

Head 006- Public Service Commission - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 006 – The audit of the financial statements of Public Service Commission for the year ended 31 December 2024 comprising the Statement of Financial Position as at 31 December 2024 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 02 June 2025 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 11 June 2025 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 of the Public Service Commission for the year ended as at 31 December 2024 give a true and fair view of the financial position, financial performance and cash flows, in all material respects in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters set out in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities regarding financial statements are further described in the Auditor's Responsibilities 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 Emphasis of Matter – Basis for Preparation of Financial Statements

Attention is drawn to Note 1 to the financial statements, which describes the basis of preparation of these financial statements. The financial statements have been prepared for the requirements of the Public Service Commission, the Treasury and Parliament in accordance with Government Financial Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended solely for the use of the Public Service Commission, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibilities of Chief Accounting Officer and 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 Government Financial Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025 is the responsibility of the Chief Accounting Officer.

As per Section **16 (1)** of the National Audit Act No. **19** of **2018**, the Public Service 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 Public Service 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.

1.5 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.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Receipts Other than Revenue

Audit Observation	Comments of Chief Accounting Officer	Recommendation
The cash flow statement for the year ended 31 December 2024 shows Rs. 16,556,943 as income collected under other income heads. According to the consolidated balance sheet, it was Rs. 9,579,262, so as difference of Rs. 6,977,681 was observed.	It is stated that the income collected under other income heads of Rs. 16,556,943 in the cash flow statement includes income collected under other income heads of Rs. 9,579,262 and the sum of loan balances taken over by the institution of Rs. 6,977,681.	Accounts should be prepared in accordance with the accounting guidelines applicable to the year under review.

(b) Property, Plant & Equipment

Audit Observation	Comments of Chief Accounting Officer	Recommendation
(i) The cost of assets worth Rs. 268,207 that had been disposed of during the year under review had not been specifically identified and removed from value of the non-financial assets.	The CIGAS system uses asset codes, and it is stated that the items entered into the CIGAS software are identified separately for each section and the corresponding value is removed.	The specific cost of the disposed assets should be removed from non-financial assets.
(ii) Although the value of computer equipment shown under machinery and equipment as at 31 December 2023 was Rs. 19,477,831. Accordingly there was a difference of Rs. 175,000 as Rs. 19,652,831 has been stated in the opening balance in the financial statements for the year under review.	Although the closing balance for 2023 was correctly shown as the opening balance for 2024 under the CIGAS software, it is stated that the value of the computer received as a grant of Rs. 175,000 was entered into the CIGAS software as an opening balance on 27 December 2024.	The previous year's account balances must be carried forward accurately.

(c) **Advance Account Balances**

Audit Observation	Comments of Chief Accounting Officer	Recommendation
Although the total advance recoveries in cash and cross-entries in the Statement of Advance Accounts (ACA-5) were stated as Rs. 15,716,777, advances received in the cash flow statement were understated by Rs. 6,441,401 as advance recoveries were shown as Rs. 9,275,376 in the cash flow statement.	Since the cash flow statement includes transactions made in cash, advances made in cash amounting to Rs. 9,275,376 have been shown. Recovery made in both cash and cross-notes as per ACA-5 is included.	The cash flow statement should be prepared in accordance with the accounting guidelines.

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

3. Financial Review

3.1 Expenditure Management

Audit Observation	Comments of Chief Accounting Officer	Recommendation
Due to the fact that expenditure estimates were not realistically prepared in accordance with Financial Regulation 50, the provisions of 08 recurrent expenditure items and 02 capital expenditure items had been remained at 35 percent to 100 percent.	It was stated that the reasons given as controlling expenses to minimize government spending, economical use of stationery, and the use of email and internet for correspondence, reduced fuel consumption, non-payment of uniform allowances, non-performance of building repairs, dispose of three vehicles and non-performance of capital repairs.	Expenditure estimates should be prepared with due regard to economy and efficiency in accordance with the Financial Regulation 50.

3.2 Entering into Liabilities and Commitments

Audit Observation	Comments of Chief Accounting Officer	Recommendation
The total expenditure of Rs. 1,753,983 paid in the year 2025 was not disclosed in the Statement of Commitments (Annexure iv) as incurred in the financial statements of the year 2024.	It is stated that since only 12 months of bills are paid in a year, only 12 months of vouchers from December of one year to November of the following year are considered for payment purposes, and therefore the bills for December are not shown as liabilities.	When preparing financial statements, expenses related to the financial year under review should be considered.

3.3 Non-compliance to the Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non-compliance	Comments of Chief Accounting Officer	Recommendation
(i) Section 3.1 of Public Administration Circular No. 30/2016 dated 29 December 2016	Although a fuel check should be performed on every vehicle, after a period of 12 months or after running 25,000 km or after a major engine repair, whichever occurs first out of these matters, 16 vehicles owned by the Commission had not undergone such fuel combustion tests As of 31 December 2024.	It has been stated that steps would be taken to conduct fuel combustion tests on vehicles in the fleet that have not undergone such tests in the future.	Action should be taken as per the circular.
(ii) Paragraph 07 of Asset Management Circular No. 01/2017 dated 28 June 2017	Although each institution was required to submit the assets purchased and disposed of to the Office of the Comptroller General at the end of the relevant quarter, the Public Service Commission had not acted accordingly.	It is indicated that the vehicle data has been submitted accordingly, as the programs developed by the Comptroller General's Office for data entry are only for vehicles.	Action should be taken as per the circular.

(iii)	Financial Regulation 110 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	The records maintained by the Commission regarding damages and losses had not been maintained in accordance with F.R. 110 Form.	It has been stated that the damage and loss register regarding vehicle accidents will be maintained in accordance with the F.R. 110 format.	Action should be taken as per the Financial Regulations.
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4. Operational Review

4.1 Vision and Mission

Following observations were made.

	Audit Observation	Comments of Chief Accounting Officer	Recommendation
(a)	Appeals resolution process During the year under review, 1453 appeals were resolved and, considering the time taken to resolve appeals, 393 appeals within a year, 502 within 2 years, 199 within 3 years, 102 within 4 years, and 257 appeals over 5 years were resolved. Accordingly, the number of appeals received that were resolved, provided observations, recommendations and reports within a year was 27 percent of the appeals resolved.	Most of the appeals received by the Appeals Division are appeals that are forwarded by officers as a progress copy to prevent delays and, the Appeals Division will promptly take action to obtain reports and files containing observation recommendations from the relevant ministries regarding those appeals.	Steps should be taken to provide prompt observations and recommendations.
(b)	Although standing orders have been prepared to send reminder letters for delays in providing information from other institutions during the appeal resolution process, there were also instances where other institutions did not respond to this. During the year 2024, information/reports were called for 329 appeals from government	It is stated that although reports were called from the relevant institutions regarding the appeals, it has not been possible to give a decision within the same year of receiving the appeal due to the delay in receiving the reports, actions would be taken to issue reminders as per internal standing orders to promptly obtain relevant reports from institutions.	A mechanism should be made to promptly obtain information from institutions.

institutions, and although a period of 08 months had passed for 62 appeals, no replies had been provided.

4.2 Procurements

Audit Observation	Comments of Chief Accounting Officer	Recommendation
Although the e-GP system has been developed for the procurement of goods under the shopping method, in accordance with Circular No. 08/2019(i) dated 19 April 2023 and Circular No. 08/2019 dated 17 December 2019, as amended by Public Finance Circular No. 08/2019(ii) dated 06 February 2024, regarding the implementation of the Public Electronic Procurement System in Sri Lanka. In the year 2024, procurement of goods totaling Rs. 1,524,640 was carried out on 04 occasions under the shopping method without using the e-GP system.	It has been informed that it has already been registered and that steps have been taken accordingly in the future.	Action should be taken as per the circular.

4.3 Asset Management

Audit Observation	Comments of Chief Accounting Officer	Recommendation
Proper action had not been taken until 20 May 2025 regarding the deficits in 32 types of goods identified in the 2024 Board of Survey.	Inquiries have been made to the relevant departments and it has been informed that further action will be taken after receiving responses.	Appropriate action should be taken to address deficits.