

Head 212 – Department of Examinations

1. Financial Statements

1.1 Qualified Audit Opinion

The audit of the financial statement of the Department of Examinations for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019, 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 including my comments and observations on the financial statements of the Department of Examinations was issued to the Accounting Officer on 29 May 2020 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018. The Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 14 September 2020. 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 the Paragraph 1.6 of this report, the accompanying financial statements which have been prepared in accordance with the provisions of the public accounts circular no 271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Department of Examinations as at 31 December 2019, and of its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities of the Financial Statements, are 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 Chief Accounting Officer and Accounting Officer for the Financial Statements

Chief Accounting Officer and 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 such internal control is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-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 annual and periodic financial statements to be prepared.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists 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 General'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, 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. And 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 appropriateness of the accounting policies used, reasonableness of accounting estimates and the related disclosures made by the management

- Evaluate that the transactions and events underlying the structure and content of the financial statements are appropriately and fairly included and whole presentation of financial statement including disclosures

I communicated 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 declare the following matters in accordance with Section 6 (1) (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) Financial Statements are consistent with the previous year.
- (b) Recommendations made by me with regard to the previous year financial statement had been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Position

Audit observation	Recommendation	Comments of the Accounting Officer
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It was observed a difference of Rs.2,924,239,024 between statement of non-financial assets and department asset value stated in the books of the Treasury as at 31 December 2019.	It should be ensured that asset value stated in the records of the Treasury is tally with the asset value stated in the accounts of the Department at the end of the year.	Agreed and will be corrected in the future

1.6.2 Non -compliance with Laws, Rules and Regulations.

Instances of non-compliance with Laws, Rules and Regulations observed during the sample audit tests are described below.

Observation	Recommendation	Comments of the Accounting Officer
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Reference to Laws, Non Compliance Rules and Regulations		
(a) 396 (d) of Financial Regulations of Democratic Socialist Republic of Sri Lanka	Actions had not been taken as per the financial regulations 396 (d) regarding 80 Cheques issued but not presented amounting to Rs. 256,153 over 06 months.	Actions should be taken in accordance with the Financial Regulations.
(b) Government Procurement Guidelines		
(i) Clause -2.8.2	Five technical evaluation committee members were recommended by the Commissioner General of Examinations for the procurement of Turnkey printing machine contrary to the guidelines.	Provisions of the Procurement Guidelines should be followed
(ii) 8.9.3 Clause	Although the contract agreements of Rs. 500 Mn or more than that should be signed by the Secretary of the Line Ministry, the contract agreement of buying the Turn Key printing machine amounting to Rs.546,264,452 had been signed by the Commissioner General of Examinations	Provisions of the Procurement Guidelines should be followed
		Agreed and note to be corrected
		Since the requirement of buying this machine was with the Department, Commissioner General of Examinations recommended and sent the members of the Technical Evaluation Committee
		Agreed and the agreement was signed as per the Secretary's advices

2. Financial Review

2.1 Expenditure Management

Audit observation

Recommendation

**Comments of the
Accounting Officer**

Since annual budget has not been prepared according to a specific plan identifying requirements correctly, the provision of Rs.360,701,420 ranging from 15 percent to 77 percent in 11 expenditure votes has been remained unspent.

Estimates should be prepared as per the Financial Regulation 50.

Agreed.

2.2 Statement of Reconciliation of Advance Accounts to Public Officers

Following observations are made in this regard

Audit observation

Recommendation

**Comments of the
Accounting Officer**

(a) It was unable to recover a loan balance of Rs.473,367 due more than 05 years as at 31 December 2019 from two officers who have been interdicted.

The provisions of Section 4 of Chapter xxiv of the Establishments Code should be followed.

Agreed and necessary actions are being taken to settle

- (b) It was unable to recover a loan balance of Rs.113,351 due from three officers who have vacated the post during the period from 1995 to 2008. The provisions of Section 4 of Chapter xxiv of the Establishments Code should be followed. Agreed and necessary actions are being taken to settle

3. Operational Review

3.1 Planning

Audit observation -----	Recommendation -----	Comments of the Accounting Officer -----
According to the procurement plans of the preceding year and the year under review, scanning of exam certificates of G.C.E (Ordinary Level) and G.C.E (Advanced Level) issued before 1990 has not been started even at the end of 31 January 2020.	Actions should be taken as per the Procurement Plan	Necessary actions have been planned to complete the scanning of results sheet.

3.2 Activities contrary to core functions.

The following observations are made in this regard.

Audit observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) Although the provisions are not there in the Public Examination Act No 25 of 1968 revised by Act No 17 of 1976, from the inception of the Department, following the preceding of organizing and holding of local and foreign private examinations, those examinations have been organized and held annually.	It is appropriate to make available the legal provisions for organizing and holding of local and foreign private examinations rather than stopping of holding examinations.	The Examination Department has held local and foreign private examinations from its inception and following that preceding those examinations have been organized and held till now. And also, if the provisions are not available to hold like that, actions will be taken to stop those examinations hereafter.

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| (b) | No agreements have been entered between the Department and the private institutes for the function from organizing of examinations to releasing of results of the local and foreign private examinations held by the Department annually | Actions should be taken to enter in to agreements with private institutions for this. | In the years before 2019 a procedure had not been implemented for signing of agreements between the Department and the private institutes for those examinations held by the Department annually, and entering into agreements regarding examinations has been started by now. |
| (c) | Although the government has incurred Rs. 7,305,345 for holding of private and foreign examinations for the years 2017,2018 and 2019, that amount has not been reimbursed from the private institutions. | Actions should be taken to recover properly the expenditure incurred for private and foreign examinations. | Agreed and necessary instructions have been given to relevant officers |

3.3 Procurement

The following observations are made regarding Purchasing of a digital turn key printing machine for printing of question papers

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) Before purchasing this machine value to Rs.546,264,402 in the year 2018, a feasibility study had not been done regarding its appropriateness and the capacity of the department to maintain the machine.	A feasibility study should be done regarding its appropriateness before purchasing machines like this with a high cost.	A feasibility study had been done confirming the requirement of purchasing a new machine indicating the difficulties emerged due to using of old existing machine of the department for printing of question papers.

- (b) Although the capacity of the printing machine for an hour is 4000 booklets, 135,300 and 383,750 booklets were printed in 2018 and 2019 respectively. And also, though the capacity of an hour in printing A3, A4 question papers is 13,000 question papers, 160,500 and 212,000 A3 and A4 question papers were printed in 2018 and 2019 respectively. Accordingly, time utilized for printing of books and printing of A3, A4 question papers in the year 2018 and 2019 were 34 hours & 96 hours and 12 hours & 16 hours respectively.
- The capacity of the machine should be utilized efficiently.
- Since suitable papers comply with the specifications of the machine could not be found locally papers had to be imported. And due to the difficulties occurred when importing, supply of the papers got delayed, as a result of it, utilization was delayed.
- (c) While only 8 percent of 2019 G.C.E (Ordinary Level) question papers were printed from the above printing machine which was purchased in the year 2018 for printing of question papers where the warranty period expire in a shorter period of one year, 100 percent of G.C.E (Advanced Level) and Scholarship question papers and 92 percent of G.C.E (Ordinary Level) question papers were printed from 08 old machines of the department. As a result, raw material amounting to Rs.22,217,630 out of raw material purchased in 2019 amounting to Rs.26,208,600 for this printing machine remained as unused
- The capacity of the machine should be utilized efficiently, and should consider to purchase raw material according to the utilizing capacity and to keep raw material stock in required quantity .
- Close to 8 percent has been printed. And, expected raw material quantity could not be utilized due to expected quantity could not be printed. And those material will be used in future printing activities.
- (d) The department had incurred Rs.9,660,000 for annual maintenance and software license fee without utilizing the maximum capacity of the machine.
- The maximum capacity of the machine should be utilized efficiently.
- As per the agreements this amount should be paid and it is expected to use this machine for main examinations with a permanent staff after giving a training by the supplier.

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| (e) | Although, as per the specification No 9 (d) and bid documents of the supplier, foreign training for four officers should have been given at the suppliers' cost it has not been done even one year has passed from installing the machine. | Actions should be taken according to the agreements. | Actions will be taken to hold this training Programme in the future. |
| (f) | According to the report submitted by the technical evaluation committee members after physical observations made in foreign, Wrapping Solution part of the turn key printing machine was proposed and recommended as an essential part for the department to secure the confidentiality of the question papers. However, this part that the value is Rs.8,428,637 has been idle without getting any utilization from the purchasing date. | Actions should be taken to use this machine part making the improvements complying to the requirements of the department. | This part is not used presently. And it will be discussed with the relevant institute in order to making this part complying to the requirements of the department. |

3.4 Management Weakness

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) All the government institutions including ministries and departments had been informed to follow the E government policies that the cabinet approval received on 16 December 2009 , by the president secretary's circular number SP/SB/03/10 dated 31 May 2010. However , web page designing, entering in to non disclosure agreements before giving access to the information system as per the e government policy when providing e services including issuing certificates and attesting results through online ,giving	It should be entered in to a non disclosing agreement enabling taking legal action at the instants where the supplier broke the trust regarding information. and also should act according to the e-government policies.	actions have been taken to sign new agreements by the supply branch, and so far,the supply company has not involved in any action which break the trust , and a policy regarding use of Information Technology of the department will be prepared in the future, and e government policies have not published when the initial web name of the department was

training for all staff, formulation of a policy regarding use of the information technology, updating the relevant web address have not been done by the Department

registered and web page name of www.doenets.lk received at that moment. and it is expected to get the advices from the relevant institutions in this regard.

- (b) Since the department has not determined a specific methodology regarding the way of provisioning money for the institutional examinations, Amount of Rs.27,388,031 due from departments and ministries could not be able to recover even at the end of the year under review.
- A specific methodology should be determined regarding the way of provisioning money for the institutional examinations
- Agreed and necessary instructions have been given to the relevant officers.
- (c) The department had not prepared written specific criteria which shows the basis of selecting officers who prepare question papers and mark the answer sheets for the institutional examinations, educational qualifications possessed by those officers, professional level and experience
- written specific criteria as not changing in different periods should be prepared.
- while subject specialists who have worked trustly for long period are selected as resource persons, resource persons are deployed for these activities with the approval given by the Commissioner General
- (d) Although both computer and results branches are involved in tallying marks differences for releasing results of examinations where the candidates exceeds 2000, such a double checking systems for releasing results of examinations where the candidates less than 2000, has not been followed
- It should be planned to release the results according to a double checking system connecting both computer and results branches for the examinations where the sitting candidates less than 2000 also.
- Comprehensive checking is done by the officers of results branch for all the results sheets

4. Human Resource Management

Audit observation -----	Recommendation -----	Comments of the Accounting Officer -----
08 employees had been employed at the Department more than 18 years Contrary to provisions of Procedural rules of the Public Service Commission	Necessary actions should be taken to prepare a transfer policy suitable for the department and get it approved.	Agreed