

## Report of the Auditor General on Head 126 – Ministry of Education - Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 126 – Ministry of Education for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 30 June 2016. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

### 1.2 Responsibilities of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account, and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

## 2. Accounts

### 2.1 Appropriation Account

#### Total Provision and Expenditure

The net provision made for the Ministry amounted to Rs.58,451.25 million out of which a sum of Rs.56,283.01 million had been utilized by the end of the year under review. Accordingly, a sum of Rs.2,168.24 million or 3.71 per cent of the net provision of the Ministry had been saved. Particulars are given below.

Expenditure	<u>As at 31 December 2015</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	41,104.05	40,746.61	357.44	00.87
Capital	17,347.20	15,536.40	1,810.80	10.44
Total	58,451.25	56,283.01	2,168.24	03.71

## 2.2 Advances Accounts

### 2.2.1 Advances to Public Officers Account

#### Limits Authorized by Parliament

Limits authorized by Parliament for the advances to Public Officers Account bearing Item No. 12601 and the actual values are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
1225.00	1187.05	970.00	973.79	2310.00	1780.65

## 2.5 General Deposit Accounts

Balances of the deposit accounts under the Ministry as at 31 December 2015 totalled Rs.969.46 million. Particulars are given below.

<u>Deposit Account Number</u>	<u>Balance as at 31 December 2015</u>
	Rs.Millions
6000/0000/00/0006/0064/000	0.16
6000/0000/00/0015/0039/000	956.58
6000/0000/00/0015/0177/000	0.19
6000/0000/00/0015/0199/000	5.51
6000/0000/00/0015/0208/000	7.02
Total	969.46

## 2.6 Audit Observation

Appropriation Account and the Reconciliation Statement for the year ended 31 December 2015 of the Ministry of Education had been satisfactorily prepared except for the Audit Observations stated in the Management Audit Report mentioned in the Paragraph 1.1 above. Of the Audit Observations included in the Management Audit Report, material and significant Audit Observations appear in the Paragraph 3 of this report.

### 3. Material and Significant Audit Observations

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#### 3.1 Non – maintenance of Books and Registers

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Audit test checks revealed that the Ministry had not maintained the following two registers and one register had not been maintained properly and updated manner.

Type of Registers	Relevant Regulation	Observations
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(a) Register of fixed asset for computers, accessories and software	Treasury Circular No.IAI/2002/02 of 28 November 2002	Not maintained.
(b) Liability Register	Financial Regulation 214	Not maintained.
(c) Register of Fixed Assets	Treasury Circular No.842 of 18 December 1978	Register of fixed assets had not been updated in the Veyangoda Siyane Vidyapeeta

#### 3.2 Lack of Evidence for Audit

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Written evidence to establish the ownership of land 85 acres in extent in which Veyangoda Siyane Vidyapeeta is situated was not made available.

#### 3.3 Replies to Audit Queries

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Replies to 3 audit queries issued to the Ministry during the year under review had not been presented even by 10 August 2016. The value of transactions relating to those audit queries can be computed at Rs.121,577,330.

#### 3.4 Appropriation Account

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##### 3.4.1 Budget Variance

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The following observations are made.

- (a) The entire net provision of Rs.80.87 million made for 4 Objects had been saved.
- (b) Due to making over provision or not granting imprests from the Department of Treasury operations for 12 Objects savings from net provisions ranging from 48 to 99 percent had been indicated.

#### 3.5 General Deposit Account

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Action in terms of Financial Regulation 571 had not been taken in respect of 2 deposits lapsed for more than 2 years totalling Rs.211.77 million.

### **3.6 Reconciliation Statement of the advances to Public Officers Account**

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Audit tests check carried out in respect of the reconciliation statement of Advances to Public Officers Account as at 31 December 2015 bearing item No.33101 the following deficiencies were observed.

- (a) According to the reconciliation statement presented to audit, the outstanding balances as at that totalled Rs.1780.65 million. The Ministry had failed to recover a total sum of Rs.102.66 million brought forward for more than 5 years.
- (b) According to the reconciliation statement as at 31 December 2015 the debit balance of Rs.1.15 million remained unsettled for the period from 1 to 5 years which had been arisen due to accounting errors, but it was failed to rectify it even by 31 December 2015.
- (c) According to the reconciliation statement as at 31 December 2015 there was an unidentified difference of Rs.890,652 between the total of the individual balances classification summary and the balance of the control account.
- (d) A balance of Rs.128,150 out of the property loan given to an officer before 10 years back without a guarantee had been recovered by instalments from the Ministry of Highways, to which he had been transferred. However, action had not been taken to recover that loan balance through the accounts summaries.
- (e) Action had not been taken to recover loan balances totalling Rs.2.39 million elapsed for more than 5 years recoverable from retired and deceased officers from their pension gratuities.

### **3.7 Good Governance and Accountability**

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#### **3.7.1 Internal Audit**

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Eventhough a sum of Rs.5795.76 million had been spent for 3 foreign loans and grants projects during the year under review, a sufficient internal audit had not been carried out in respect of that expenditure.

#### **3.7.2 Annual Performance Report**

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In terms of Public Finance Circular No.402 dated 12 September 2002, the performance report should be tabled in Parliament within 150 days after the closure of the financial year by the Ministry, it had not been tabled in Parliament even by 10 August 2016.

### **3.8 Assets Management**

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At Audit test check carried out in respect of assets of the Ministry, the following deficiencies were observed.

(a) Idle and Under Utilised Assets

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Audit test checks observed that certain assets as classified below had been idle or underutilised.

<b>Type of Assets</b>	<b>No.of Units</b>	<b>Value</b>	<b>Period of idle or underutilisation</b>
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Buildings	16 official quarters at Siyane Vidyapeeta	-	More than one year
Motor Vehicles	5 motor vehicles, 2 motor cycles	-	More than one year
School equipment	Computer tables and chairs, beds, steel almyrahs, laboratory chairs and other equipment allocated to be distributed under 1000 school project retained in the stores	-	More than one year
	Chemicals	-	More than one year
	14 types of goods ranging from 1 to 2091 items	-	from 2 to 5 years
Test books	4393 test books of various subjects in grade 1 to 12 in a ladies school at Colombo 7.	-	More than one year
Other Assets	2,770,402 packets of school uniform cloths	693,762,709	More than 7 months
Cash	Provision made for 16 subject exterior and parallel activities of a Horana National School	1,381,000	More than one year
	Money invested in fixed deposits by school Development Societies in 43 schools	633,803,600	More than one year

**(b) Conduct of annual Board of Survey**  
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In terms of Public Finance Circular No.02/2014 dated 17 October 2014, the annual Board Surveys for the year 2015 should be conducted and the reports thereon should have been sent to the Auditor General before 17 March 2016. However, the annual Board of survey reports in respect of 78 National Schools, 18 teachers centres, 25 computer centres, Orugodawatta stores and Paththalagedara stores had not been presented to audit even by 10 August 2016. Last Board of Survey had been conducted in the year 2014.

**(c) Assets being possessed by external parties**  
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Eighty Lands located in urban areas ranging from 04 purchase to 224 purchase in extent belonging to the National schools of the Ministry of Education, Teachers College and National Education Vidyapeets had been possessed by external parties without approval or authority. The particulars of extents and the present values of those assets with high assessed value were not available with the Ministry of Education.

**(d) Informally use of assets not vested**  
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By utilising a provision of Rs.1191.97 million made to the Ministry of Education for the construction of buildings required for the Security Services school since the year 2008, buildings had been constructed by incurring an expenditure of Rs.1098.24, in a land, 1.9329 hectares in extent belonging to the Urban Development Authority. Nevertheless, action had not been taken to transfer the legal ownership of the land to the Ministry of Education.

**(e) Liabilities not settled**  
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The unsettled liabilities by the Ministry by 31 December 2015 amounted to Rs.3437.50 million.

**3.9 Non – compliances**  
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**Non – compliance with Laws, Rules and Regulations**  
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Non- compliance with laws, rules and regulations observed at audit test checks are analysed below.

**Reference to Laws, Rules and  
Regulations**

**Non-compliance**

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(a) **Establishments Code of the  
Democratic Socialist Republic  
of Sri Lanka**  
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(i) Section 31.1 of Chapter XLXIII

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According to a primary inquiry conducted against a female principal of a girls school in Nugegoda, it was recommended to issue a charge sheet and to interdict in the Internal Auditors report No.ED/S/84/6/2/1 dated 07 January 2011. Without considering such recommendations, action had been taken to send her on compulsory leave with immediate effect from 07 February 2011. The total salaries and allowances paid to her up to 31 December 2015, since that date amounted to Rs.3,737,426 without any active service. According to the letter No.PSC/DP/4/2011/SLEAS/1 dated 27 June 2016 of the Secretary of the Public Service Commission, it was ordered to reinstate her, subject to 4 conditions.

(ii) Section 13.3 of Chapter II

Out of the 350 National Schools island wide acting appointments for the vacancies of principals had been made in 49 and 106 national schools since the year 2009 and up to June 2016 respectively.

(iii) Section 1.2, 13.2 and 17.12 of Chapter XLVIII in Volume II

(i) Eventhough indiscipline charges against 21 officers had been brought forward for the periods ranging from 3 to 10 years, the Ministry had not taken action to finalise the disciplinary proceedings on these officers even by 15 December 2015.

(ii) Eventhough the disciplinary enquiries against the officers who had been charged with child abuse should be expedised and punished, no quick action had been taken and they had been released to another schools or retained in the same school. This situation had badly affected to the education of the children and to maintain the school discipline.

- (iv) Section 1.1 of Chapter XII Members of 128 academic and non-academic staff of 27 National schools had taken 3396 days leave without approval in the year 2015.
- (v) Section 2 of Chapter VII Eventhough 448 academic and non-academic staff members in the 86 National schools had taken 8030 days no pay leave in the year 2015, action had not been taken to recover the salaries paid to them for this no pay leave.
- Chapter III Change of station transfers had not been carried out in terms of provisions in the Establishments code since periods ranging from 5 to 22 years in respect of 46 officers in the Education Administrative service of the Ministry of Education, more than 10 years in respect of 76 officers out of the 84 Development Assistant posts 6 to 9 years in respect of 8 officers and the periods ranging from 7 to 25 years belonged to the other non-academic staff services. Certain officers in the branches to which they had been attached and certain officers from the date they came to the Ministry of Education had been working in the same branches.
- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka  
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- (i) Financial Regulation 371 (2) Advances totalling Rs.441,980 given in 43 instances in the year 2015 by a ladies college at Dehiwala had not been settled. Without settling the advances obtained for certain purposes, advances had been granted again.
- (ii) Financial Regulation 381 Sixty cash cheques had been written in 16 instances totalling Rs.138,785 from the current account of the School Development Society maintained in a Bank of Ceylon Branch by a National School in Horana. Of this, 10 cheques valued at Rs.96,285 had been issued to only one teacher.
- (iii) Financial Regulation 1645 Daily running charts and monthly performance reports in respect of 3 vehicles in a Ladies school in Colombo 7 and 2 vehicles in a ladies school at Dehiwala had not been maintained.



- (iv) Financial Regulation 1645 (a) Log books in form 267 had not been maintained in an updated manner in respect of vehicles belonging to the Ministry.
- (c) Circulars of the Ministry of Education  
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- (i) Paragraph 2.2 of the Circular No.19/2014 dated 18 June 2014 and Section 217 of the gazette notification extra ordinary No.1589/30 dated 20 February 2009 of the Democratic Socialist Republic of Sri Lanka. Action had not been taken to effect the transfers of 48 officers, in the Sri Lanka Principal's Service who had been transferred in March 2015, even up to the end of the year under review. Action in terms of the relevant gazette notification had not been taken against the officers who had failed to do so.
- (ii) Circular No.2007/20 dated 13 December 2007 Audit test check revealed that the change of station transfers had not been given to teachers who had served more than 8 years in a government school. Particulars are given below.
- (i) In 109 national schools, 4089 teachers had served in one school without being transferred for periods ranging from 8 to 27 years.
- (ii) In 83 national schools, 495 teachers had been engaged in teaching the subjects, other than the subjects to which they had been recruited. Specially 132 teachers who had no primary teacher training in 32 National schools had been attached to primary grades.
- (iii) Paragraph 6.1(i), 6.1(iv) and 6.3(ii) of Circular No.23/2013 dated 23 May 2013. (i) In the admission of children to the grade 1 for the year 2016 in a Boys National School in Maradana, more marks had been given to 51 children consisting of 29 instances relating to the years which had no voting right, 3 instances on proximity, 10 instances on fraternity and 9 instances on staff basis directly related to the educational institutions, contrary to the circular instructions.

- (ii) Immediately after performing the relevant duty, the officer concerned should place his signature to ensure that the duty has been performed. However the officers who had participated in the school admission interviews had not placed their signatures and certified the marks on the mark sheets.
- (iv) Paragraph 18 of the Circular No.23/2013 dated 23 May 2013 A sum of Rs.1,000,000 had been taken from a child and a receipt for a sum of Rs.600,000 of the school Development Society had been issued and admitted children by one school.
- (v) Paragraph 11.3 of the Circular No.23/2013 dated 23 May 2013. In order to prevent appearing the name of a same child in several schools, a meeting had to be held, being headed by the Provincial Director of Education and by leaving the name in the high priority list, names of those children should be removed and that opportunity should be given to the children who are in the waiting list. Action had not been taken accordingly.
- (vi) Paragraph 10.2 of Circular No.07/2013 dated 28 November 2013. According to the test checks Rs.1 million to Rs.5 million in a National School in Horana Rs.1.1 million to Rs.2.5 million in a Ladies School at Dehiwala and Rs.0.3 million to Rs.9.5 million in a ladies school in Colombo 7 had been retained in bank current account of school Development Societies from January to December 2015 without being made in short term investment to get some benefit.
- (vii) Paragraph 11 and 12 of Circular No.07/2013 dated 28 November 2013 In terms of circular instructions, procurements for more than Rs.500,000 should be made by the Ministry Procurement Committee, contrary to that procurement totalling Rs.545,065, comprising the procurements valued at Rs.208,815 from a supplier selected at a school level by calling for quotations and procurements valued at Rs.336,250 from another supplier in a National School in Horana, had been made.
- (viii) Circular No.07/2013 dated 28 November 2013 and the Guideline 11.3 of the Government Procurement Guidelines (i) According to the circular and the government procurement guidelines, construction works awarded to school Development Societies should not be sub contracted. However, a principal of a

National School had awarded a contract to a private contractor at a total cost estimate of Rs.428,650. In making payments a sum of Rs.265,150 had been paid on a blank invoice, which had been prepared by the Principal.

- (ii) Out of the provision of Rs.600,000 given to the National School Development Fund by the Ministry of Education, a construction work , valued at Rs.212,750 had been sub contracted and a sum of Rs.31,771 had been paid for 419 square feet of work not completed and not recommended by the Regional Engineer.
  - (iii) Diviating from the Financial Regulations and government procurement process, the contract had been divided by a National School in Horana. When payments were made, cheques had been written in the names of 4 teachers and encashed from their private accounts. Without following the quotation method, a sum of Rs.31,788 had been spent for the purchase of paints from a supplier not selected by the Procurement Committee.
- (ix) Circular No.38/2013 dated 07 November 2013
- (i) Action had not been taken to minimise the teachers shortages of 1524 and excesses of 770 in the National Schools as at 31 December 2015.
  - (ii) Eventhough the teaching of 10 periods per week should be allocated to Deputy Principals of a National School, teaching had not been assigned to 73 Deputy Principals of 35 National Schools even a single period. Periods allocated to 10 Deputy Principals of 9 National Schools had ranged from 02 to 06.
  - (iii) Assistant principals should be allocated 12 periods of 40 minutes for teaching per week. Nevertheless, 19 Assistant Principals of 12 National Schools had not been allocated for teaching even for a single

period. The number of periods allocated to 18 Assistant Principals in 12 National Schools ranged from 2 to 6.

- (iv) Teachers who teach subjects should teach at least 35 periods of 40 minutes per week. However, not a single teaching period had been given to 442 teachers in 77 National Schools. Less than 16 periods had been allocated to 906 teachers in 79 National Schools. In addition, periods had been allocated only to 16 teachers in Horana, Thakshila Vidyalaya out of 171 teachers.
- (x) Circular No.12/2015 dated 20 March 2015
  - (i) Exceeding the number of Deputy Principals and Assistant Principals specified for a National School, 99 Deputy Principals in 55 National Schools and 61 Assistant Principals in 28 National Schools had been appointed.
  - (ii) Teachers with supervisory capacity of a National School should be allocated at least a minimum of 16 periods of 40 minutes per week. However, not a single period was allocated to 59 teachers in 14 National Schools. Less than 16 periods of teaching had been given to 66 teachers in 12 National Schools.
- (xi) Circular No.37/2008 of 19 September 2008 and No.23/2013(ii) of 30 June 2015.

The total number of students admitted to 66 National Schools, exceeding the limit was 6,105. Of that, the total number of students admitted to 32 National Schools, exceeding the limits, considered as popular schools was 5,373.
- (xii) Circular No.42/2012 of 23 November 2012

The number of special education teachers vacancies in the 9 provinces of the Island amounted to 411 and 355 teachers who obtained special teacher training had been deployed in another schools or class rooms.

### **3.10 Foreign aid Projects and Programms**

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The Ministry had implemented 2 projects and 01 program in the year under review under the foreign financing. According to the loan and grants agreements, the total cost estimate of them amounted to Rs.6391.49 million. A sum of Rs.5795.76 million had been utilised for those projects in the year under review. The following observations are made in respect of those foreign aids projects.

#### **(a) Education Sector Development Program**

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Audit test checks carried out in respect of transactions made under the above program, the following observations are made.

- (i) Out of the provision made for the construction of Mahindodaya Technology Vidyapeeta, a sum of Rs.657 million had been used for the improvement of school sanitary facilities under the “Saneparakshawa Perata” National Program.
- (ii) A provision of Rs.50 million had been made for the repair of Technology Vidyapeeta buildings in the year 2015. The physical designs therefor were not made available for audit and only a sum of Rs.19.63 million of the provision had been utilised in the year under review. The information relating to the physical progress of this repair work was not made available for audit.
- (iii) According to the provision out and in index 07, 343 school principals and 593 Deputy Principals had been trained by 15 December 2015 Principals posts of 155 National Schools had been vacant by 31 December 2015 out of which 49 principal posts had been vacant since the year 2009.
- (iv) According to the Project Action Plan, out of 250 Technology Vidyapeeta Buildings, construction works of 195 buildings had been completed by 31 December 2015 and those were opened for students’ use in 86 Vidyapeeta. It was planned to construct 35 Mahindodaya Technology Vidyapeeta Buildings in Colombo and Kaluthara District and 17 of them had been completed and 12 had been opened for use. At physical verifications carried out in respect of 06 of those schools, bursts and cracks were observed in certain locations of constructions.
- (v) Eventhough all facilities for the Mahindodaya Technology Vidyapeeta had been provided, even a single student was not available to study the Engineering Technology stream in the 3 schools in Badulla, Jaffna and Vauniya Districts and to study the Bio Technology stream in a school in Trincomale District.
- (vi) According to the information made available to audit, the overall number of vacancies to teach Technology Stream in the schools island wide as at 31 December 2015 was 660.

- (vii) According to the information made available for audit, 42,514 students for Technology stream and 118,901 for Science and Mathematics stream had been registered in the year under review. In the preceding year there were 28,985 students for Technology stream and 118,550 students for science and mathematics stream. Furthermore, 117,238 students and 119,093 students had been registered under commerce stream in the year under review and the preceding year respectively.
- (viii) Procurements had been awarded to a contractor in the year 2014 by the project to purchase technical, civil and electronic Engineering equipment and 166 items of tools under 7 batches valued at Rs.1697.64 million for the use of Mahindodaya Technology Vidyapeeta. The following deficiencies were observed in this regard.
- In the evaluation of bids, if it was evaluated as itemwise instead of batches, the contract could have been awarded to a minimum bid price. In the audit test check carried out in respect of 2 batches out of 7, if itemwise was evaluated they could be purchased at Rs.55.73 million but the same equipment and tools had been purchased for Rs.66.52 million.
  - Although it was expected to purchase 166 items for the use of Technology Vidyapeetas, only 71 items valued at Rs.374.44 million had been purchased in the year under review. If action had been taken to call for quotations to purchase only the required quantity the economic benefit would have been taken by competitive bidding in the procurement process.
- (ix) Equipment and tools had been purchased for 250 Vidyapeetas and given to them. However, according to the project review meeting reports, only 86 Technology Vidyapeetas had utilised them.

**(b) Education program for Knowledgeable Society**

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According to the information presented to audit computer network facilities had been provided to 1,644 schools in the island from the above project Fund. Due to various reasons such as very slow computer network, there was no signals for connection in several occasions etc. it had been removed from using. According to the information made available for audit there were 76 national schools in it as well.

**(c) Restructuring program of the school education system as the knowledge based centre**

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The following observations are made in respect of transactions effected from the fund of the above program.

- (i) At the end of every month in the first half of the year under review and every month from July to September, balances ranging from Rs.23 million to 96 million and Rs.37 million to 53 million respectively had remained in the bank current accounts of the Ministry of Education.
- (ii) A provision of Rs.12.58 million had been made for the construction of 1005 Mahindodaya Laboratories from the year 2012 to 2015 and a sum of Rs.12.24 million had been utilised there from by 31 December 2015. Construction of 989 Laboratories had been completed by 31 December 2015 out of which education activities had been commenced in 823 Laboratories by 31 March 2016. As a result of shortage of teachers and lack of other facilities, the balance 166 Laboratories had remained unutilised. Construction work of 7 Laboratories had not been completed whereas, constructions works of 9 Laboratories had not been commenced.
- (iii) A sum of Rs.149.63 million had been spent for the construction of 55 buildings in other schools. Eventhough it was planned to complete the construction work of those school buildings by 30 November 2015, works had not been completed even by 31 March 2016. According to the Action Plan it was planned to complete 15 teachers quarters by 31 March 2016, they had not been commenced even by 30 April 2016. In addition, it was expected to complete the sanitary facilities of 18 National Schools by 30 November 2015, and a sum of Rs.26.73 million had been spent therefor, but they had not been completed even by 30 April 2016.
- (iv) Audit test checks carried out in 6 Laboratories out of 77 in Colombo and Kalutara Districts, quality failures such as explosions and cracks were observed in the walls and floor. The Laboratory at Wethara Maha Vidyalaya, the construction work of which was completed and equipment such as computers supplied had been closed even by March 2016.
- (v) According to the information made available for audit, the Technology Stream for the GCE (Advanced Level) had been started in 353 schools including 143 National Schools and 40,589 students had selected subjects of that stream, only 334 teachers had been attached to teach each subject in the Technology stream classes.
- (vi) According to the information made available for audit, students who obtained A and B passes for the GCE (O/L) examination in the year 2015 in the Island had been 16.61 per cent and it was 13.07 per cent in the year 2014, according the examination results.
- (vii) According to the information made available for audit, out of the 210,340 school candidates sat for the GCE (A/L) examination in the year 2015, 18,183 students or 8.64 per cent had failed all subjects of all streams. 'A' passes for all subjects had been obtained by 5,930 students or 2.83 per cent.

- (viii) Passes of 50.09 per cent and 60.66 per cent had been recorded in the Engineering and Bio Science Technology streams respectively at the GCE (A/L) examination held in the first time in the year 2015. Only 11 candidates had obtained 'A' passes for all subjects and 51.65 per cent and 48.03 per cent had been qualified for university entrance from Physics and Bio Science streams respectively. According to the project evaluation report, it was anticipated to qualify more candidates for the university entrance from the Science and Technology streams than the Commerce and Arts stream candidates from the students presented for the GCE (A/L) examination. However, the highest percentage of 70.38 had recorded from the school candidates studied in commerce stream who qualified for university admittance.
- (ix) Failures in all subjects of all streams from the GCE (A/L) examination had increased in the preceding 2 years. The failure of girls and boys had been 5.39 per cent and 12.17 per cent respectively in the year 2014 and it had increased to 06.16 per cent and 13.37 per cent in the year 2015.
- (x) The percentage of passing the 5<sup>th</sup> year scholarship examination had continuously dropped in the preceding 3 years. The passing percentage of 10.12 in the year 2013 had dropped up to 09.55 per cent in the year 2015.

### **3.11 Implementation of projects from domestic funding**

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A sum of Rs.6,000,000 collected by a Boys National School in Colombo for the construction of a Swimming Pool and it had been invested in a fixed deposit on 19 December 2007. The value of that investment as at 31 December 2015 had become a sum of Rs.20,203,796. However, the construction work of the swimming pool had not been even commenced by 25 July 2016.

### **3.12 Performance**

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Observations on the progress of the Ministry as per the annual estimates of 2015 and the Action Plan are given below.

- (a) Key functions not adequately fulfilled
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Key functions had not been fulfilled by the Ministry and certain instances observed are given below.

- (i) The fund had been established in achieving the objectives stated in Section 08 of the UNESCO Scholarship Fund Act No.44 of 1998 and to formulate provisions in order to promote education and related matters of the deformed and displaced children by awarding scholarships. A sum of Rs.10,263,494 had been received to the fund from 1999 to 2011 and it had been handed over to the UNESCO National Commission on 31 December 2014 and the following observations are made in that connection.



- According to the Action Plan of the year 2015, the preparation of data store, planning and evaluation of criteria for the selection and awarding scholarships had not been implemented even by March 2016.
- Eventhough 6 months had elapsed by the end of March 2016 after preparing posters and flags by spending a sum of Rs.120,000 for publicity to collect cash to the fund, they had not been utilised for publicity.
- Eventhough 10 years had elapsed after being established the Fund on 04 June 1999 up to the date of audit the UNESCO Fund had failed to achieve its objectives.

(ii) In terms of Section 25 of the Assisted school Training College Additional provision Act No,08 of 1961, private schools should not be opened to give education to children those who are in the age groups of 5 to 14 years. Contrary to that about 214 International schools and private schools had been opened. There was no a formal policy or standard to monitor whether they are operated within the national policy on curriculum and to assess the quality of the human resources and Physical assets provided in those schools. Under the new education reforms, the Secretary had informed that it is proposed to formulate provisions to regularise private and international schools.

(iii) Registration certificates of 54 schools out of 80 government assisted and non-assisted schools were not made available for audit. Without the approval sub brunches of the private schools had been opened and recruited teachers and paid the salaries to them by the Ministry, as well.

(iv) The number of children participated in the 646 sports of various kind in 58 National Schools in the year 2015 amounted to 33,988. A sum of Rs.59,937,420 had been paid to external sports trainers and a sum of Rs.7,398,450 had been collected from students. However, the Secretary had informed the audit that in terms of Circular No.5/2015 of 29 January 2015 of the Ministry of Education, collection of money from the school students for various purposes had been suspended and action had been taken to provide financial provisions to maintain the operations of schools by the Ministry of Education.

(v) The arrears of revenue in terms of agreements in 38 National Schools as at 31 December 2015 amounted to Rs.4,190,376. The Heads of schools had not taken action to recover the arrears of revenue.

(vi) The arrears of rent income of a National School auditorium, outstanding as at 31 December 2015 amounted to Rs190,000

- (vii) Despite the auditorium and hall facilities were available in their schools or near brother schools 12 National Schools had obtained auditoriums or hall facilities belonging to the private sector for various festivals and the total expenditure incurred thereon in the year 2015 amounted to Rs.5,184,586. A sum of Rs.1,141,092 had been spent for holding two residential teacher training programs in Kukulegama by the Nalanda Vidyalaya in Colombo.
- (viii) Delays of 1033 instances in returning the borrowed books by 497 teachers in 22 National Schools, were revealed but the late fees had not been recovered even by 31 May 2016.
- (ix) The number of books which had not been returned by 170 teachers in 21 National Schools due to change of station transfers, proceeded abroad, retirements and resignations amounted to 395. Their values were Rs.44,387 and without getting back the books or recovering their values such teachers had been released from service.
- (x) One thousand eight hundred and forty seven academic staff members and 354 non-academic staff members in 75 National Schools had reported for service, habitually with delays in the year 2015.
- (xi) It was reported that there were instances where circulars and letters of the Ministry had not been sent to the Tamil medium schools in Tamil Language and the lectures had not been delivered in Tamil Language to the teachers who participated in the workshops and lectures from Tamil medium schools, organised by the Ministry.
- (xii) Ad hoc sub-impressts issued by 13 National Schools in various occasions totalling Rs.3,929,678 had not been settled even by 31 December 2015.
- (xiii) Out of the 60 students presented for the GCE (A/L) examination in the year 2014 in Physics 32, had failed and out of 65 students in Chemistry, 39 students in combined Maths and 254 in General English 36 students, 31 students and 140 students respectively had failed their subjects in a National School, Horana. According to the periods allocated to the teachers from grade 6 to grade 11 in the year 2015 actual teaching periods were 72 per cent.
- (xiv) Replies to the letter dated 15 February 2016, calling for information required for the annual audit of the year 2015 had not been sent by 54 National Schools even by 30 June 2016. Replies to the letter dated 13 February 2015, calling for information required for the annual audit of the year 2014 had not been sent by 63 National Schools. Meanwhile, 6 schools had not sent replies to both the years.

### **3.13 Deficiencies in Operating Bank Accounts**

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The following observations are made.

- (a) A sum of Rs.2,748,592 had been provided to 4 National Schools to purchase qualitative inputs in the year 2015. As a sum of Rs.1,475,910 had not been utilised for

the relevant qualitative inputs, that money had remained idle in the bank current accounts of the school Development Societies even by 31 December 2015.

- (b) Money totalling Rs.633,803,600 belonging to the School Development Societies of 43 National Schools as at 31 December 2015 had been invested in fixed deposits.

### **3.14 Irregular Transactions**

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A provision of Rs.5 million had been given by the Treasury in the year 2015 for the construction of Special Education Resources Information Centre. A sum of Rs.243,000 had been spent on 14 July 2015 to lay foundation stone, in the intention of commencing on 30 April 2015 and to complete on 30 November 2015. A sum of Rs.1,381,783 had been spent for the construction of the gate and the security fence from the Treasury provision and another liabilities totalling Rs.3,146,926 had been committed. The Ministry had failed to commence the construction work of the relevant centre and to vest the ownership of the land in the Ministry even by 25 July 2016.

### **3.15 Transactions without authority**

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One hundred pianos out of 3000 electronic pianos given under the Korean aids, green boards and bells had been issued to the pre schools which were not under the pervue of the scope of the Ministry of Education. As the goods received to the store as aids and goods received as samples had not been properly and correctly recorded in the stock books, there would be opportunities of misplacing stores items or to defraud deliberately.

### **3.16 Losses and Damages**

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Observations on losses and damages revealed at audit test checks are given below.

- (a) Payments had been made to provide facilities required for the representation made to the commonwealth Education Ministers conference held in the State of Bahamas from 22 to 26 June 2015. As the representatives had not participated in that conference the Ministry had sustained a loss of Rs.129,400 due to cancellation of Air tickets and Visa fees which could not be reimbursed.
- (b) Without pre-planning a provision of Rs.2391.65 million on a total cost estimate had been made in accordance with a decision taken at the later part of the year for the supply of sanitary facilities to 1,166 secondary schools and National Schools at Rs.2 million per school and Rs.59.65 million for other expenses. However, the approved of the Cabinet of Ministers therefor had not been obtained. This had been based on the decision No. අමප/12/0984/530/031 dated 09 August 2012 of the Cabinet of Ministers. In the observation (ii) of the Minister of Finance and Planning stated in that decision, electricity water, toilets and sanitary facilities in the nourished primary schools had been mentioned but the improvement of sanitary facilities in the Secondary and National Schools had not been clearly stated.
- (c) The loss which could not be recovered by the Ministry from 6 accidents caused to vehicles from the year 2012 to 2015 amounted to Rs.1,580,886.

- (d) When a vehicle had met with an accident inquiries in respect of loss or damage should be conducted in terms of Financial Regulation 104. Nevertheless, out of 28 motor vehicle accidents of the Ministry occurred from the year 2006 to 2015, preliminary reports in respect of 4 vehicles as per F.R 104(3) and complete reports in respect of 23 accidents had not been presented. There were delays in presenting primary reports ranging from 01 month to 18 months.
- (e) Due to one year delay in the construction work of a indoor stadium in a girls school at Colombo 7, an over payment of Rs.1,033,278 had to be paid in respect of price escalation.

### **3.17 Uneconomic Transactions**

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Particulars of transactions effected uneconomically observed at audit test checks are given below.

- (a) Without identifying the school requirements and without inquiring the widths and lengths of beds available in schools, 500 sleeping mattresses of 72” x 42”x4” size and 625 mattresses of 72” x 30”x4” size had been purchased for Rs.3,543,750 for the sports schools. As those mattresses were not up to the standard, they could not be used.
- (b) Two hundred and fifty duel iron beds had been purchased for Rs.5,357,065 for the sports schools. Evidence to ensure that they had been supplied in compliance with the specific quality and specifications was not made available for audit.
- (c) In order to packet 1,179,350 packets of uniform cloths existed in the stores by changing the massage, it was agreed to pay Rs.9,434,800 to 4 privat institutions at Rs.8 per packet.
- (d) A sum of Rs.5 million had been deposited in the Ministry in January 2016 to purchase an electricity generator to a National School in the Education Zone, Colombo. Due to delay in procuring it up to June 2016, a sum of Rs.1,170,500 had been paid by the school Development Society for the period from the year 2014 to February 2016 to get the generator on hire basis.

### **3.18 Unresolved audit paragraphs**

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Out of the deficiencies in audit paragraphs included in the Auditor General’s reports in the previous years relating to the Ministry, the references of Paragraphs which had not been rectified by the Ministry are given below.

**Reference to Auditor General's Report****Reference Subject**

<u>Year</u>	<u>Para.No.</u>	
2014	3.15(a)	Construction of an Indoor stadium in a Girls National School in Colombo.
	3.15(b)	Without taking action in terms of cabinet decision No.13/1239/530/031-11 dated 19 September 2013 and not proper evaluation of the qualification of the supplier, computers other equipment, and Laptops which were not international type had been purchased.
	3.16(b)(ii)	In terms of cabinet decision No. අමප/06/2125/206/072 dated 22 November 2006, the Colombo Security Services school had been commenced since January 2007. Nevertheless, an Act of Parliament had not been prepared and get it approved including the legal framework to operate the school.
	3.18(b)	The Sirisangabo special child school at Pasyala had not been registered under the Ministry of Education.
	3.22(h)	Four Television sets given to the Nenasa program had misplaced.

**3.16 Human Resources Management****(a) Approved Cadre and Actual Cadre**

Cadre position as at 31 December 2015 is as follows.

	<b>Staff of Category</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Excess Cadre</b>
(i)	Senior Level	2,607	1,151	1,456	-
(ii)	Tertiary Level	1,559	1,390	171	2
(iii)	Secondary Level	38,551	40,266	2,574	4,289
(iv)	Primary Level	8,572	6,237	2,551	216
(v)	Others (Casual/ Temporary/ Contract Basis)	242	136	106	-
	<b>Total</b>	<b>51,531</b>	<b>49,180</b>	<b>6,858</b>	<b>4,507</b>

The following observations are made in this regard.

- (i) The Ministry had failed to fill the vacancies of 6,858 and to reduce the excess cadre of 4507, by the end of the year under review.
- (ii) A sufficient No. of teachers had not been attached to the 37 National Schools to teach Tamil or Sinhala as a Second Language. A sum of Rs.3,779,386 had been paid by the school Development Societies in the year 2015 as salaries of 41 external teachers enrolled in place of those teachers.
- (iii) The number of non-academic staff recruited by paying salaries from the school Development funds or other funds in 39 National schools by 31 December 2015 had been 196. Salaries and allowances paid to them only in the year 2015 totalled Rs.26,378,144.
- (iv) There was an excess cadre of 143 in the non-academic staff in 29 National schools whereas there were 778 vacancies in the non-academic staff in 73 National schools as at 31 December 2015.