

Head 215 - Report of the Auditor General of the Department of Technical Education and Training - Year 2017

The Appropriation Account, the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No. 32 of 2017 were presented to audit by the Department of Technical Education and Training. The financial and physical performance reflected from those accounts and the reconciliation statement were audited in terms of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and the Accounting Officer

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124 (2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125 (1) (a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of the Department of Technical Education and Training - Head 215 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review will be issued to the Director General of the Department of Technical Education and Training in due course. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the Department of Technical Education and Training for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1.3 above in detail. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in Paragraph 2.1 to 2.15 of this report. The audit observations revealed in the execution of accountability as the Accounting Officer in accordance with provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the undermentioned table.

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non - compliance with those provisions by Chief Accounting Officer/ Accounting Officer	Paragraph Reference to the Report included the observation
Financial Regulation		
128 (1) (a)	The work of his Department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized, and that an endeavor is made to complete the programme of work laid down for the year and/or to attain the targets specified	<ol style="list-style-type: none"> 1. Non-preparation of Budget Estimates in a realistic manner. 2.9 2. Non-maintenance of Registers and Books. 2.13 3. Not obtaining expected achievements. 2.2.1 4. Deficiencies related to Foreign Funded Projects implemented. 2.3 5. Deficiencies in achievement of services to Public 2.8 6. Deficiencies in human Resources Management 2.15

128 (1) (b)	The organization for financial control and accounting in his Department is effective, and provides adequately for the correct ascertainment, where necessary, of dues to Government, the systematic, complete and prompt collection of dues, and bringing to account of monies received, the authorization of commitments on behalf of the Government, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefore from public funds.	Deficiencies in implementation of Procurement Process	2. 4
128 (1) (c)	The Financial Regulations and other supplementary instructions of the Government are adhered to in his Department, and that they are supplemented by Departmental Instructions, where necessary.	<ol style="list-style-type: none"> 1. Non- compliance 2. Outdated deposits 	<p>2. 14</p> <p>2. 11</p>
128(1) (d)	An adequate system of internal check for receipts, payments and issues is maintained and tested from time to time.	<ol style="list-style-type: none"> 1. Deficiencies appeared in Public Officers' Advance Account . 2. Deficiencies in operating bank accounts. 	<p>2.10</p> <p>2.12</p>
128 (1) (e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions.	<ol style="list-style-type: none"> 1. Deficiencies in Annual Board of Survey. 2. Idle and under utilized assets. 3. Unsecured properties. 4. Assets released to external parties. 5. Assets handed over in an informal manner. 6. Vehicle Utilization 7. Government houses administration 	<p>2.5 (a)</p> <p>2.5 (b)</p> <p>2.5 (c)</p> <p>2.5 (d)</p> <p>2.5 (e)</p> <p>2.5 (f)</p> <p>2.5 (g)</p>

128 (1) (f)	Such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly.	Not commencing the Foreign Funded Projects on due dates.	2. 3 (h)
128 (1) (o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence's, faults or frauds on the part of officers/employees and surcharges are imposed on officers/employees responsible for such losses in terms of F.R.156 (1) .	Losses and damages	2.7

2. Material and Significant Audit Observations

2.1 Key Functions of the Department

- (i)** Identification, preparation, guidance to implementation, Co-ordination supervision and coordination of the Technical Education and Training Programs relating to that.
- (ii)** Human Resources Management and Development for the most effective and efficient way of Technical Education and Training.
- (iii)** Conduct Research Work related to Technical and Technological Education field, to promote the use of Information Technology and make available for new products.
- (iv)** Implementation of courses according to the approved National Vocational Qualification Framework within the Technical Education and Training System.
- (v)** Formulation of joint action programs with State and Private Sector for Vocational Guidance and Entrepreneurship Development, Coordination and Implementation

2.2 Performance

2.2.1 Not getting the Desired Level of Achievement

There were 05 Key Functions which should be performed by the Department during the year under review and as per the Action Plan prepared for 09 Colleges of Technical and 30 Colleges of Technology, for obtaining desired achievement, the performance thereof is as follows.

(a) Enrollment of Students to Technical Colleges / Colleges of Technology and Conducting Courses

It had been planned to conduct 125 courses in 39 Technical/ Colleges of Technology as per the Action Plan of the Department in the year under review and to recruit 27,000 students for that. Accordingly, applications had been called for 102 courses from Sinhala, Tamil, English, Japanese and Korean language mediums in the Gazettes of the Democratic Socialist Republic of Sri Lanka dated 22 December 2016 and 14 October 2016 .

The following observations are made in this regard .

- (i) A number of 33,650 students had been enrolled for 119 courses as per the Progress Reports submitted for the audit in the year under review. These enrollments had obtained a progress of 7,059 students compared to 26,591 students enrolled in the previous year. Similarly, the Department had also obtained a progress as compared to the number of students planned to be enrolled with the actual enrollments . However, although it was planned to enroll 4,210 students for 21 courses out of the total number of enrollments, the number of students actually enrolled was 1,538 , thus indicated that the enrollment of students to those courses was at lower level than 50 per cent of the planned number.
- (ii) Twenty five courses including Advancing Career Skills, Building Career Skills, Developing Career Skills, CEB electrical Course which were not included in the Action Plan had been conducted during the year under review. That was 8,830 students or 26 per cent out of the total number of students enrolled and there were the courses conducted with most number of participation of students who attended the Courses in the year under review.
- (iii) Fourteen courses including National Certificate in Building Construction, Motorcycle and Scooter Repair, Sales Representative Assistant , Stores Assistant designed to be conducted to recruit 3,405 students had not been conducted in any at any Technical / Technology College .

- (iv) Even though the initial minimum number of students should be existed for courses in Technical / Technology Colleges were the 15 students for vocational courses based on Factories / Laboratories and 30 students for classroom based courses, according to the letter of the Director General of the Department No. DTET / 05/01 /02 (i) / 2016 of 03 November 2016 , thirty nine courses had been conducted without minimum number of students. Further , according to the letter No. DTET / 05/01/02 (II) / 2017 dated 31 January 2017 the minimum number of students that should be available for weekends / long term courses were 30, fifty one courses had been conducted lesser than that .

(b) Accreditation of Courses

As per the Vocational Qualification Circular No. 01/ 2013 of 26 February 2013 of Tertiary and Vocational Education Commission, all the vocational courses should be accredited. Nevertheless, 272 courses out of 871 courses which are being conducted in 39 Technical and Technology Colleges as at 15 August 2018 the date of audit had still not been accredited. Due to that it was observed that the chance to obtaining a national level certificate would be lost to the students who had followed the courses not accredited whilst they leave the College after completing the course .

(c) Abandonment of Courses by students

According to the information provided to audit, out of the total number of students 28,961 enrolled in the year under review (except the students who pay for the courses) it was observed that 7,291 students or 25 per cent of students had left the courses. Out of this number, the percentage of students leaving the 07 courses was more than 50 per cent. Further , 1,774 students enrolled out of 4,489 for the part-time / evening courses charged during the year under review or 39 per cent had left courses.

(d) Examination Results

Information relating to examination results on 39 Technical / Technology Colleges on 28 November 2018 was submitted to the audit and the following observations are made in respect of that.

During the year under review 16,582 students had sat for the certificate examinations in the above 39 Colleges and the number of students who had passed out of that were 10,916 or 66 per cent. Out of these Colleges 44 and 46 per cent of students who had sat for the exams at Hasalaka, Kandy and Nuwaraeliya Technical Colleges had passed respectively. Further, a number of 7,510 students had sat for the examinations conducted

for the NVQ Courses by the above courses and 5,199 students or 69 per cent out of that had been qualified

2.2.2 Achievement of Sustainable Development Goals

The Department of Technical Education and Training had not taken actions to identify the Sustainable Development Objectives and Goals under purview of their scope in relation to the United Nations Sustainable Agenda for the year 2030 for how to take measures relating to the activities thereof along with the milestones in respect of achieving those targets, and the indicators for evaluating the achievement of such targets.

2.3 Foreign Funded Projects Implemented

A sum of Rs. 524.70 million had been allocated for the construction and modernization of buildings, purchasing of equipment and conduct training programs for the Academic Staff in Technical and Colleges of Technology of the Department of Technical Education and Training by the Sector Skills Development Program relating to the year under review and a sum of Rs. 244.39 million or 47 per cent had been utilized.

The following observations are made in this regard.

- (a) A sum of Rs. 356 million had been provided for the renovation and modernization of 27 buildings in the year under review and it had been incurred only a sum of Rs. 167 million or 47 per cent by the end of the year under review. Only the 16 construction works had been completed as per planned out of the related constructions. However, even though the renovation works of 09 buildings had been completed by 30 April 2018 the date of audit, as a result of non- submission of bills by the Contractors and not finishing the survey activities it was observed in audit that the payments related to those contracts could not be able to complete.
- (b) The improvements of Phase 1 & 2 buildings of the Moneragala Technical College and the construction works of Vavuniya Technological College which were at the contract values of Rs. 26.85 million and Rs. 67.20 million respectively had not been completed even by 30 April 2018 .
- (c) Even though the contract works of the construction of hostel buildings of Mannar Technical College valued at Rs. 9.97 million had been completed, since the cost of the extra construction work had exceeded the estimated cost the bill payments had been delayed and it was observed that the building renovation works of Maradana Technical

Professional Training Institute (TITP) amounted to Rs. 10.04 million also exceeded the estimated cost.

- (d) Even though the 95 per cent of building renovation works of the College of Technology Maradana had been completed since the construction had not been completed according to the required standards, the agreement was cancelled and the Performance Security amounted to Rs. 1,147,446 had been recovered by the Department. Although the building is being used at this time, payment had not been completed.
- (e) Due to the errors occurred whilst the payment made for the construction of the Homagama Technical College a sum of Rs. 63,088 had been paid more to the contractor.
- (f) Since the equipment planned to be purchased in the preceding year had not purchased during that year a sum of Rs. 60 million had been allocated for the purchase of such equipment during the year under review. Out of that only the equipment valued at Rs. 41,435 million had been purchased and the balance of Rs. 18,565 million had not been utilized.
- (g) The CNC Milling Machine which had been purchased on 16 March 2017 for a sum of Rs. 19.89 (without VAT) for the Mechanist Course at Technical College, Nuwara Eliya due to the lack of a Permanent Instructor to teach those courses, that had remained in idle at the date audit even by 30 August 2018 .
- (h) Even though a sum of Rs. 70 million had been allocated for the purchase of equipment during the year under review , due to the purchase of equipment worth of Rs. 15.054 million only , a sum of Rs. 54,946 million or 79 per cent of the total expenditure had not been utilized.
- (i) Even though the Sri Lanka Bureau of Foreign Employment had provided Rs. 2 million for planning to train the students with the overseas trainers to transfer the Middle East job market during the year under review , that money had not been utilized.

2.4 Obtaining Supplies and Services by Procurement Process

- 2.4.1** The provision amounted to Rs. 323.8 million had been made available for the supplies and services which should be obtained by performing as per the Government Procurement Guidelines by the Department and out of that and the provision amounted to Rs. 249.4 million had been utilized as follows.

Object	Description of Object Code	Net Provision made Available	Utilization	Savings
		Rs. Million	Rs. Million	Rs. Million
Supplies				
1201	- Stationary and Office Requirement	23.6	23.2	0.4
1203	- Food and Beverages and Uniforms	1.0	1.0	0.0
1205	- Others	22.0	21.4	0.6
Acquisition of Capital Assets				
2102	- Furniture and Office Equipment	24.0	23.0	1.0
2103	- Machines and Machine Equipment	13.2	13.1	0.1
2104	- Building Construction	240	167.6	72.4
Total		323.8	249.3	74.5

The following observations are made in this regard.

- (a) Due to not conducting the construction work on the buildings as planned, a sum of Rs. 72.4 million or 23.4 per cent out of the provision had been saved.
- (b) A sum of Rs. 68 million had been spent during the year 2017 from the additional provision amounted to Rs. 70 million obtained without provisions made available from the Appropriation Act for the construction of buildings of the Hardy Technology College, Ampara. Even though those constructions should be completed in the month of September of the year under review only 65 per cent of physical progress had been achieved at the end of the year. However, the rest of the work had been temporarily suspended due to inability of provisions made available for this in the year 2018 .
- (c) A sum of Rs. 15 million had been provided for the establishment of the Research and Assessment Division maintaining at the Head Office to another location and a sum of Rs. 13.21 million or 88 per cent out of the provision made as per the Appropriation Account. A sum of Rs. 566,400 had been incurred for the initial activities of that construction which was commenced without proper plan and it had been included a sum of Rs. 1,227,165 in these expenses not related to this work . However, the relevant construction work had been interrupted and the Contract Agreement had also been cancelled.

2.4.2 Implementation of Procurement Procedure

The following observations are made.

- (a) Even though a sum of Rs. 50 million had been provided in the preceding year for the construction of a building at Anamaduwa Technical College, any money out of that had not been utilized during that year. However a provision of Rs. 139 million had been made available in the year under review as well and although a sum of Rs. 78.23 million or 56 per cent had been incurred out of that the physical progress of the constructions therein as at 31 December 2017 only 10 per cent.
- (b) A sum of Rs. 17,903,407 on 16 March 2017 and the balance and value added tax totalled to Rs. 4,973,168 had been paid to the supplier on 05 January 2018 for the CNC Milling Machine planned to be purchased for Rs. 22,876,575 in the preceding year for the Sector Skills Development Programme for the Mechanical Engineer Course of Nuwara Eliya Technical College.

The following observations are made in this regard.

- (i) There was no request from the Principal and the Committee Members appointed for the purchases of the Technical College in Nuwara Eliya in the process of planning to purchase equipment and goods to all Technology / Technical Colleges relevant to the year 2016 and it had been purchased on the recommendations of two members of the Technical Evaluation Committee. However, even though at least one member of the Technical Evaluation Committee should be from the Line Ministry or an outside person with a knowledge of the procurement subject matter in terms of Guideline 2.8.4 (c) of the Government Procurement Guideline, a person as such had not been appointed to this Evaluation Committee.
- (ii) Even though a feasibility study should be carried out before purchasing this machine valued at Rs. 22.87 million with the Value Added Tax (VAT), it was not so done and due to the lack of an appropriate consultant for operating this machine purchased without a proper plan it was remained in idle even by 15 September 2018 the date of audit.
- (iii) Since this machine is only being used for 12 hours Machine Introductory Lectures in an year, instead of incurring a sum of Rs. 22.87 million for buying the machine it was also confirmed during the discussions with the relevant officials that there was an ability to cover that activity from the Technology / Technical Colleges from Badulla and Kandy.

- (iv) As per the newspaper advertisement published on 04 April 2016 for the purchase of this machine, the evidences were not furnished to audit whether the Pre- procurement Meeting was due to take place on 20 April 2016 had been held.
- (v) Quotations had been received only from two institutions when bidding for this, due to the fact that the minimum warranty period is one year instead of 3 years it had been recommended to purchase that machine from the other bidder refusing to accept a bidder by the Technical Evaluation Committee without comparing the prices and obtaining a written explanation from the bidders .The approval of the Procurement Committee had also been granted for that decision. Accordingly, it could not be satisfied in audit that the achieving of the objectives such as providing maximum economic benefits as a result of incurring low cost with high quality had been achieved in terms of the Guideline 1.2.1 (a) of the Government Procurement Guidelines.
- (vi) The machine had to be handed over within 45 days in terms of Paragraph 4 of the Contract Agreement. The contract had been awarded on 28 June 2016 and the machine had been provided by the Contractor on 22 February 2017, delaying 239 days from that day. Furthermore, another 242 days had elapsed in order to prepare a location for the installation of the machine and to supply gas equipment and electricity to that place. Accordingly, the machine had been fixed on 20 October 2017, delaying 481 days. Although the machine had been installed after a large period of time, the Department had not taken actions to obtain delay charges from the Contractor for the delayed period.
- (vii) Even though a 90 per cent out of the value of the machine could have been paid to the relevant contract company only with the confirmation of the Technical evaluation Committee that the machine conforms to the specifications, the machine is mounted and the machine is in good condition in terms of the Tender Regulations 16.2 (a) , a 90 per cent out of the value of the machine had been paid in contrary to that. Further, the retaining deposit amounting to Rs. 1,989,267 also had been released to the supplier on 05 January 2018 without any confirmation of the performance of the machine.
- (viii) Even though 313 days had elapsed by 30 August 2018 the date of audit after the machine was installed, the machine had been utilized only for basic training on the machine for awareness for the period of 30 hours.
- (ix) Even though a sum of Rs. 2,983,901 which was the Value Added Tax as at 05 January 2018 was paid to the related company for this machine, it was also observed that the supplier had not remitted the amount to the Inland Revenue Department even up to 18 September 2018 .

- (x) Due to buying that machine, the equipment requested by the Nuwara Eliya Technical College estimated value of Rs. 7.363.500 in the year 2016 equipment had not been provided to the College even by 30 August 2018 and it was observed that the Students had to be taken to the Technical College of Kandy for the practical trainings of Motor Mechanic Course due to lack of such equipment.
- (xi) Due to non- preparation of a proper place for installation of this machine Prior to purchasing the machine, the course had to be carried out in an another building to the students who follows Aluminum Fabrication Course even by 03 September 2018 . Further the equipment used therein remained underutilized and the audit revealed that the practical training of the students is also obstructed. Even though the Principal had informed the Mechanical Engineer on 22 March 2017 in respect of this , although 530 days had elapsed as at 03 September 2018 the date of audit any action has been taken for that.
- (xii) Even though there were no training courses to utilize this machine, an additional electricity charge had to be incurred to the Department because the possibility of the machine would be inactive whilst keeping the machine without using since it is functioned at least 3 or 4 hours a day . Further it was observed that the Warranty period of the machine also being reduced due to the this machine remained in idle.

2.5 Assets Management

The following deficiencies were revealed at the audit test checks conducted in respect of the assets of the Department.

(a) Annual Board of Survey

Even though the Director General of Public Finance should be informed before 30 June 2018 by taking action on the deficiencies and excesses revealed from the Board of Survey in the year under review in terms of Paragraph 3.2.7 of the Public Finance Circular No. 05/2016 dated 31 March 2016 actions had not been taken to inform so in respect of the shortages and the excesses in the Head Office stores and 17 other Sections and 39 Technical / Technological Colleges .

(b) Idle and Underutilized Assets

It was observed in the audit test checks that the following assets remained in idle .

Institution	Type of Assets	No. of Units	Time Period Remained in Idle
Technical College Homagama	Crane	01	10 Years
Technological College Kandy	CNC Milling Machine	01	08 Years
Technical College Badulla	CNC Lathe Machine	01	Not mentioned
	CNC turning Machine	01	„
Technical College Dambulla	Air and Heat Welding Mechanical		Not mentioned
	Woodworking and Masonry		„
	Equipment in factories		„
Technical College Monaragala	Computers	21	Not mentioned
	Library Books	471	„
Technological College Anuradhapura	Water Filters	03	03 Years

(c) Unsecured Property

An Internal Audit Report had stated that the Properties of the College Premises were in an insecure atmosphere due to the unavailability of a proper security fence around the premises of the Weerawila Technical College.

(d) Assets Released to External Parties

The following observations are made.

- (i) The following lands had been released to the external parties irregularly by the Department and the dates of release of those assets had not been furnished to audit.

Extent	Location of the Assets	Institution that has provided the Asset	Observations
-----	-----	-----	-----
➤ 10 Acres	Technical College- Kuliyapitiya Wewethenna Land	University College	Necessary surveying and preparation of Plans had not been carried out.
➤ 08 Acres	-do-	Youth Corps	A formal alienation had not been made.
➤ 110 Perches	Swimming Pool of Beliatta Technical College	Ministry of Sports	Even though An Official of the Sports Ministry had taken it up, a formal letter had not been handed over to the Technical College.
➤ 9.5 Perches	Technical College Kegalle	An external Party	Even though it was leased for 30 years in the year 1997 the Lease Agreement did not exist in the Department.
➤ 6.8 Perches	-do-	An external Party	An outsider had encroached. Even though the Principal of the College had opposed on that occasion on 04 December 2015 the Department had not reacted on it.
➤ 05 Acres	-do-	Youth Corps Training Centre	No formal alienation had been made.
➤ 1.5 Acres	-do-	Open University	Not alienated legally
➤ 03 Roods and 3.9 Perches	Technical College Ratmalana	University College	No formal alienation had been made

- (ii) A jeep which had been provided to the Department under Korean Aids in the year 2014 had been released to the Line Ministry without using to the activities of the Department .

(e) Informally Handed over Assets

Although the building of the Technical Professional Training Institute (TITP) operated under the Line Ministry and the assets belonging to that had been handed over to this Department by the Secretary of that Ministry since 02 February 2016 the expenditure had been incurred without handing over that with a proper approval of the Cabinet of Ministers.

(f) Utilization of Assets

Sixty nine vehicles belonging to the Department at the end of the year under review and a sum of Rs. 19.74 million for the fuel and lubricants required for that and a sum of Rs. 26.61 million had been incurred as a sum of Rs. 6.87 million for the service , repair and vehicle insurances of vehicles. From these vehicles, 17 vehicles had been driven 128,631 kilometers during the year. A sum of Rs. 51 per kilometer had been incurred besides the drivers' salaries and allowances . Due to lack of proper documentation regarding the remaining vehicles the details on the number of kilometers those vehicles driven during the year , the expenditure on fuel and lubricants for the vehicle had not been furnished to audit.

Following observations are made regarding the above vehicles.

- (i) A sum of Rs. 1.97 million had been incurred to restore the condition of the vehicle due to the two incidents such as an engine failure occurred on a vehicle attached to the Beliatta Technical College 18 March 2011 and the rear glass of the vehicle was broken when it was parked at the College on 05 of June 2011. Even though it had been decided to recover 40 per cent of the loss from the driver as per the Full Report dated 25 June 2014 in terms of Financial Regulations 104 (4) any money had not been recovered even by 31 August 2018.
- (ii) A motor coach type vehicle of Hardy College, Ampara had met with an accident while it was being driven by the Director therein on the 27 September 2012 and he had not obtained a driving license relevant to driving the same type of motor vehicle. a sum of Rs. 1.03 million had been incurred for the repair of that vehicle. As per the Full Report dated 11 January 2013 in terms of Article 104 (4) of the Financial Regulation, it had been decided to recover 50 per cent of the loss from the Director, who had driven the vehicle due to an unavailability of a driver assigned to the vehicle and lack of a comprehensive insurance. Accordingly, the loss due from the Director of the College had not been recovered even by 31 August 2018 . The Director had retired from 23 July 2017 and even though a sum of Rs. 1,286,539 had been retained from his Retirement Gratuity including the cost of repairs of the vehicle and 25 per cent of

fine , related activities had not been settled even by the 15 September 2018 the date of audit.

- (iii) Despite a vehicle which was repaired incurring at a cost of Rs. 462,450 on 26 December 2011 and the vehicle was driven less than 1,000 kilometers after the completion of that repair , even though more than 6 years period elapsed since the engine of the vehicle had deactivated in operation from the month of March 2012 had remained in idle even by 31 August 2018 the date of audit. The recommendations of the Technical Evaluation Committee had not been obtained so that the repair was properly carried out. Similarly, since that repair was a breakdown during the relevant warranty period , actions had not been taken to be interfered from the Company which had carried out the repair. As a result it was observed in audit that the cost of repair amounted to Rs. 462,450 and the test cost of the engine amounted to Rs. 10,000 were losses to the Government. In addition the Department had not conducted a formal investigation in terms of Financial Regulation 104 .

(g) Controlling of Government owned Houses

A number of 260 government houses had belonged to the Department as per the information furnished to audit and the following observations were made at the audit test checks carried out .

- (i) The lease period for the for the houses in terms of Section 6.1 of the Paragraph XIX of the Establishments Code is 05 years and even though a penalty should be recovered whilst the applicants in the waiting list for a period of stay where the rent period is over in terms of Section 7.2 it had not been so done in respect of 16 officers in the Quarters belonging to the Colleges such as Anuradhapura, Nuwara Eliya, Kandy, Dehiattakandiya, Galle and Kegalle.
- (ii) As a result of not maintaining a Register with details of the number of Quarters belonging to the Department, the location, the type of Quarters, the details of the occupied dwellers and details of the rent paid and the waiting list in the Head Office , it was observed that the control of Official Quarters was at a weak level.
- (iii) Out of the Quarters belonging to the Department 126 houses were at repairable and dilapidated condition due to lack of proper maintenance as per the information received to the audit and actions had not been taken to renovate those Quarters .

2.6 Commitments and Liabilities

Entering in to Commitments Beyond the Annual Budget Limit

The following observations are made in respect of the Commitments and Liabilities appeared in the Appropriation Account at the end of the year under review.

- (a) Even though the provision made available for 02 Objects amounted to Rs. 85 million had been made available for 02 subjects non - compliance with Paragraph 2 (a) of the State Accounts Circular No. 255/ 2017 dated 27 April 2017 it had been entered in to commitments amounted to Rs. 148.8 million .
- (b) Even though the maximum liability limits against 03 Objects were Rs. 32.89 million, it had been entered in to liabilities but exceeding the maximum limit up to Rs. 443.58 million.

2.7 Losses and Damages

A sum of Rs. 5,173,327 had been reported as the losses and damages of the Appropriation Account as at the end of the year under review and the losses and damages amounted to Rs. 3,963,215 out of that were older than 5 years and actions had not been taken to recover those values.

2.8 Execution Services to the Public

Even though every public authority should appoint a designated officer in terms of Section 23 of the Right to Information Act no evidence was submitted to audit that such appointments had been made and that the information had been given to the public.

2.9 Utilization of Provision made by Parliament for the Execution of Activities

The particulars relating to the provision made to the Department and utilization and savings for the five years period ended 31 December 2017 and the audit observations in respect of that are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of Net Provision
		Rs. Million	Rs. Million	Rs. Million	
2013	Recurrent	1315.4	1170.3	145.0	11
	Capital	310.6	105.1	205.4	66
	Total	1626.0	1275.5	350.4	22
2014	Recurrent	1319.4	1313.7	5.6	0.4
	Capital	224.1	187.2	36.8	16
	Total	1543.5	1500.9	42.4	2.7
2015	Recurrent	1628.3	1597.8	30.5	1.9
	Capital	335.9	321.3	14.5	4
	Total	1964.2	1919.1	45.0	2
2016	Recurrent	1999.1	1941.6	57.5	2.9
	Capital	350.0	190.6	159.3	45.5
	Total	2349.1	2132.2	216.8	9
2017	Recurrent	1883.7	1799.9	83.9	4.5
	Capital	378.2	275.8	102.4	27
	Total	2261.9	2075.7	186.2	8

Even though the total net provision has gradually increased from the year 2013 to the year 2016, a decrease of Rs. 87.1 million less than the preceding year was observed during the year under review. The net provision for the capital expenditure for the year under review had taken the highest value in comparison with the other previous years was observed and an increase of Rs. 85.2 million in capital expenditure compared to the previous year was observed thus an improvement in development activities was observed during the year under review.

The following observations are made.

- (a) Out of the provision made available amounted to Rs. 2,261.9 million for operational and development programs in relation to the year under review a sum of Rs. 2,075.7 million had been utilized and a sum of Rs. 186.2 million had been saved without utilizing.
- (b) Even though the total savings of the Head was 8 per cent out of the total net provision, 57 per cent and 25 per cent respectively were observed from of the capital allocations made available for operations and development. It was observed that not carrying out building construction and improvements as planned had affected mainly for these savings.

2.10 Advances to Public Officers' Account

2.10.1 Limits Authorized by Parliament

The limits authorized by the Parliament for the advances to Public Officers Account of the Department Item No. 21501 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
-----	-----	-----	-----	-----	-----
Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
60.00	60.00	49.00	49.00	200.00	114.00

Not recovering outstanding balances

The total of the outstanding balances (besides the balances of the officers who had station transferred outside) as at the date of audit as per the Reconciliation Statement furnished was Rs. 3,218,939 and though those outstanding balances have been remaining ranged from year 01 to year 22 the follow up procedure of recovering of those outstanding loan balances were at a weak level.

2.11 General Deposits Account

The total of the balances of 03 General Deposit Accounts of the Department as at 31 December 2017 was Rs. 54.29 million. Actions had not been taken in respect of 50 deposits over 2 years from this amounted to Rs. 9.85 million in terms of Financial Regulation 571 .

2.12 Operating Bank Accounts

The following observations are made.

(a) Dormant Bank Accounts

Two Current Accounts which were being maintained by the Projects of the Department had been inactive before the year 2015 and the balance of those accounts were Rs. 63,150 . Action had not been taken to close those accounts crediting the balance of money in these dormant bank accounts to the State Income.

(b) Balances to be Adjusted

The following deficiencies were observed whilst examination carried out in respect of the Bank Reconciliation Statements submitted in connection with 40 bank accounts functioned in the year 2017 .

- (i) Even though it had been appeared in the Note (iv) submitted along with the Appropriation Account that the total of the bank balances in 10 bank accounts was Rs. 30,000 at the end of the year under review, the total of the opening balances as at 01 January 2018 was Rs. 7,749,547 .
- (ii) The unidentified inflows of the Head Office at the end of the year was Rs. 229,943 and the total of the unidentified inflows of the Ampara Kuliypitiya Colleges were Rs. 27,030 .

2.13 Non - maintenance of Registers and Books

It was observed during audit test checks that the Parliament had not maintained the Registers shown below while certain other Registers had not been updated .

Type of Register	Relevant Regulation	Observations
Register of Security	Financial Regulation 891 (1)	Had not maintained
Registers of Attendance for Procurement Committee and Technical Evaluation Committee	Guideline 2.11.2 of Government Procurement Guidelines	Had not maintained

Meeting Minutes of the Procurement Committees	Guideline 2.11.3 (a) of Government Procurement Guidelines	Had not maintained
Schedule of Bid Documents	Guideline 5.2.1 of Government Procurement Guidelines	Had not maintained
Cash Receipt Register for Technical/ Technological Colleges for Course Fees	Financial Regulation 165 (4)	Had not maintained in an updated manner
Register of Fixed Assets		
	Treasury Circular No. 842 of 19 December 1978	

2.14 Non - compliances

2.14.1 Non - compliances with Laws Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non-Compliance
-----	-----	-----
	Rs.	
(a) Establishments Code of Democratic Socialist Republic of Sri Lanka		
(i) Section 4.1 of Paragraph XIV		Even though more than 7 miles should be travelled away from the duty station to be eligible to pay subsistence allowance, the distance travelled had not been mentioned in the travelling claim vouchers as that could be verified.

(b) Financial Regulation of Democratic Socialist Republic of Sri Lanka

- (i) Financial Regulation
139 (4)

Even though a receipt should be obtained whilst every payment made, the receipts had not been obtained in 77 instances for the payments valued at Rs. 926,416 .

2.15 Human Resources Management

2.15.1 Approved Cadre, Actual Cadre and expenditure for Personal Emoluments

The particulars furnished to audit in respect of the approved Cadre, Actual Cadre, Vacancies and the Excess Staff as at 31 December 2017 are given below. The Department had spent a sum of Rs. 500.3 million for the Object of Personal Emoluments (except the payments made for External Consultants) for the year under review. Accordingly, the Per Capita Expenditure had been Rs. 521,592 .

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excess Employees
(i) Senior Level	1,313	643	670	-
(ii) Tertiary Level	144	35	109	02
(iii) Secondary Level	1,242	834	408	12
(iv) Primary Level	1,170	907	263	24
Total	3,869	2,419	1,450	38

The following observations are made in this regard.

- (a) As per the details above, 04 Directors out of 05 Directors of the Sri Lanka Technical Education Service, 08 Directors of 09 Colleges of Technology and 07 Additional Directors, 25 out of 30 Principals in Technical Colleges and all the 30 Vice Principals posts remained vacant at the end of the year under review. Two hundred eighteen out of 274 Lecturers from Technical Colleges / Technological Colleges, 334 from 897 Consultants, 22 Professional Consultant Officers and 20 from 39 number of

Registrars remained within those vacancies. As a result of that , it was observed in audit that the disruptions being made in the academic and administrative activities of the Technical Colleges / Colleges of Technology.

- (b)** The excess staff consisted of 38 and out of that 17 had been appointed to the posts such as Office Assistant Service, Watcher, Computer Operator and Premises Overseer .
- (c)** As a result of vacancies in Laboratory Staff and Consultants in permanent staff External Consultants had been appointed to Technical Colleges and Colleges of Technology and a sum of Rs. 207,281,403 had been paid as external consultant allowances for them. Recruitment of such Lecturers is being taken place on college basis and the educational qualifications of them and an assessment in respect of the availability of effectiveness and efficiency whilst conducting lectures had not been sufficiently carried out by the Head Office . Furthermore, it had not been made confirm that the copies of the certificates were authenticated as true copies relating to the qualifications of the External Lecturers recruited to the Colleges.
- (d)** As per the Section 3.8.2 of the Paragraph Three of the Establishments Code and as per the Transfer Policy of the Department the transfers should be given according to the maximum period they should be serving at a particular service station belonging to each duty group . However, according to internal audit reports, 19 of the academic staff and 59 non- academic staff who had exceeded 10 years of service period at the end of the year under review.