

## **Head 335 -National Education Commission**

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### **1. Financial Statement**

#### **1.1 Opinion**

The audit of the financial statements of the Head 335 -National Education 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, 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 10 May 2024 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 15 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, the financial statements prepared give a true and fair view of the financial position of the National Education Commission as at 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Opinion**

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 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 following recommendations made by me regarding the financial statements of the preceding year had not been implemented.

<b>Reference to the Paragraph of the Report of the Preceding Year</b>	<b>Non-implemented Recommendation</b>	<b>Reference to the Paragraph in this Report</b>
(a) 3.2 (a)	Action should be taken to get approve the Education Commission Act.	3.2 (a)
(b) 3.2 (b), (c), (d), (e)	Every possible effort should be made to carry out the activities mentioned in the plan as intended.	3.2 (b)

## **2. Financial Review**

### **2.1 Expenditure Management**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) According to the Financial Regulation 50(1), it is the responsibility of the Chief Accounts Officer to prepare the annual estimates as accurately as possible. According to the National Budget Circular No. 03/2022 issued on 26 April 2022, a provision of Rs.50,000 was made for travel expenses despite of travel restrictions and the total net allocation was transferred to other expenditure subject.	As per Treasury instructions 03/2022, the entire allocation of Rs.50,000 in the foreign travel subject has been transferred to expenditure item No. 1302 as foreign travel should be restricted.	Financial Regulations should be followed.
(b) According to Financial Regulation 50(1), the annual estimates should be prepared as accurately as possible by identifying the requirements. Accordingly, due to the non-preparation of estimates under a specific plan, allocations were saved from Rs.583,800 to Rs.2,242,749 in 04 expenditure subjects with a total estimated value of Rs.17,185,000. The savings were in the ranged from 27 percent to 99 percent.	As it was proposed in the year 2022 to abolish the National Education Commission under the Education Reforms and establish it as an Education Service Unit under the Ministry of Education, the expenditure for this purpose was suspended. it was also decided to improve and maintain the institutional website according to the requirements.	Financial Regulations should be followed.

- (c) According to the National Education Commission Act No. 19 of 1991, for the purpose of achieve the objectives of the establishment of the National Education Commission, i.e. research and development expenses for educational reforms, only Rs. 8,300,000 or 11 percent of the total allocation of the commission had been allocated. A provision of Rs.2,242,749 had been saved from that allocation at the end of the year.
- Completed academic research reports were sent for printing by 31 December 2023. That due to the delay in the printing works of those institutions, the payments for that were carried forward to the next year.
- Necessary plans should be prepared and implemented to achieve the objectives of establishing the institution.

## 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>
Although the Chief Accounting Officer and the Accounting Officer should certify that an effective system has been introduced for properly execution of internal audit functions, but that requirement was not fulfilled as an internal audit unit was not established for the institution.	That it has assured in writing to the Auditor General that an effective internal control system is being developed and maintained for the financial control of the institution	The provisions of Section 38 of the National Audit Act No. 19 of 2018 should be followed.

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

The following observations are made.

<b>Reference to the Laws, Rules, and Regulations</b>	<b>Non Compliance</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Secretary of the Public Administration Circular Nos. 09/2009 and 09/2009 (I) dated 17 June 2009	Some higher management officials of the National Education Commission had not marked their arrival and departure in the fingerprint recording machine contrary to the circular provisions.	The actions are being taken in this regard.	Circular provisions should be followed.

### 3. Operational Review

#### 3.1 Non Execution of Functions

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
To carry out the program related to educational reform suitable for the 21st century, although it was planned to amend the 30 years old Commission Act and submit to the Parliament to get the approval, the recommended amendments had been submitted to the Minister on 05 October 2022. But the line ministry has not informed about the next steps, and accordingly, the work was not completed by the end of the year.	That the Ministry of Education has not yet informed our institution regarding the further action in this regard.	Actions should be taken to complete planned tasks.

#### 3.2 Assets Management

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) An air conditioner worth of Rs.309,990, included under the property plant and equipment in the Financial Position Statement, procured in the year 2018 has been sent to a private company for repair in the year 2021, but has not been brought back until now. Due to this, the existence of the asset with that value was not confirmed during the audit.	That the necessary actions had been taken to bring the air conditioner to the institution.	The existence of non-financial assets included in the financial statements should be verified.
(b) According to the annual board of survey report conducted by the National Education Commission as on 31 December 2023, shortage of 03 cassette recorders in the year 2022 and 02 digital voice recorders in the year 2023 were identified. But the documents of the department had not been updated as per the financial regulations.	The necessary actions are being taken in accordance with Financial Regulations regarding the shortage of goods identified in the board of survey in the years 2022 and 2023.	Financial Regulation should be followed.

#### 4 Achieving of Sustainable Development Goals

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Information on the sustainable development goals and objectives Identified as relevant to the Commission according to the United Nations year 2030 Agenda for Sustainable Development was not submitted to the audit. However, in this regard, the council informed the audit that the scope of the council is to formulate education policies and plans, and the institutes that should implement those policies and plans should set those goals and objectives.	The scope of the council is to formulate education policies and plans, and the institutes that should implement those policies and plans should set those goals and objectives.	A clear agreement should be reached regarding the preparation of plans.

#### 5 Good Governance

##### **Audit and Management Committee**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
In accordance with Section 41 of the National Audit Act No. 19 of 2018, 04 Audit and Management Committee meetings should have been held in relation to the year under review by the Commission, but only 2 meetings were held during the year.	That two (02) Audit and Management Committees for the year 2023 have been conducted on 17 March 2023 and 20 December 2023.	Provisions of the Act should be followed.

#### 6. Human Resources Management

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
The position of Accountant included in the approved cadre of the Commission was vacant on 26 August 2020, but officers on acting were appointed for more than a year until November 2023 without taking action to fill the vacancy.	That it was temporarily suspended due to proposals to abolish the National Education Commission and establish an Education Committee under the Ministry of Education.	If there is no requirement to fill the vacancies, the approved staff should be revised or the vacancies should be filled.