

Head - 6 - Public Service Commission

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Public Service Commission 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 Commission was issued to the Chief Accounting Officer on 11 May 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Commission was issued to the Chief Accounting Officer on 05 May 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 financial position of the Public Service Commission 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 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 evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Chief 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 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 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 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 of the Commission, 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.

1.5 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 recommendations made by me regarding the financial statements furnished for the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Position

The bellow mentioned deficiencies were observed when accounting for the property, plant and equipment.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The overestimation of Rs. 78,000 on other machinery and equipment carried out during the preceding year had been accounted for as a transaction for the year under review .	It has been noted all the disposals and opening balances adjustments to be done by journal entries in future.	It should be accurately accounted for .
(b) There was a difference of Rs. 3,946,580 in the value of vehicles in the Treasury printouts and the Register of Vehicles of the Commission.	Actions have been taken to record the accurate value of the vehicles in the Register of Vehicles.	Differences should be identified and accurately accounted for.

1.6.2 Cash Flow Statement

The following deficiencies were observed in the cash flow statement.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The non - revenue receipts of the year under review amounting to Rs. 8,212,647 had been shown in the cash flow statement as Rs. 6,601,453 .	It has been noted to revise the financial statements 2020 after consulting the Department of State Accounts on the changes in the methodology of formulating of cash flow statement and to prepare the financial statements 2021 .	It should be accurately accounted for .
(b) A sum of Rs. 1,626,353 which should be indicated under Non-revenue Receipts of the year under review had been shown as income and interest income collected for other Heads.	-do-	-do-

2. Operating Review

2.1 Annual Performance Report

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

The Annual Performance Report which should be submitted for the year 2020 in terms of Paragraph 10.2 of the Public Finance Circular No. 2/2020 dated 28 August 2020 and Section 16.2 of the National Audit Act No. 19 of 2018 had not been submitted to the audit along with the financial statements.

The Performance Report is being prepared and actions will be taken to forward that report to Parliament in due course.

Arrangements should be made in accordance with the Public Finance Circular.

2.2 Management Weaknesses

Audit Observation

Comments of the Chief Accounting Officer

Recommendation

Although 03 vehicles had not been driven throughout the year, a sum of Rs. 35,250 had been spent for one of them during the year under review to install tire tubes.

Two vehicles are to be repaired and put into operation and the other vehicle is to be handed over to another company.

Appropriate arrangements should be made in respect of these vehicles.

3. Human Resources Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<hr/> <p>There were 12 senior level posts, 05 tertiary level posts, 16 secondary level posts and 04 primary level posts in vacant as at 31 December 2020 and the Commission had approved to fill those vacancies.</p>	<hr/> <p>The approval for the 04 senior level posts, 16 secondary level posts and 04 primary level posts has been given in the year 2020 . Applications have been called to fill the vacancies and the Secretary to the Ministry of Public Service, Provincial Councils and Local Government has been informed to fill those vacancies.</p>	<hr/> <p>Actions should be taken to fill the vacancies for essential posts.</p>