Administration Circular No.30/2019 dated 30 September 2019 issued in relation to Chapter XLXIII of volume II of the Establishments Code of Democratic Socialist Republic of Sri Lanka, 02 to 04 years have passed since receiving the requests of the 08 disciplinary matters that were subjected to the sample audit, nevertheless those disciplinary matters had not been completed even as of 24 February 2024.</p> | <p>Answers were not provided for the draft report.</p> | <p>Action should be taken as per Public Administration Circular No. 30/2019 and dated 30 September 2019.</p> |

3.2 Annual Performance Report

The annual Performance Report should have been prepared in accordance with paragraph 10.2 of Public Finance Circular No.2/2020 dated 28 august 2020 and in accordance with the format mentioned in Guideline No.14 issued by the Department of Public Finance. The following observations are made in this regard.

Audit observations	Comments of the Chief Accounting Officer	Recommendation
(a) Only the number of works carried out in the year 2023 by the Health Service Committee of the Commission, establishment Division, Disciplinary Division, Appointment division and Promotion Division were included in the Performance Report and information regarding the number of complaints received by the division during the year under review, the quantity completed in those complaints and the remaining availability were not included. Accordingly, enough information had not been included in the Performance report of 2023 to consider the performance level of the year 2023.	Observations and recommendations are called by the external agencies while dealing with the letters and documents referred to the Public Service Commission and depending on the time received of that reply, there is a possibility that the year in which the matters will be completed may not be the same as the year of the request/complaint and may have to be completed in the following years. Therefore, it is observed that the time taken to complete those tasks due to the delays of another party is not relevant to take the decision of the performance of the year under review of this office.	Sufficient facts to consider the level of performance of the year should be included in the Performance Report.
(b) Although the number of appeals received by the appeal division in the year 2023 was quantitatively stated, while presenting the number of appeals called with the observations and recommendations and the number of appeals completed, it was presented including the number of appeals of the year under review and previous year and also time analysis has not been presented. As a result, sufficient information has not been presented to determine the level of performance of that sector of the year under review.	The appeals division has been worked promptly to receive the reports and files containing observations and recommendations from the relevant Ministries regarding the appeals receiving by the appeals division. Although the reports were requested from the relevant Ministries and Departments, that reports are not received within the same year and due to that the decisions of the Commission could not be given within the year appealed. Accordingly, if the performance is measured only based on the number of appeals received in the	Sufficient facts to consider the level of performance of the year should be included in the Performance Report.

reviewed year and the number of appeals that have been decided and completed within the same year, The performance will be determined based on the time taken to submit relevant reports of the Ministries and Departments that provided the relevant reports.

- (c) Although the situation where the targets of each of the tasks expected to be accomplished of the year 2023 action plan or the amount of tasks received were not mentioned, it was problematic that the actual output as a percentage of the expected output under the performance indicators were between 100 percent to 90 percent.
- The actual output is shown as a percentage of the number of requests submitted to this office in that year in the Performance Report of the year 2023 since it is not possible to accurately predict the number of requests received by the office and since the same issues are constantly inquired about through audit queries in previous years. There, the heading of the column of the format presented by the Public Finance Circular 02/2020 was applied in the same way for those headings of the column.
- The percentage of actual output should be stated.

3.3 Assets Management

Audit observations

A costing of Rs.2,850,000 vehicle owned by the Commission was remained not run up to 27 March 2024 which was date of the audit from year 2020.

Comments of the Chief Accounting Officer

The bids were called for the disposal of this vehicle through the newspaper advertisement and according to the prices offered, the buyer who had offered the highest price was notified on 2024.04.04 to pay the specified amount and get the vehicle.

Recommendation

It should be duly acted regarding the vehicle that is not remained run.

3.4 Management Weaknesses

The following observations are made.

Audit observations	Comments of the Chief Accounting Officer	Recommendation
(a) An investigation officer who had been appointed for a disciplinary investigation was left after conducted 03 investigation sessions and later, a new disciplinary investigation officer was appointed and Rs.20,252 had been paid by the commission to the previous investigation officer for the 03 disciplinary investigation sessions that were conducted previously even though and the disciplinary investigation had been started from initial.	Rs.20,252.00 has been paid as related inspection fees and traveling expenses as mentioned in Public Administration Circular 18/2018 after studying the records of the 03 sessions conducted by the investigation officer. The Education Service Committee has given orders that this investigation should be started from initial after studying the inspection report submitted by the officer who left the disciplinary investigation. Accordingly, the new investigation officer has started the investigation from the beginning and completed the investigation by now.	If a new disciplinary investigation officer is appointed and the disciplinary investigation was started from initial, an internal control system should be introduced regarding the payment for the 03 disciplinary investigation sessions which conducted.
(b) Each type of procurement item planned to be purchased in the year under review was not included in the procurement plan and each capital expenditure item in the budget estimate and budgeted amount mentioned under that were specified in the budget estimate. Further, the estimated cost of sanitary services and security services have not been stated under the services of the plan.	The procurement plan has been prepared in accordance with the circulars issued by the Ministry of Finance and the relevent Departments from time to time. Sanitation services and security services have been implemented according to the procurement plan and the relevent officials have been instructed to include the estimat too in the next year.	Each type of procurement items should be included in the procurement plan.

- (c) Although contracts are not signed for service and maintenance of generator for the time period from 01 September 2022 to 31 August 2023 and service and maintenance of fire protection system for the time period from 13 July 2022 to 14 July 2023, A total of Rs.655,500 had been paid to a private company for the service and maintenance of the generator and the fire protection system.
- The institute had submitted estimates to enter into service contracts for a period of five years. Accordingly the institution has expressed its agreement for service contracts with the respective private institutions year after year. There was a difference (increase) between the prices presented by the institution for the years 2022/2023. Accordingly, there has been a delay due to the fact that they were secondly reduced the prices and revised the relevant agreement and presented.
- Arrangement should be made to enter the relevant agreements within the prescribed periods.

4. Good Governance

4.1 Internal audit

Audit observations

Although a suitable auditor should be appointed by the Chief Accounting Officer to carry out internal audit work according to the Section 40 of the National Audit Act No. 19 of 2018, the position of internal auditor remained vacant from 03 October 2023.

Comments of the Chief Accounting Officer

The Secretary of the Ministry of Public Administration, Home affairs, Provincial Councils and local Government has been informed to fulfill the vacancy for the Internal Audit Position in this office and officer has not been appointed so far.

Recommendation

Internal Audit should be implemented in accordance with Section 40 of the national Audit Act.

5. Human Resources Management

Audit observations

- (a) Officers had not been appointed until 29 February 2024 for two posts of Technical officers which had been approved by the Department of Management Services on 28 January 2019.

Comments of the Chief Accounting Officer

Action has been taken to get the approval for two posts as Technical Officer (Civil) and Technical Officer (Mechanical) by the Department of Management Services based on the requirement to get technical recommendations related to the conditions of the building. An officer has been employed for the post of Technical Officer (Civil) on acting basis due to the fact that the

Recommendation

Arrangement should be made to fill the vacancies in essential posts or revise the approved cadre of non-essential posts.

maintenance work of the building is being done through contractual services on prior agreement at present. To appoint an officer in full time is not necessary for the post of Technical Officer (Mechanical) in this office currently.

(b) The actual cadre of the Commission was 219 as at 19 January 2024 which the date of audit. Out of that, the inside service period of 84 officers of the Commission was exceeded 05 years and inside service period of 15 officers of the Commission was exceeded 10 years.

Compulsory transfers are not relevant after five years of service as this office is not a preferred workplace. Prior agreement should also be obtained for the transfer of officers to this office due to nature of duties in the office. There is a different nature of duties in this office than the nature of duties existing in other government offices and there is no possibility to transferring them just because the service period exceeds five years since the simultaneous transfer of trained and experienced personals directly affects the effectiveness and efficiency of the duties of the organization.

Transfer policy should be complied.