

Head 212 - Department of Examinations

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Examinations for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, and cash flow statements 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 Examinations was issued to the Accounting Officer on 31 May 2022 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 28 June 2022 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 give a true and fair view of the Financial Position of the Department of Examinations as at 31 December 2021 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 described in Paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities 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 Responsibility of the 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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Accounting Officer determines 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 to be prepared of the Department.

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 Responsibility 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:

- 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 the Department's 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

As required by Section 6 (1) (d) of the National Audit Act, No.19 of 2018, I state the followings:

- (a) The financial statements are consistent with the preceding year,
- (b) Recommendations made in the preceding year on observations mentioned in paragraph 1.6.1 (a) of this report, had not been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

The following matters are observed.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The Turnkey Printer valued at Rs. 546,264,452, purchased to the Printing Division, had not been included in the statement of non-financial assets.	It is agreed.	Assets should be brought to account accurately.
(b) Even though according to the financial statements, purchases made under 9160 wip building & structure during the year was Rs. 66,104,844, according to the Vote Ledger, it had been Rs.67,816,761, thus observing a difference of Rs. 1,711,917.	It is agreed.	Assets should be brought to account accurately.
(c) Even though the assessed value of the land amounting to Rs. 630,000,000, on which the Department is located, had been indicated in the statement of non-financial assets, action had not been taken to take over the said land to the Department.	It is agreed.	Action should be taken to take over the said land.

2. Financial Review

2.1 Non-revenue Receipts

Audit Observation	Comments of the Accounting Officer	Recommendation
Action had not been taken to earn Rs.14,066,912 from selling waste papers from the year 2015 to the year 2021.	It is agreed.	Action should be taken to collect outstanding income.

2.2 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Provision of Rs.1,595,872,127 ranging from 20 per cent to 100 per cent relating to 16 Objects, had been saved.	It is agreed.	Estimates should be prepared after a proper study.
(b) Provision totalling Rs.211,662,600 exceeding the 50 per cent of the original estimated provision relating to 04 Objects, had been transferred through the Financial Regulation 66.	It is agreed.	Estimates should be prepared after a proper study.

2.3 Incurring of Commitments and Liabilities

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Papers valued at Rs. 792,000 received in the preceding year had been rejected as those are not suitable for the purpose and retained in the stores and the value thereof had been indicated in the financial statements as commitments and liabilities since the year 2020.	It is agreed.	Action should be taken to settle liabilities expeditiously.

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| (b) | Commitments valued at Rs.15,341,940 had been entered into with a private firm in the year under review for scanning old examination result sheets. Even though the relevant firm had completed a sample of scanning in November 2021 and handed over to the Department, a proper agreement had not been entered into with the relevant firm by examining whether the said sample is accurate. | It is agreed. | Action should be taken to settle liabilities and commitments expeditiously. |
| (c) | Payments had been made in the year under review for a sum of Rs.17,820,562 payable to the Urban Development Authority for the purchase of 03 official quarters but not entered into liabilities and commitments in preceding years and for the course fee of Rs. 388,500. | It is agreed. | Payments should not be made for unidentified and unreported liabilities and commitments of preceding years. |

2.4 Non-compliance with Laws, Rules and Regulations

The following matters are observed.

Observation -----	Comments of the Recommendation Accounting Officer		
Reference to Laws, Rules and Regulations -----	Non-compliance -----	-----	-----
(a) Paragraph (b) of Public Finance Circular No.01/2020 of 28 August 2020	Ad hoc sub-impressts of Rs. 12,453,200 had been granted in 07 instances exceeding the maximum limit of Rs.100,000 which can be given at once.	It is agreed.	Action should be taken in terms of circulars.
(b) Public Administration Circular No.30/2016 of 29 December 2016	No vehicle whatsoever of the Department had been tested for fuel consumption at least once in 12 months or after operating 25,000 k. m.	It is agreed.	- do -

3. Operating Review

3.1 Delays in the Execution of Projects

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though sums of Rs.57,902,852 and Rs.199,634,570 had been paid to the Central Engineering Consultancy Bureau and State Engineering Corporation respectively in the year under review for the construction of the six-storey multipurpose building to the contractual value of Rs.564,320,835, commenced in the year 2017 and to be completed in February 2019, constructions thereof had not been completed even by 31 December 2021.	It is agreed.	In terms of the contractual agreement, necessary action should be taken to complete works on due date.

3.2 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
In terms of paragraph 10.2 of the Public Finance Circular No.2/2020 dated 28 August 2020, the draft annual performance report of the year under review had not been submitted along with the financial statements.	It is agreed.	Action should be taken in terms of the circular.

3.3 Procurements

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Even though the Wrapping Solution part of the Turnkey Printer valued at Rs. 8,428,637 was purchased in the year 2018 to protect the	It is agreed.	Action should be taken to utilize the assets expeditiously.

confidentiality of the question papers, it had remained idle from the date of purchase without any use.

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| (b) | Even though the Turnkey Printer had been purchased at a cost of Rs. 546,264,452 aiming to enhance the credibility of candidates by obtaining question papers of high resolution and to protect the confidentiality to the maximum, a number of 4,898,000 question papers had been printed for the G.C.E (Advanced Level) Examination 2021, conducted in the year 2022 and out of those, only 509,000 copies or 10 per cent of the total question papers had been printed by using the said printer. | It is agreed. | The said Printer should be utilized to the maximum. |
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3.4 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) A sum of Rs. 324,515,433 should have been recovered from 35 Government Institutions relating to conducting institutional examinations during the period from 2018 to 2021.	It is agreed.	Specific and formal procedure should be prepared for settling expenditure on conducting examinations.
(b) Action had not been taken to recover a sum of Rs. 628,456 paid in the preceding year exceeding the maximum limit authorized for 06 months paid per year for confidential documents according to the book on new fees.	It is agreed.	Action should be taken recover.

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| (c) | A number of 700 Tablet computers provided to the Department by the Ministry of Education for the new digital programme, had remained underutilized, as those are inadequate for affairs of the School Exam Evaluation Division. Even though the guarantee period of Tablet computers which is 24 months as per the contractual agreement, had lapsed by 14 months as at 31 January 2022, those Tablets had not been included in the statement of non-financial assets by identifying their value and 665 Tablet computers had not been recorded in stock books. | It is agreed. | Steps should be taken to utilize assets and to record them in books. |
| (d) | Investigations on 545 mobile phones and 09 communication equipment retained in conducting school and institutional examinations from the year 2015 to the year 2020, had not been concluded. | It is agreed. | Investigations should be concluded expeditiously. |
| (e) | Investigations on 1,039 cases regarding irregularities referred to the school exam division from the year 2016 to the year 2020 had not been concluded and investigations on 3,118 cases relating to examinations conducted for making recruitments to institutions as at 31 December 2021 and 2,792 cases relating to certificates and other cases had not been concluded even by 31 January 2022. | It is agreed. | Investigations should be concluded expeditiously. |
| (f) | Even though the entire power generation should be sold to the Ceylon Electricity Board as per the Decision of the Departmental Committee | It is agreed. | Action should be taken as per the decision of the 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, action had not been taken accordingly even by the end of the year 2021.

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| (g) | The Information Technology (GIT) Examination - 2018 had been conducted online by spending a sum of Rs.100,252,667 in October 2019 for 130,224 students in Grade 12 and results thereof had been issued in November 2021. Only 56,051 candidates had answered for both question papers and the Department could not obtain any information whatsoever on answer papers of 4,945 candidates. | It is agreed. | Provisions should be made for conducting examinations according to a plan. |
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04. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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The Department had spent a sum of Rs.352.6 million as personal emoluments for the year under review. There were 192 vacancies comprising 14 in the senior level and 12 in the tertiary level, in the staff of the Department.	It is agreed.	Necessary action should be taken to fill vacancies.