

Head 212 - Department of Examination

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Examination for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 Department of Examination was issued to the Accounting Officer on 05 July 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 06 August 2021 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 Department of Examination as at 31 December 2020 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 responsibility for the 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 Responsibilities of Chief Accounting Officer and the Accounting Officer on Financial Statements

The Accounting Officer is 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 Department 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 Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department 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 skepticism 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 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 in consistent with those of the preceding year.
- (b) Recommendations made by me regarding the financial statements of the preceding year had been implemented .

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Position

The following matters are observed.

Audit Observation	Comments of the Accountng Officer	Recommendation
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(a) A difference of Rs.118,280,504 was observed in between the closing balance of the previous year and the opening balance of the year under review with regard to 07 asset items of the statement of non-financial assets.	Agree.	The reasons for the mismatches should be disclosed in the financial statements.
(b) The Turnkey Printer which was purchased to the Printing Division valued at Rs. 546,264,452 , had not been included in the statement of non-financial assets.	Comments have not been given.	The assets should be properly accounted for.

2. Financial Review

2.1 Expenditure Management

Audit Observation

The entire provision of 04 expenditure objects amounting to Rs. 129,600,000 had been saved.

Comments of the Accountng Officer

At the beginning, the provisions were not made from the Annual Budget 2020 and provisions has been made quarterly under the Vote on Account.

Recommendation

The estimates should be prepared after a proper study.

2.2 Arrears Revenue

Audit Observation

Within the arrears balance of examination fee amounting to Rs. 1,509,792, a sum of Rs.834,813 with regard to the years 2018 and 2019 had consisted of.

Comments of the Accountng Officer

Agree.

Recommendation

Actions should be taken to recover the arrears.

2.3 Deposits

Audit Observation

Within the balance of Rs. 67,677,090 in 04 deposit accounts as at 31 December 2020, a balance of Rs. 4,974,354 for a period of 2-5 years had been consisted of and actions had not been taken in accordance with Financial Regulation 571 in this regard.

Comments of the Accountng Officer

Agree.

Recommendation

Actions should be taken to settle the deposit balances.

2.4 Entered into Liabilities and Commitments

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) All liabilities for the financial year should be paid and released during that financial year in terms of 2 (d) of State Accounts Circular No. 255/2017 dated 27 April 2017 and although no liability should be carried forward to settle in the next year, commitments and liabilities relating to the year under review amounted to Rs. 13,173,163 had been settled in the year 2021.</p>	<p>These have been documented.</p>	<p>All the liabilities related to a particular financial year should be settled within that financial year.</p>
<p>(b) An amount of Rs. 17,820,562 to be paid to the Urban Development Authority for the purchase of 03 official quarters had not been included in the liabilities of the year under review.</p>	<p>This has been omitted.</p>	<p>This liability should be entered in the register.</p>

2.5 Non-compliance with Laws, Rules and Regulations

 The following matters are observed.

Observation ----- Reference to Laws, Rules and Regulations -----	Non- compliance	Comments of the Accounting Officer -----	Recommendation -----
(a) Financial Regulation 94(i)	----- Liabilities had been entered into exceeding the savings for 08 expenditure objects amounting to Rs.10,157,120	Provisions for the year 2020 have been made on a quarterly basis. Although the commitments has been entered into at the end of a quarter if the payment had not been made, the provisions would be canceled.	----- commitments should be made only if there are provisions available.
(b) Section 6 (1) of the Public Examinations Act No. 25 of 1968	Even though a question paper of a public examination is kept in secret from the time of starting the answer until a half an hour elapses, the G.C.E (Ordinary Level) and (Advanced Level) Question Papers which are exposed to all external parties during the day time, another group of candidates were given the opportunity to answer questions at the night of the same day.	Since the candidates are kept under the staff of the Department of Examinations from 8.00 a.m on the day of examination , there is no exposure to the outside society.	Actions should be taken in accordance with the Act.

2.6 Improper Transactions

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) Fees had been revised by the Letter No. EST/07/EXAM / 05/2018 and 03 October 2019 of the Director General, Establishments for the officers engaged in public examination activities subject to application conditions for a period of 05 years from 03 October 2019 . Even so, payments were made according to the old fee book without implementing the recommendations for payment of approved revised examination fees even by 31 December 2020 .</p>	<p>Due to the reduction of some allowances and the withdrawal of some allowances which were included in the 2013 payroll in this revision, an appeal has been presented in this regard. Payments have been made in accordance with the 2013 fee list until the answer is received from the Director General Establishment for this appeal .</p>	<p>Payment of fees for examination duties as per the revised payment recommendations.</p>
<p>(b) Even if the monthly secret allowance pay for secret document activities as per new fee book is a maximum of 06 months of the year, a sum of Rs. 628,456 had been paid for 12 months.</p>	<p>The arrangements have been made to recover the overpaid amount.</p>	<p>Actions should be taken to recover.</p>

3 Operating Review

3.1 Activities in Contrary to the Main Functions

At the request of an outside party, only a small number of students belonging to a particular religious institution are allowed to engage in afternoon religious activities on Sabbath Days (Saturdays), the opportunity to appear for subjects of G.C.E.(Ordinary Level) and G.C.E.(Advanced Level) examinations which had lapsed on Saturdays were also given on nights of the same day. The following observations are made in this connection.

Audit Observation	Comments of the Accountng Officer	Recommendation
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(a) Conducting the examinations on Sabbath Days which does not have legal provisions had been conducted continuously for about 50 years without obtaining the approval or to make aware of the Minister in charge of the subject or the Secretary of the Line Ministry .	It has been instructed to suspend the examination by the Ministry of Education after conducting an investigation.	Measures should be taken in accordance with the Examinations Act and Departmental Rules and Regulations.
(b) G.C.E (O/L) Science question papers and answer papers for the year under review had been transported by the Head of the hall in a vehicle belonging to the institution to which had applied for the examination.	A vehicle is provided for transportation by the institution which has applied for the examinations from the past.	-do-
(c) Even though any person from out side cannot be in the exam center as per the Special Instruction Letter to the Head of the Hall No. 6/6 O/L 2020 DP/OL/2020/08 dated 11 February 2021, the Head of the hall had allowed	The person who had activated the religious programmes was not staying at the examination center but under the direct supervision of the examination staff in the hall where the students	-do-

outside persons to stay to show students religious scenes using a computer.

were temporarily detained.

(d) It was revealed that the Departmental Officers who had participated in the duties of this examination had obtained Departmental Examination Fees twice as much as the value stated in the book from an external institution personally in cash.

Because it is needed to be on exam duty both day and night, twice as much has been paid directly in cash since 1982 approximately.

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(e) Even though the Special Internal Audit Report No. 19/ IA / EX / 05 regarding the conduct of (A/L) Examinations has been submitted to the Commissioner General of Examinations on 16 January 2019 regarding the conducting of last year G.C.E (O /L) and G.C.E (A/L) on Sabbath day , the investigation report had not been gone through and the necessary corrective actions had not been taken.

Further actions are being taken.

The required corrections should be made according to the investigation report.

3.2 Delays in Performing of Projects

Audit Observation

Even though a sum of Rs. 28,905,398 to the Central Engineering Consultancy Bureau and Rs. 280,625,748 to the State Engineering Corporation had been paid respectively during the year under review for the six storied multi-purpose building which is scheduled to begin construction in 2017 and to be completed in February 2019 with the contract value of Rs.564,320,835 , its' work had not been completed even by 31 December 2020 .

Comments of the Accounting Officer

Construction works have been delayed due to various reasons.

Recommendation

Necessary actions should be taken to complete the work on the due date as per the contract agreements.

3.3 Annual Performance Report

Audit Observation

The Draft Annual Performance Report had not been submitted with the financial statements in accordance with Paragraph 10.2 of the Public Finance Circular No. 2/2020 dated 28 August 2020, the report for the year 2019 had not been submitted to the audit as at 31 March 2021.

Comments of the Accounting Officer

The Annual Performance Report for the years 2019 and 2020 has been completed by now and arrangements are being made to table it in Parliament in future.

Recommendation

It should act in accordance with the circular.

3.4 Procurements

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Even though the Turnkey Printer had been purchased at a cost of Rs. 546,264,452 aiming to enhance the credibility and confidentiality of the candidates, Only a number of 346,180 G.C.E Advanced Level question papers were printed during the year under review. It was less than 5 per cent of the total question papers.	It was difficult to use at full capacity due to the nature of the questionnaire.	The purpose of purchasing the printer should be achieved.
(b) Even though the Wrapping Solution part of the Turnkey Printer valued at Rs. 8,428,637 was purchased in 2018 to protect the confidentiality of the question papers, it had been in idle from the date of purchase without any use.	Agree.	Actions should be taken to utilize the assets expeditiously.
(c) Purchase of 160kw “Continuous Power Supply Unit” at a cost of Rs. 7,096,000 to maintain the power supply until the printing system shuts down in the event of a sudden power failure of the printer, after nearly 2 years had elapsed the UPS part had been purchased for that. More than Rs. 7 Million had to be spent in addition because this requirement was not taken into account in the procurement specifications as per the Procurement Guidelines.	As stated	The Procurement Guidelines should be followed.

3.5 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
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No action whatsoever had been taken in respect of 03 accident losses amounted to Rs.616,740 included in the register of damages.

Further actions are being taken.

Necessary actions should be taken in accordance with Financial Regulations.

3.6 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Even though the assessed value of the land where the Department is located amounting to Rs. 630,000,000 had been stated in the statement of non-financial assets, arrangements had not been made to take over the land to the Department.

The Ministry of Education has been informed about this.

Arrangements should be made to take over.

(b) Although the entire power generation should be sold to the CEB as per the Decision of the Departmental Committee appointed on 08 October 2018, due to ambiguity in the production capacity and consumption of the solar power system which was installed at a cost of Rs. 28,500,000 in the year 2018, actions had not been so taken even by the end of the year under review.

A study is being conducted.

Actions should be taken in accordance with the decision of the Committee.

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| <p>(c) A sum of Rs. 31,700,936 to be paid to the Urban Development Authority in the years 2020 and 2021 for the purchase of 03 official quarters in the year under review had not been paid even by the end of the year under review. Even though it had been stated in the Terms of Agreement 1.1 (B) that, it happens to cancellation of reservation withdrawal of 25 per cent of payments or to pay a late fee determined by the Housing Development Authority with 12 per cent annual interest that if it had failed to pay on time. proper action had not been taken in this regard.</p> | <p>The Treasury has made aware.</p> | <p>Actions should be taken in terms of the agreement.</p> |
| <p>(d) The Department had failed to issue the results of the Information Technology (GIT) Examination 2018 conducted online with the objective of measuring the practical experience and activities of students even by the 31 March 2021 .
Similarly, an expenditure of Rs. 128,359,865 had been incurred in the years 2019, 2020 and 2021 for that.</p> | <p>The finalizing of results of the examination are being done.</p> | <p>Actions should be taken to release the results expeditiously.</p> |
| <p>(e) Although the results certificates of the examinations held since 1992 are issued through the computer system and the steps have been taken to release the results of the examinations held before 1992 in this manner, it had been impossible to issue and confirm the results by June 2021.</p> | <p>The activities on the Certificate Scanning Project has already been commenced by now and confirmation of results and re-issuance of results will be expedited in future.</p> | <p>Urgent actions should be taken to release the results online.</p> |

04. Human Resources Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Even though 82 persons who had worked on casual basis had been given permanent appointments in Grade III of the K.K.S on 20 February 2020 and have been included in the primary level and given permanent salaries for a period of 06 months , they had not been given permanent appointments even by the end of the year under review. Actions had not been taken to recover the amount of Rs. 553,381 paid to 06 of them who had left the service.	Even though the temporary appointment letters were issued as per the instructions of the Director General of Combined Services No.ක.සේ.සේ/16/රා.පරි.ව ක්ර/29/2019 dated 2021-02-18 Management Service Circular 01/2020 dated 21-02-21 .	The actions should be taken to recover the money paid.
(b) Fifteen employees had been recruited on casual basis in the year 2021 as well.	Because of a significant operation is going on during the period of the examinations are being conducted, it had to be recruited on temporary basis.	Recruitments should be made not to exceed the approved number.
(c) There were 12 senior level vacancies and 12 tertiary level vacancies within the 152 vacancies at the end of the year under review.	The necessary actions are being done.	Necessary steps should be taken to fill the vacancies considering the requirements.