

**Head 215 – Report of the Auditor General on Department of Technical Education and Training
- Year 2016**

Head - 215 The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Department of Technical Education and Training for the year ended 31 December 2016 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 Director General of the Department on 07 March 2018. 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 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are 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 Provisions and Expenditure

The total net provisions made for the Department amounted to Rs. 2,349.12 million and out of that, a sum of Rs. 2,132.30 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department amounted to Rs.216.82 million or 9.23 per cent of the total net provision. Details appear below.

Expenditure	As at 31 December 2016			Savings as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	1,999.12	1,941.63	57.49	2.88
Capital	350.00	190.67	159.33	45.52
Total	2,349.12	2,132.30	216.82	9.23

2.2 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account under the Item No. 21501 of the Department, 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
55.00	42.93	50.00	52.56	200.00	101.42

2.3 General Deposit Accounts

The balances of 03 deposit accounts under the Department totaled Rs. 34.00 million as at 31 December 2016. Particulars are given below.

Deposit Account No.	Balance as at 31 December 2016
	Rs. Millions
6000/0000/00/0001/0081/000	0.60
6000/0000/00/0016/0058/000	24.50
6000/0000/00/0018/0070/000	8.90
Total	34.00

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Department of Technical Education and Training for the year ended 31 December 2016 had been satisfactorily prepared subject to the Audit Observations included in the Management Audit Report referred to in paragraph 1.1 above. The material and important audit observations included in that Management Audit Report appear in paragraph 3.

3. Material and Important Audit Observations

3.1 Non-maintenance of Registers and Books

It was observed in the audit test checks that the following registers had not been maintained by the Department.

	Type of Register	Relevant Regulation	Observations
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(i)	Register of Liabilities	Financial Regulation 214	Not maintained
(ii)	Register of Guarantees	Financial Regulation 891	Not maintained
(iii)	Register of Charges (Register for cash receipts)	Financial Regulation 165(4)	Not maintained
(iv)	Fixed Assets Register	Treasury circular No. 842 dated 19 December 1978	Not updated

3.2 Budgetary Variance

Over provision had been made for 13 Objects, and as such, the savings, after the utilization of provisions, ranged from 26 per cent to 94 per cent of the net provision relating to the respective Objects. .

3.3 General Deposits Account

Action had not been taken as per Financial Regulation 570 and 571 for the lapsed deposits over 2 years amounting to Rs. 2.52 million.

3.4 Reconciliation Statement on the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account, Item No. 21501 as at 31 December 2016, the balances that remained outstanding as at that date amounted to Rs. 101.42 million. Out of that, a sum of Rs. 4.12 million had remained outstanding from officers who were transferred, retired and deceased, dismissed, vacated their posts and the periods ranging from 1 to 20 years. It was observed that the Department had not taken proper action on this.

3.5 Assets Management

3.5.1 Idle and Underutilized Assets

It was revealed at the test check carried out regarding the assets that following assets were idle.

- (i) A hoist for lifting vehicles for a period of about 10 years at the Technical College, Homagama.

- (ii) The CNC Milling machine and CNC Lathe machine given by a project in the year 2010 at College of Technology, Kandy.
- (iii) CNC Lathe machine at Technical College, Badulla.
- (iv) According to the internal audit reports, equipment of gas and arc welding, mechanical woodworking, masonry factories which were closed down at Dambulla Technical College.

3.5.2 Conducting Annual Board of Survey

No action whatsoever had been taken even up to 31 October 2017 in regard of the shortages, excesses that had been pointed out in the reports of the Board of Survey even though that should have been completed as at 15 April 2015 in accordance with the paragraph 3.2.4 of the Public finance circular No. 05/2016 dated 31 March 2016. The said activities relating to 04 Technology/ Technical colleges had not been completed even up to 31 October 2017.

3.5.3 Assets Given to External Parties

The following lands had been improperly released to external parties by the Department, and the dates of release had not been made available to audit.

Extent	Location of the Asset	Assets Given to	Observation
(i) 10 Acres	Technical College, Kuliypitiya, Wevethenna Land	University College	Required surveys and preparation of plans had not been done.
(ii) 08 Acres	-Do-	Youth Corps	Transfers had not been done properly.
(iii) 110 Perches	Swimming pool of Technical College, Beliatta	Ministry of Sports	Though an officer of the Ministry of Sports had accepted a formal letter had not been handed over to the Technical College.
(iv) 9.5 Perches	Technical College, Kegalle	Outside person	Even though it was leased for 30 years in the year 1997, lease agreement had not been with the Department.
(v) 6.8 Perches	-Do-	Outside person	An outside person had residing in force and though the principal of the Technical College, Kegalle had shown his disagreement on 04 December 2015 in this connection, Department had not been taken any action relating.

(vi)	05 Acres	-Do-		Training Centre of Youth Corps	Proper transfer had not been done.
(vii)	1.5 Acres	-Do-		Open University	Legal transfer had not been done.
(viii)	03 Roods 3.9 Perches	Technical College, Ratmalana	University College,	University College	Proper transfer had not been done.

3.5.4 Control of Vehicles

The followings were observed at the examination on the vehicle fleet of the Department.

- (a) A sum of Rs. 1.97 million had been incurred on the restoration of the vehicle which had been assigned to the Technical College of Beliatta, as a result of malfunctioning the engine on 18 March 2011, and the rear window thereof had been broken on 05 June 2011 while being parked at the premises of the said College. According to the report of inquiry prepared on 25 June 2014 in terms of the Financial Regulation 104 (4), it had been decided to recover 40 per cent of the damage from the relevant driver, but that had not been recovered from the driver even up to 31 October 2017.
- (b) A vehicle of the category “motor coach” of the Hardy Advanced Technological Institute, Ampara had met with an accident on 27 September, 2012 whilst being driven by the Director and the said officer had not possessed with a driving license valid for driving the category of motor coaches. A sum of about Rs. 1.0 million had been estimated for repairing the vehicle. According to the report thereon furnished on 11 January, 2013 in terms of the Financial Regulation 104 (4), it had been decided that 50 per cent of the damage to be recovered from the Director who had driven the vehicle, due to not appointing a driver to the vehicle and not insuring the vehicle. Accordingly, 50 per cent from the damage of Rs. 1.03 million had not been recovered from the Director even up to 31 October 2017.
- (c) The engine of a vehicle which had been repaired incurring a sum of Rs. 462,450 on 26 December 2011 had remained inoperative after 3 months from the repair. Even though it was remained idled more than 05 years up to the date of audit 31 October 2017, proper action had not been taken in this connection.
- (d) A jeep which had been received to the Department in 2014 under Korean Aids had been released to the Line Ministry without being using to the Department activities.

3.5.5 Administration of Government Quarters

According to the information made available to audit, the Department owned 260 Government Quarters and the following weaknesses were observed during the audit test check conducted in that connection.

- (a) In terms of Section 7.2 of Chapter XIX of the Establishments Code, the officers overstaying the tenure should have been charged a penalty when other applicants are on waiting list. However, action had not been taken on 12 officers who had overstayed their tenures at the College Quarters of Anuradhapura, Nuwara-Eliya, Dambulla, Kandy, Dehiattakandiya and Galle.

Among those officers, 04 had overstayed for a period of over 10 years in Dambulla and Kandy Technical Colleges, and 02 officers had overstayed in Ratmalana and Homagama Technical Colleges for a period of over 10 years by paying penalties while applicants were in waiting list.

- (b) Due to failure in maintaining a register and a waiting list at the Head Office including information such as, the number of Government Quarters belonging to the Department, location, category of the Quarters, and particulars of the occupying officers along with the rentals being paid, it was observed that the administration of the Government Quarters had remained weak.
- (c) It was observed in checking the quarters files, that officers were regularly requesting quarters and due to the houses were not handed over on due dates on the expiry of the lease term, on the transfer, on the retirement and action was not taken, it was observed that it was impossible to act reasonably regarding the officials requesting quarters.
- (d) According to the information received, 110 of the houses owned by the Department were in a dilapidated condition and 08 houses could not be used. Further, the Department had not taken any action to repair those houses.

3.6 Non-compliances

Non-compliances with Laws, Rules, and Regulations.

The instances of non-compliances in terms of the laws, rules and regulations observed during the audit test checks are analyzed below.

Reference to Laws, Rules, and Regulations	Non-compliance
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(a.) Establishment Code of the Democratic Socialist Republic of Sri Lanka ----- (i) Section 2.1 and 2.2 of Chapter XIV	It was observed 23 instances where the permanent address had not been indicated in the travelling claims to determine the starting point of the travel duty.

- (ii) section 4.1 of Chapter XIV Even though the distance of travel must be stated in the voucher to determine subsistence allowance, it was observed in 23 instances it was not mentioned.
- (iii) Section 28.5 and 28.6.1 of Chapter XIV
- Further it was observed in 38 instances that delay charges had not been recovered from delayed vouchers.
 - It was observed in 13 instances that the delay charges not recovered in correct amount.
- (iv) Section 28.6.1 of Chapter XIV Even though the approval of the Head of the Department should be obtain for the travelling claims which exceeded 03 months, it was observed in 17 instances it was not complied with.

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

- i. Financial Regulation 138 (6) Even though the reference number of the payment file should be indicate in the payment voucher, it was not observed in 12 instances.
- ii. Financial Regulation 115(1),(2),(3),(b) Payments of the preceding year, totalling Rs.53,472 had been made in 04 instances without being certified by an authorized officer.
- iii. Financial Regulation 237(b) and Financial Regulation 751 When paying for supply, goods receive certificate and evidence for inventory record had not submitted with the vouchers in 23 instances.
- iv. Financial Regulation 245(i) and Financial Regulation 257 Even though payments should be made for only the vouchers which had certified by an authorized officers, it was observed in 10 instances not done. Further, according to the internal audit reports, 26 vouchers had not been certified in 03 colleges.
- v. Financial regulation 232 (2) It was observed in 14 instances that the amount paid had not been mentioned in letters in the payment vouchers.
- vi. Financial Regulation 225(4) Even though the officer who checked payments should keep his signature to mention it was checked, it was observed in 08 instances that it was not done.

- vii. Financial Regulation 206(i) Even though 2 officers should certify the withdrawal vouchers of deposits, it was not done in 05 instances.

(c.) **Statutory Provisions**

- Paragraph 231(3) of Urban Council Ordinance
- A discount amounting to Rs. 898,157 could not be obtained due to the rates and taxes for Head Office buildings had not been paid on due date or before that.
 - A discount amount of Rs. 38,136 could not be obtained due to the rates and taxes for Technical Colleges had not been paid before due date.

3.7 Foreign Funded Projects

Sectorial Skills Development project

Provisions amounting to Rs. 462.68 million had been allocated for the year under review for renovating the buildings of the Technical Colleges and Colleges of Technology, procurement of equipment, and training through the Sectoral Skills Development project implemented by the Department under foreign financing. A sum of Rs. 329.97 million or 71 per cent had been utilized in the year under review. The following observations are made in this connection.

(a.) **Building Reconstruction and Renovation**

- (i) Provisions amounting to Rs. 90.00 million had been allocated for the renovation and modernization of the Technical Colleges in Bandarawela, Homagama and Sammanthurai proposed to have been completed by the year 2015. Due to failure in completing those works as planned, a sum of Rs. 46.86 million, representing 52 per cent of the provisions allocated only, had been utilized thereon. Provisions amounting to Rs. 40.00 million had been allocated for the said project in the year under review too, but only Rs. 35.83 million had been utilized therefrom.
- (ii) According to the Action Plan of the year under review, provisions amounting to Rs. 120 million and Rs. 155 million had been allocated respectively for renovating the buildings of the 04 Technical Colleges of Polonnaruwa, Nuwara-Eliya, Wariyapola and Kalutara and 08 technology colleges. However, only Rs. 86.33 million and Rs. 84.78 million had been incurred respectively. Accordingly, it was observed that the Department had failed to complete the reconstructions and renovations as proposed to complete in the year under review..
- (iii) The total provision of Rs. 19.375 million made for renovation of the Maradana Technical College Building had not been utilized and the work had not been commenced even by the end of the year under review.

(b) Procurement of Equipment

Following observations are made in this connection.

- (i) Provisions amounting to Rs. 80 million had been allocated for the year under review for procuring equipment for the Technical Colleges in Polonnaruwa, Nuwara-eliya, Wariyapola and Kalutara but equipment had been purchased only for a value of Rs. 26.60 million. A sum of Rs. 53.40 million had not been utilized during the year under review due to supply of equipment had not been completed by the awarded suppliers even as at the end of the year under review.
- (ii) A CNC Milling Machine was purchased for a sum of Rs. 19.89 million for the Mechanist course at the Nuwara Eliya Technical College. The following observations are made in this regard.
 - The machine, which was purchased incurring a huge amount of money, had been idled even up to 30 November 2017 due to taken a long period for obtain the required electricity capacity and required basement to the building where this machine to be fixed.
 - The need for such a machine had not been identified while allocating provisions for the year and the decision for purchase this machine had been taken on the recommendation of the Technical Evaluation Committee to give modern technical knowledge and skills.
 - It was also observed that this machine is a high technical machine and there was no any permanent consultant to teach this course in Nuwara-Eliya Technical College and a proper feasibility study had not been done for identify the requirements of resources and distribute those for applicable Technical/Technological Colleges. It was observed that purchasing of this machine in the year under review was an uneconomic transaction.

3.8 Contract Administration

Following deficiencies were observed during the audit test check of reconstruction and modernization of buildings of Technical Colleges and Colleges of Technology of the Department.

- (a) A sum of Rs. 1,148,799, Rs.3,370,002, Rs. 4,116,510 and Rs. 12,213,955 had been estimated respectively for the renovation of the Department building, renovation of Warakapola Technical College building, installation of a new roof and construction of Agricultural laboratory building of Dambulla Technical College. Only one Contract Company had submitted bids for the constructions. Though the bid submitted by the Institute had exceeded the estimated value of engineering estimates, the contract had been awarded to the value of the engineering estimation with the agreement of the two parties. However, the settlement of final bills shown significant variations than the contract value and a sum of Rs. 440,623, Rs. 478,345 and Rs. 127,064 had been paid respectively for the extra works. The evidence was not submitted to the audit that the prior approval of the

Director-General had been obtained and it was failed to complete the contracts on scheduled dates.

- (b) Even though a provision of Rs. 14.00 million had been made for the construction of the border fence of the Mannar Technical College, the work had not been commenced even by the end of the year.
- (c) Although Rs. 100 million has been provided in the year under review for the extra construction work of the hostel and lecture rooms of Hardy College, Ampara, a sum of Rs. 66 million has been saved due to delay of those works.

3.9 Performance

Following observations are made relating to the performance of the Department in accordance with the annual budget estimate for the year 2016, and the Action Plan.

3.9.1 Enrollment of Students for the Technical Colleges / Colleges of Technology and Conducting Courses

According to the Action Plan of the Department for the year under review, it was planned to conduct 69 courses in 39 Technical / Technological Colleges and to enroll 25,340 students for that. Accordingly, applications had been called for 93 courses from the Sinhala, Tamil, English, Japanese and Korean languages by the Gazettes of the Democratic Socialist Republic of Sri Lanka, dated 4 September 2015 and 20 November 2015. Following observations are made in this connection.

- (a) According to the progress reports submitted for the audit, 26,591 students have been enrolled for 71 courses during the year under review. It was a progress of 6,728 students when comparing with the enrollment of the last year which was 19,863 students. However, there was a decline in admission of students in last year due to a policy decision taken in the last year, as conducted short-term English courses to be limited and decided to direct the students as far as possible to the professional education related to handicraft.
- (b) Although the number of students enrolled has been marked a progress in actual enrollment when comparing with the planned, the enrollment of students enrolled for 11 courses in the total number of courses was below 50 per cent of the targeted number.
- (c) There were 15 courses had been conducted during the year under review including engineering planning, basic and professional english courses and advanced vocational skills that had not been included in the Action Plan. There were 6,942 students enrolled in this program, which was 25 per cent out of the total number of students enrolled, among that there were courses which the most number of students enrolled in the year.

- (d) No courses whatever have been commenced in any Technical / Technological Colleges as there were insufficient applications for the 13 courses enrolled which were planned to enroll 1,580 students.
- (e) Out of the courses published in the Gazette, 19 courses were not conducted and 17 courses not published in the Gazette had been conducted.

3.9.2 Accreditation of the Courses

In terms of the Vocational Qualifications Circular, No. 01/2013 of the Tertiary and Vocational Education Commission, dated 26 February 2013, all courses should be accredited. Nevertheless, 82 out of the 771 courses conducted at 39 Technical Colleges / Colleges of Technology, had not been accredited as at 23 June 2017 the date of audit. As such, it was observed in audit that the opportunity for ascertaining a certificate of national level had been deprived of, for the students who follow the courses not accredited.

3.9.3 Students Drop out from Courses

According to the information made available to audit, it was observed 7,495 students out of 26,591 students representing 28 per cent, had dropped out the courses. Out of this number, the percentage of dropping out from 8 courses was more than 50 per cent from registered students.

3.9.4 Results of the Examinations

Following observations are made.

- (a) According to the information of the examination results presented by the examination division, 18,895 students had sat for the examination and 10,327 of them had passed the examination. Accordingly, 8,568 students representing 45 per cent had failed.
- (b) The Examination Division of the Department was unable to issue the results up to 30 November 2017 in the following courses conducted in the year under review. As a result, it was observed in audit that problems had arisen for the students to continue their future plans. Details are given below.

Name of the College	Course Name	Unreleased Results
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Batticaloa	NCT Civil Engineering	First Semester
Badulla, Kurunegala, Homagama, Batticaloa, Sammanthurai	NCT Civil Engineering	Third Semester
Kandy, Sammanthurai	Electrical Engineering	Second Semester
Sammanthurai	Electrical Engineering	Third Semester

Kurunegala, Embilipitiya	Quantity Surveys	First Semester
Homagama, Gampaha, Kalutara, Kandy, Batticaloa, Anuradhaura, Embilipitiya, Warakapola, Vavuniya	Quantity Surveys	Second Semester
Maradana, Homagama, Gampaha, Jaffna, Sammanthurai, Embilipitiya and Kandy	Quantity Surveys	Third Semester

(c) None of the 1,865 students who sat for the semester examinations and final examination in Civil, Electrical and Mechanical Engineering, Quantity Surveys, Construction, Telecommunication, Motor Technology and National Certificate Programs had not passed the exams,. Conducting exams in English medium was the main reason for this.

(d) Examination results of 9 courses faced by 101 students had been suspended.

It was observed that, according to the above information, the Department's examination results and the progress of students were at a weak level.

3.10 Human Resource Management

The position of cadre as at 31 December 2016, had been as follows.

	Category of Employee	Approved Cadre	Actual Cadre	No. of Vacancies	Cadre in Excess
	-----	-----	-----	-----	-----
(i)	Senior Level	1,313	612	702	01
(ii)	Tertiary Level	144	39	105	-
(iii)	Secondary Level	1,272	844	430	02
(iv)	Primary Level	1,167	944	245	22
	Total	3,896	2,439	1,482	25
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The following observations are made in this connection.

(a) By end of the year under review posts of 04 Directors out of 05 Directors of Sri Lanka Technical Education Service, 09 Directors of the Colleges of Technology and 12 out of 18 Additional Directors, 23 out of 30 Principals and all 30 Vice Principals of Technical Colleges had been remained vacant. 214 lecturers of

Technical/Technological Colleges, 274 consultants, 22 Professional Consulting officers, Legal Officer, 20 out of 39 Registrars also were among those vacancies.

- (b) The excess cadre had been 25 and the officer of Deputy Director (Planning) had preceded abroad for a period of 05 years from 05 January 2015, another officer had been appointed to that post and in addition to that, 24 excess cadres had been appointed to unapproved posts.
- (c) There were 16 vacancies in the Deputy Director posts in the Head Office. However, although the officials were appointed to cover-up duties in those positions, it was delayed to make permanent appointments. Action had not been made to appoint a permanent officer for the post of Administrative Officer, and an officer from another Department had been appointed to act for that post. A retired officer has been appointed on a contract basis without a permanent appointment for the Technical Officer.
- (d) A sum of Rs.305.92 million had been paid as external consultant allowances of Technical and Technological Colleges during the year under review. Recruitment of those Lecturers had been taken place on college basis and it was observed in audit that the Head Office does not conduct an adequate evaluation on the effectiveness and efficiency of Lecturers. Furthermore, according to internal audit reports, copies of certificates of the qualifications of the external lecturers recruited in some colleges of the certificates were not authenticated.
- (e) In terms of Section 3.8.2 of Chapter III of the Establishments Code, and the transfer policy of the Department transfers should be given based on the maximum period of service signed in each category of station. However, according to the internal audit reports, 29 officers of the academic staff, and 42 officers of the non-academic staff had remained at the same station over a period of 10 years.
Within the above staff there were 14 academic and non-academic staff remained over the past 20 years at the same service station relating to 09 Technical Colleges.