

Report of the Auditor General on Head 197 – Ministry of Skills Development and Vocational Training -Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 197 – Ministry of Skills Development and Vocational Training 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 04 October 2016. The audit observations, comments and findings on the accounts and 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 Responsibility 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 Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements, whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Ministry amounted to Rs.8,798.71 million and out of that Rs.6,448.14 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the Ministry amounted to Rs.2,350.57 million or 26.71 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	2,889.49	2,849.06	40.43	1.40
Capital	5,909.22	3,599.08	2,310.14	39.09
Total	8,798.71	6,448.14	2,350.57	26.71

2.2 Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account, Item No.19701 of the Ministry and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
10.00	7.47	6.00	6.42	40.00	35.28

2.3 Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0444/0015/000 of the Ministry as at 31 December 2015 amounted to Rs.82,472.

2.4 General Deposit Accounts

The balances of 03 General Deposit Accounts of the Ministry as at 31 December 2015 totalled Rs.28,936,618. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
	Rs.
6000/0000/00/0113/0126/000	183,677
6000/0000/00/0016/0116/000	28,749,207
6000/0000/00/0012/0078/000	3,734
Total	28,936,618

2.5

Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Ministry of Skills Development and Vocational Training have been prepared satisfactorily subject to the Audit Observations appearing in the Management Audit Report referred to in paragraph 1.1 above. The material and significant Audit Observations out of the Audit Observations included in the said Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Books

It was observed during audit test checks that the Ministry had not maintained the Register of Losses in the updated manner in terms of Financial Regulation 110.

3.2 Appropriation Account

3.2.1 Budgetary Variance

The following observations are made.

- (a) The entire provision amounting to Rs.1,625,000 made for 07 Objects had been saved without being utilized.
- (b) Excess provision had been made for 11 Objects and as such the savings, after the utilization of provision, ranged from 76 per cent to 94 per cent of the net provision relating to the respective Objects.
- (c) Commitments had been incurred exceeding the savings by Rs.1,851,132 after utilization of provision made for 10 Objects contrary to the Financial Regulation 94(1).

3.3 General Deposit Account

Action in terms of Financial Regulation 571 had not been taken on 03 deposits older than 2 years totalling Rs.291,557.

3.4 Advances to Public Officers Account

According to the Reconciliation Statement presented to audit as at 31 December 2015 relating to the Advances to Public Officers Account, Item No. 19701, the balances that remained recoverable from five officers as at that date totalled Rs.453,883. Even though those outstanding balances remained over periods ranging from 01 year to 05 years, the Ministry had failed to recover the outstanding loan balances.

3.5 Good Governance and Accountability

3.5.1 Internal Audit

The following observations are made.

- (a) Except for the Chief Internal Auditor and the Internal Auditor (Accountant), only one officer had been attached to the Internal Audit Unit of the Ministry for the year under review for carrying out audit. The Ministry had not taken action to attach the adequate staff and to carry out effective internal audit.

- (b) Ten internal audit reports, including 05 special investigations had been issued during the first half-year of the year under review. Audit reports had not been issued during the second half-year of the year 2015.
- (c) According to the Internal Audit Plan prepared for the year under review, audit had not been carried out and the Internal Audit could not be made use of as an effective instrument of management control.

3.6 Assets Management

Assets given to External Parties

Even though 05 motor vehicles valued at Rs.41,933,877 belonging to the Ministry had been released to the Ministry of National Policies and Economic Affairs, the Ministry had not taken action to transfer those motor vehicles even by 31 December 2015.

3.7 Non-compliances

Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations

Non-compliance

(a) Decisions of the Cabinet of Ministers

Decision of the Cabinet of Ministers
No.අප/15/1280/719/012 of 22
September 2015.

A Jeep used by a then Minister of Skills
Development and Vocational Training had not
been duly handed over to the Ministry even by
22 November 2015.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Financial Regulation 104(1)

Preliminary inquiries had not been instituted in
terms of Financial Regulations in respect of the
loss occurred due to an accident caused to a
motor vehicle owned by the Ministry, on 03
October 2015.

(c) **Circulars of the Secretary to the President**

(i) Section (1) of the Circular No. CSA/1/1/92 of 17 July 2015 of the Secretary to the President, as amended by the Circular dated 03 August 2015.

(i) Even though the official motor vehicles provided to the staff of the Ministers should be handed over before 20 July 2015, three out of five motor vehicles provided to the Personal Staff of a then Minister of Skills Development Vocational Training and the pool vehicle provided to the Minister's Office had been handed over on 24 August 2015 after a delay of 1 month.

(ii) A motor vehicle allocated for the State Minister of Youth Affairs but stated that it would not be used for election purposes, had been retained during the period of election without handing over to the Ministry.

(ii) Paragraph (1) of the Circular of the Secretary to the President No. CSA/1/1/92 of 17 July 2015 and paragraph 1.1.1 of the Circular No. DE/LI/04/2015(PE) of 19 July 2015 of the Commissioner of Elections.

A sum of Rs.300,000 payable for three motor vehicles used by a then Minister of Skills Development and Vocational Training and a sum of Rs.201,705 paid as fuel allowance during the period of election, had not been recovered even by 31 December 2015.

(d) **National Budget Circulars**

Paragraph 7 of the Circular No.2/2015 of 31 March 2015

Necessary action had not been taken to repair and use effectively or to dispose of 07 motor vehicles remained idle or underutilized, over periods ranging from 10 years to 30 years old from the date of manufacture.

3.8 Foreign Aid Programme

The Sectorial Skills Development Programme was being implemented under the supervision of the Ministry from the year 2014 based on a seven year plan so as to cover the entire vocational training field for the quantitative and qualitative improvement of the vocational training field. The total estimated cost thereof amounted to Rs.125,891 million(US\$ 961 million). The International Development Association (IDA) and the Asian Development Bank had entered into agreements for providing loans at Rs.US\$ 100 million under the

Budget Support System. The programme was being implemented by the end of the year under review by 10 Implementing Agencies relating to the field. Foreign loans amounting to Rs.8,541 million had been used by the end of the year 2015 for the implementation of planned Programmes under the Disbursement Link Indicators (DLI) 9. The following deficiencies were observed during the course of the audit test checks carried out in this connection.

- (a) A Corporate Plan had not been prepared so as to cover all the activities and the expected cost relating to the Programme. Sluggishness in the achievement of objectives expected by the Annual Action Plans, had reflected through the implementation of the Programme in the years 2014 and 2015.
- (b) According to the Action Plan in the year 2015, 10 Implementing Agencies and the Ministry of Skills Development and Vocational Training had planned to implement 74 programmes and to spend a sum of Rs.3,520.78 million therefor. Nevertheless, a sum of Rs.1,374.30 million had been spent for the implementation of only 44 programmes.
- (c) As such, it was observed in audit that there was a risk of achieving the objectives of the Programme within the planned period.

3.9 Performance

The following observations are made.

- (a) The main objective was the creating an employable workforce equipped with skills necessary for the economic development of the country by the Ministry of Skills Development and Vocational Training. Necessary action should have been taken to direct the annual school leavers for vocational training field and to provide a qualitative vocational training so as to suit for the future employment opportunities for the achievement of those objectives. As such, 477 Vocational Training Centres belonging to the various fields of the institutions implemented under the Ministry had been established throughout the Island. However, it was observed that necessary facilities were not available for providing vocational training for considerable number of students who would leave the school annually.
- (b) According to the records of the Ministry of Education, the number of students who had failed the G.C.E (O/L) and G.C.E (A/L) Examinations and left the school, stood at 195,062. According to the information obtained from all the Vocational Training Institutions implemented under the Ministry of Skills Development and Vocational Training, the maximum number of students to whom the full time vocational training could be given according to the resources available in the year 2015, stood at approximately 109,320. As such, out of those students, about 44 per cent had to be included annually in the unskilled labourforce.
- (c) According to the information presented to Audit, out of 3,732 full time training programmes implemented in the vocational training institutions which were under the purview of the Ministry, the number of courses with National Vocational Qualifications (NVQ), stood at 2,352. As such, the possibility of obtaining local and

foreign employment opportunities for the students who followed the courses without national vocational qualifications, had been minimum and it was observed that a qualitative training could not have been obtained through the courses conducted without proper standard.

- (d) It was observed during the course of audit test check carried out on the enrollment of students and their participation for the vocational training programmes implemented under the Ministry that the participation of the students for training courses had been at a minimum level. It was established by the matters such as non-admission of students in the year 2015 for 1,822 courses and the number of courses for which a number of students participated was less than 10 in 05 institutions, had been 666. Moreover, conducting similar training programmes in the same area of the vocational training institutions under the Ministry had been a reason for the above situation. Conducting training programmes for the specialized fields relating to industries of each area by coordinating all training centres, giving the priority to institutions which have special trainings and centralized arrangement for providing facilities necessary for the maintenance of selected training centres at high standard had not been carried out at Ministerial level.
- (e) Even though institutions had introduced various NVQ courses for the improvement of vocational training of the school dropouts as mentioned above, a systematic arrangement had not been made for the improvement of the attraction of the students for those courses.
- (f) Objectives of the Ministry could not be achieved due to a problem of selecting Vocational Training Centres, arisen for students as various Vocational Training Institutions which were under the Ministry had been located in the centre of the region and due to unavailability of training courses for industries relating to the area as well.
- (g) The following deficiencies were revealed at the examination carried out on the role of the Ministry of Skills Development and Vocational Training in respect of the teaching of the Technology Subject Stream for the G.C.E. (A/L).
 - (i) A Programme of Providing Instructors had been implemented in 04 Technical Colleges and Vocational Training Institutions which were under the purview of the Ministry of Skills Development and Vocational Training for teaching the Engineering Technology included in the Technology Subject Stream for the G.C.E. (A/L) commenced from 15 July 2013 in 251 schools in the Island. The Ministry had received provision amounting to Rs.27,187,210 thereon for the years 2013, 2014 and 2015. Out of that, a total of Rs.25,639,565 had been spent for providing consultancy service for 142 schools.
 - (ii) It had been planned to commence 20 University Colleges throughout the Island under the Skills Sectorial Development Programme (SSDP) for the students who passed the Technology Subject Stream for the G.C.E. (A/L) but

not qualified to gain admission to Universities. Courses should have been commenced in 14 out of those Colleges by the year 2015. However, 06 University Colleges had been constructed and courses had been commenced only in 05 out of them even by June 2016. According to the capacity of those Universities, the total number of students who could be admitted to those Universities stood at about 1,260. Even though the Technology Subject Stream had been introduced to the School Syllabus as planned, necessary facilities for future vocational development of the students who follow that subject stream had not been made. According to the following information, it was observed that even the University Colleges which were commenced and in operation, were not implemented properly as expected.

- Existence of vacancies of about 42 per cent of the approved cadre of the Academic Staff.
- Commencement of only 42 out of 51 courses planned to be commenced in 06 University Colleges of which construction were completed.
- The dropouts' percentage of the University Colleges had been about 27 per cent.

- (h) A programme of “Abimanawath Tharunyayata Athwelak” had been implemented by targeting students at Ordinary Level and Advanced Level with a view to ensuring the right of the said young people to hold opinions and express them freely and to bringing forth a creative youth under the 100 Day Programme mentioned in the Government Policy Statement. Even though it had been proposed to conduct a number of workshops between 50 and 75 so as to cover every Provision of the Island with the participation of the Ministry and Institutions under the Ministry, Ministry of Education and Artists, only 8 programmes had been conducted by focusing two Provinces. Out of the provision of Rs.25 million made for the Ministry thereon, a sum of Rs.1,476,031 had been spent during the year.

3.10 Management Weaknesses

The following observations are made.

- (a) It was observed that 12 out of 46 motor vehicles owned by the Ministry of Skills Development and Vocational Training, had been in the condition of repairing or scrapping. Even though a period ranging from 1 to 5 years had lapsed after sending 06 motor vehicles out of them, to the Vocational Training Authority for repairs, they had not been repaired and handed over even by 31 December 2015.
- (b) It was revealed in audit test check that repair of motor vehicles had been carried out without a proper methodology and the prior approval. As such, before approving the expenditure estimate relating to a repaired motor vehicle of the Ministry, it had been repaired and a sum of Rs.41,300 had been paid to a private institution.

3.11 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

Category of Employees -----	Approved Cadre -----	Actual Cadre -----	Number of Vacancies -----
(i) Senior Level	26	20	06
(ii) Tertiary Level	04	02	02
(iii) Secondary Level	437	365	72
(iv) Primary Level	42	37	05
(v) Other (Casual/ Temporary/ Contract Basis)	04	01	03
Total	513 =====	425 =====	88 =====