

Head 126 - Report of Auditor General of the Ministry of Education - Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Account Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No. 32 of 2017 were presented to audit by the Ministry of Education. The financial and physical performance reflected from the account 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

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 Head 126 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 was issued to the Secretary to the Ministry on 12 July 2018. 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 Ministry of Education 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 Chief Accounting Officer in accordance with provisions of the Financial Regulation 127 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 Chief Accounting Officer in terms of Financial Regulation 127	Non - compliance with that Provision made by the Chief Accounting Officer	Reference to the Paragraph included Observation
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Financial Regulation		

127(1) (a)	All the financial work should be planned and to be confirmed as transacted with correctness and financial propriety. (that is to say, the business transacted in accordance not merely with the financial and departmental orders but also must be with the financial and departmental orders but also with the high standards of integrity expected in the transaction of public business)	<ol style="list-style-type: none"> 1. Non-preparation of Action Plan accurately and adequately. 2.1.1 2. Not planning the Procurement activities accurately and adequately. 2.2.1 3. Non-preparation of Budget Estimates in realistic 2.8 (b) 4. Non-maintenance of Registers and Books 2.11 5. Internal Audit 2.13
127(1) (b)	Be evolved a system which provides adequate controls over expenditure and the collection of revenues.	<ol style="list-style-type: none"> 1. Management weaknesses 2.6 2. Non-compliances 2.12 3. Deficiencies in Human Resources 2.14
127 (2)	The existing items of expenditure, as well as proposals for new or increased expenditure in the Departments under his control, are closely examined in the Ministry from the points of view of economy and efficiency.	Deficiencies in implementing procurement Procedure 2.2.2

127 (3)	The all cases of doubt of difficulty are referred to him so that he may bring his own administrative experience and judgment to bear on them.	<ol style="list-style-type: none"> 1. Deficiencies in vehicle utilization 2. Improper usage of assets not taken over 3. Weaknesses in services providing to public 	<p>2.3(c)</p> <p>2.3(e)</p> <p>2.7</p>
127 (4)	The Appropriation Accounts are duly rendered by each of his Accounting Officers and examined at the Ministry before he signs them ; and that important differences in the Estimates and the actual expenditure are critically investigated by him ;	<ol style="list-style-type: none"> 1. Non- submission of Annual Performance Reports 2. Enter in to commitments exceeding the Annual Budget Estimates 3. Deficiencies in General Deposits Accounts 	<p>2.1.2</p> <p>2.4</p> <p>2.10</p>
127 (5)	The important variations between Departmental Estimates and Expenditure receive critical examination at the Ministry ;	<ol style="list-style-type: none"> 1. Non-utilization of provisions made available 2. Deficiencies of utilization of provisions obtained from the Supplementary Estimates 	<p>2.8 (a)</p> <p>2.8 (c)</p>
127 (6)	The collection of Revenue or other Government dues for which Accounting Officers are responsible is closely watched and examined by the Ministry.	Deficiencies appear in Public Officers' Advance Account	2.9
127 (7)	The procedure laid down in Financial Regulations 103 to 108 is followed by the Accounting Officers, in case of losses caused to Government by the delays, negligence, fault or fraud on the part of officers/employees and surcharges are imposed on the officers/employees responsible for such losses, in terms of Financial Regulations. 156 (1). It is also a duty of the Chief Accounting Officer to appear before the Committee on Public Accounts and to assist it along with his Accounting Officer in explaining and justifying the accounts of the departments for which he is responsible.	Losses and damages	2.5

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Planning

There were 22 key functions to be performed by the Ministry in the year under review in terms of the Public Finance Circular No. 01/ 2014 of 17 February 2014 and the following deficiencies were observed with regard to the Action Plan prepared for that.

- (a) It was not observed in audit that the evidences were confirmed adequately as the performance and the expected results of the Action Plan achieved through reviewing, regularizing and monitoring.
- (b) The matters such as quitting without completion of the certain projects and delays thereon, lack of proper coordination and communication among the branches, not maintaining an updated data system and lack of information system with computer technology also had affected to be impossible of achieving the expected targets and also to regularize and monitor.

2.1.2 Annual Performance Report

Even though, the Performance Report for the year under review should be tabled in Parliament within 150 days after the closure of the financial year by the Ministry of Education in terms of Public Finance Circular No. 402 dated 12 September 2002, the Performance Report had not been tabled in Parliament even by 10 August 2018.

2.1.3 Key Functions not executed adequately

The following observations are made.

(a) Regularizing of International and Private Schools

Even though no person shall establish any Private School for the education of children who are between the age of 05 years and the age of 14 years in terms of Section 25 of Assisted

Schools and Training Colleges (Supplementary Provision) Act No. 08 of 1961, a large number of International and Private Schools had been established in all around the Island thereof no subject to supervision of the Ministry of Education. However, supervision of International Schools in compliance to the National Education Policy was one of the main objectives of the Ministry. The following observations are made in this regard.

- (i) Even though these schools had registered as Private Institutions under the Company Act or Board of Investments, had not been registered in the Ministry of Education as basic education providing schools in Sri Lanka. Even a proper methodology as well had not been prepared to collect the information in order to the schools to the Ministry.
- (ii) Hence, these schools also included in the profit-oriented business registration system, it was observed that follow up procedures are not being carried out by any government institution in respect of up to what extent the basic rights of the students in those schools are covered.
- (iii) A supervision procedure in respect of the matters such as; whether those private schools at a sustained level of minimum quality and quantitate specifications which should be existed in a government school, does it consist of qualified and experienced teachers for carrying out a quality education according to each level and whether being updated with regard to the changes happened in the education system timely had not available in the Ministry .
- (iv) Although the contravene of the terms appear in the Act has been going on for 57 years even by the end of the year under review from the year 1961 it had been impossible to revise the terms in the Act as appropriate to the present even by the date of audit.
- (v) The International Schools had been conducted under a private management in compliance with the education policy of the government without taking over to the Government as per the Assisted Schools and Training Colleges Special Provisions Act No. 05 of 1961 and the Assisted Schools and Training Colleges Supplementary Provision Act No. 08 of 1961 . There were 36 schools which obtain government subsidies for the government approved teachers' salaries and 44 schools which were not being obtained government approved subsidies. In addition to that, as per the information obtained from Divisional Secretaries, District Secretaries and the newspaper advertisements, it was observed that there were 286 schools as such and a number of 11,105 teachers are being employed in them and 117,519 students are also studying. It was observed that the number of students less than hundred are in 82 schools out of that.

(b) Sisu Aruna Educational Fund

The following observations are made.

- (i) As per the Board of Directors meeting minutes dated 29 April 2003, it had been mentioned that the necessary steps should be taken to award scholarships whilst the value of the Sisu Aruna Educational Fund commenced in the year 2001 completes Rs. 2.5 million. The Fixed Deposits relevant to that had been Rs. 2.6 million by the end of the year 2015. Even though that had exceeded a sum of Rs. 3.9 million by the end of the year under review, the activities of awarding bursaries as per the objectives of the Fund had not been conducted.
- (ii) The Ministry had informed that since the name of the Sisu Aruna Guarantee Limited had been discontinued, the properties and rights of that were entrusted to the Central Treasury. As the follow up procedure was not carried out in respect of that, it was observed that the responsibility on discontinuing of the company name is entrusted to the related officers.

(c) National Educational Management Information System

The following observations are made.

- (i) An Educational Management Information System (EMIS) established with the co-operation of the University of Moratuwa to achieve the objectives such as preparation of Data Base consisted with teachers' information and management of teachers service affiliated to that, providing the service to the teachers and the office system. A sum of Rs. 64,060,373 had been incurred from the Education for Knowledge Society Project (EKSP) during the period from March 2011 to 31 December 2014 for that.
- (ii) A sum of Rs. 900,000 (without tax) of this for the creation of the Data Base for the teachers under first step on 27 February 2012, a sum of Rs. 13,877,100 (without tax) to create nine modules based on the data mentioned in the first step had been paid to the University of Moratuwa under the second step on 27 June 2013. However, it was impossible to implement this system properly even by the end of the year under review.
- (iii) Collection of data related to the Human Resources Management of the teachers had been commenced through the Zonal Offices where the personal files are maintained. A new server machine had been provided instead of the server machine maintained by the University of Moratuwa for this and the transferring of data process from old server machine to the new server machine had been completed. Nevertheless, because of delays in entering data and lack of sufficient computers and internet

facilities, it was observed that there is an inconvenience of fulfilling this activity also as expected.

(d) Entering into agreement for the post warranty period of the Computers and Accessories of Mahindodaya Technical Laboratories

It had been agreed to enter into post warranty period after completion of the 03 years warranty period provided in respect of the 51,712 computers and devices purchased at 05 instances from a private institution for 808 technological laboratories constructed under 1,000 Schools Project from that Institution. The warranty period provided from that institution in respect of 32,000 computers and devices provided for technological laboratories by 29 November 2017 had completed and the warranty period of 19,712 Computers available in another 308 Laboratories had been in due to be completed by 15 July 2018. As it was impossible to obtain an active function due to the problems that arise on these computers and devices exceeded the used time period of 3 years, those should have been maintained. However, a total of Rs. 565.6 million should have been paid as Rs. 350 million to enter into an agreement for a post- warranty period for 32,000 computers and devices of 500 Technology Laboratories completed the warranty period and Rs. 215.6 million for 19,712 computers and devices of the other 308 Laboratories and because it could not be able to make provisions for that, it had been impossible to enter into post warranties up to now.

(e) Suraksha Students' Insurance

It had been entered into the Suraksha Students' Insurance Agreement on 07 September 2017 for providing a coverage to 4.5 million school children valued at Rs. 2 lakhs for an each student who are in age group from 5 years to 19 years and the Inauguration Program and the National Celebration had been held on 02 October 2017. A sum of Rs. 2,700.00 million with tax value had been paid for the period from 01 October 2017 to 03 September 2018 as per the agreement value by the Ministry of Education to the Sri Lanka Insurance Corporation as per the agreement entered into on 07 September 2017 by the Ministry of Education with the Sri Lanka Insurance Corporation. The following observations were made in respect of the performance of that.

- (i) Although the insurance coverage had been made for the 4.5 million school children, only 19,017 number of insurance claims had obtained by 19 June 2018 the date of audit from November 2017 as per the information furnished to audit, a sum of Rs. 163.21 million had been paid as benefit for the 15,213 thereof. Though it was observed in audit that the programs had been prepared for the awareness of the students and the parents adequately, due to that was not properly carried out it had resulted the number of insurance claims to be at a very low level .
- (ii) Even though it had entered into an agreement to provide Suraksha students' Insurance Card to every student, actions had not been taken according to that. It was observed that to reduce 20 per cent from charges of a Medical Consultant or a

Specialist Doctor, to deduct 20 per cent from residential hospital charges and could not be able to avoid from the inconvenience while obtaining instant benefits due to that.

- (iii) A total of Rs. 10.04 million had been payable for two private companies for the procurement activities related to the Posters, Handouts and DVDs which were not performed as the objective of the Procurement Guideline 1.2.1 Government Procurement Procedure and in compliance with the Circular No. 08 National Procurement Agency dated 25 January 2006.
- (iv) The Bid invitation letters had been sent to 10 News Paper organizations and 04 Agencies without the approval of the Procurement Committee for advertising in a full page on 01 October 2017 in respect of students' insurance coverage, that activity had been assigned to the Group M Media Private Institution for a Rs. 4.23 million.
- (v) The evidences were not observed at the audit whether the technical evaluation committee meetings were held, quotations were sent by post or by hand, the suppliers had handed over the Bids to the Ministry and they appeared at the Bids opening or whether the Bids were opened for this procurement activity.
- (vi) The procurement had been awarded for a sum of Rs. 6.83 million to the Group M Media itself for the radio broadcasting to this. The evidences were not observed in audit that whether the bid invitation had been sent by post or by hand to the other FM channels, bids received and opened, the approval of the Procurement Committee had obtained before the procurement process and whether the timelines to be advertised had mentioned.
- (vii) Even though the approval had been given for the 30 seconds advertising time for the radio broadcasting the relevant broadcasting had taken time such as 5, 10, 14, 20 and 30 seconds, Although less time had taken to advertise, it was observed that the payment had been made for the total Period. Accordingly, excess payments had been made for the unannounced time approximately Rs. 5.07 million.
- (viii) The television advertising also had been handed over to the Group M Media private institution mentioned in the above Paragraph for a sum of Rs. 8.51 million. The evidences to prove the matters such as Technical Evaluation Committee minutes, handing over the Bids, opening, dates to be advertised in the Bid Documents were not observed.
- (ix) The evidences whether the advertisements were published as per mentioned in the schedule provided according to the transmission certificates and the excess payments should have been made for the period unannounced was approximately Rs. 7.85 million.

- (x) Preparation of television and radio advertisements had been handed over to a private Institution for a sum of Rs. 2.30 million. Even though it had been informed as the advertising in the related channels from 01 to 31 October 2017 should be made, the advertising activities had been performed from 26 October to 25 November 2017. Although assigning the related activity had been made on 27 October, it was observed that the advertising was performed on 26 October, a day before.

2.1.4 Performance of National Schools

(a) Ananda Vidyalaya, Colombo

The following observations are made.

- (i) The students that appeared for the G.C.E. (Advanced Level) under Technological Stream commenced in the year 2015 had obtained the best results and approval had been given by the Ministry of Education for the Technological Stream in the year 2016.
- (ii) Vacancies of teachers had remained for the Bio system Technology and Engineering Technology in English Medium and Laboratory Equipment which are being provided for that stream had not been provided.
- (iii) Membership fees of School Development Society totalled to Rs. 17,225,871 had been in outstanding from the year 2015 to the year 2017.
- (iv) The value of the fixed deposits made from the year 1993 to the year 2013 had been Rs. 43.14 million with the interest as at 01 January 2017. Actions had not been taken to incur a part or out of that amount for the quality development of the Students.
- (v) The value of the bus amounting Rs. 3,585,198 belonging to the School Development Society had been totally depreciated by 20 per cent per annum. Action had not been taken to revalue that and taken into accounts as per the accounts of the year 2016.
- (vi) A sum of Rs. 7.27 million had been paid to settle the electricity bills up to September 2017 from the School Development Society Account for the Old Boys' Association Office which is being maintained at a part of the School Buildings.
- (vii) The canteen of the school had not been maintained in terms of the Circular No. 35 /2015 of Ministry of Education dated 31 December 2015.
- (viii) Actions had not been taken in terms of the Circular No. ED /1/12/01/01- 2013 dated 30 August 2013 in respect of the vehicles.

- (ix) Even though 08 vehicles had belonged to the school, approved number of drivers was only one.
- (x) The Running Charts had not been properly maintained and the Log Books had not been maintained in terms of 1615 (a) of the Financial Regulations.
- (xi) The hostel had not been maintained in terms of Circular No. 7/63 dated 07 September 1980.
- (xii) Time delays from 54 days to 274 days were observed at the occasion of settling of advances issued for the officers up to date from the year 2014.
- (xiii) The advances totalled to Rs. 515,250 had not been settled by the end of the period from 2014 to 2017.
- (xiv) Vacancies of 50 teachers as two for teaching the Second Language, one for Buddhism and 47 for G.C.E. (Advanced Level) had remained in the school and an excess of 63 teachers had remained.
- (xv) It was observed that there were 19 teachers that had not obtained any period for a week, 15 teachers who teaches normal subjects obtained less than 10 periods, the 29 teachers who had obtained between 10 – 20 periods and 151 teachers who teaches normal subjects obtained periods less than 35 were in the school.
- (xvi) Fifteen officers/ employees who have a service period of more than 5 years had deployed continuously without having station transfers.
- (xvii) Even though the Principal of the school should have been appointed as the Chairman of the Old Boys' Association as per the Old Boys' Association Constitution No. 27 of 20 November 1964, Circular and the Old Boys' Association Circular of 1995, it had not been so appointed.
- (xviii) Out of the 19 programs planned for the improvement of the quality of the education of Primary and Secondary Sections for the year 2017 amounted to Rs. 854,000 ten programmes valued at Rs. 750,000 had not been implemented.
- (xix) Even though a sum of Rs. 6.27 million had been provided to implement 19 programs for Subject Concurrence Associations, those had not been implemented.
- (xx) Although a provision of Rs. 5.81 million made available for 22 sports programs those had not been implemented.

- (xxi) Even though 07 Libraries were available in the school, the libraries had not been properly maintained as per the Circular No. 11/ 2018 of 25 April 2018 of the Secretary of Education and also it was observed that it was not used.
- (xxii) The Board of Survey had not been conducted for the years 2016 and 2017 as per the Financial Regulations 756 and the recommendations of the years 2012 and 2013 also had not been implemented.
- (xxiii) The necessary steps had not been taken for the conservation of about 100 years old and a large number of rare science equipment and to remove a large stock of expired chemicals.
- (xxiv) Actions had not been taken to prepare the salary increments of 41 teachers and arrears salary increments and since the salary increment form were not submitted due to various reasons and it had been impossible to carry out absorptions, promotions and payment of arrears for 07 teachers as per the Teachers' Constitution.
- (xxv) The donation of 36 computers had received to the school in the year 2016 had not been entered into a Register.
- (xxvi) Although the total ownership of the swimming pools constructed in school premises belonging to the government as per the Circular No. 2012/ 84 of 22 September 2012, it was observed that a private institution maintains the swimming pool in contrary to that.
- (xxvii) An increase of 455 was observed between the number of students to be and the number of students available in the parallel classes details appear below.

Grade	Number of Classes	Number of Students to be	Number of Students available	Excess Number of Students
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1-5	6	1,194	1,357	163
6-11	11	2,970	3,168	198
12-13	-	1,840	1,934	94
Total		6,004	6,459	455
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(xxviii) Unidentified direct credits amounted to Rs. 5,815,865 had been available in the School Development Society Bank Account and as the total credits from the January to the August in the year 2017 had been Rs. 47,224,775 , there were about a 12 per cent unidentified credits.

(xxix) Five primary investigations and disciplinary examinations which had not been resolved completely from the year 2014 in respect of the school staff had been available.

(b) Sahira College, Kalmunei

The following observations are made.

- (i) It was not observed that a formal appointment letter had been issued for the present Principal who performs as the Principal of the school from 04 April 2017.
- (ii) Four Deputy Principals had been appointed by the Principal and evidences were not observed whether the formal approvals were obtained.
- (iii) The Register of Leave had not been maintained in an updated manner for the years 2017 and 2018 for the 171 academic staff and 55 non-academic staff members of the school.
- (iv) A Register of Advances had not been maintained.
- (v) Preparation of the School Development Accounts annually and the approval there on had not been obtained from the School Development Society for the year 2017 and the preceding years.
- (vi) Although CCTV Camera System had been purchased for a sum of Rs. 192,000 on 03 October 2017, quotations had not been called for that and also the approvals of Procurement Committee or recommendation of Technical Evaluation Committee had not been obtained.
- (vii) Even though the raw material amounted to Rs. 330,000 had been purchased for the reconstruction of the vehicle park, the approval of Procurement Committee, recommendation of Technical Evaluation Committee and the approval of the Ministry of Education had not been obtained for that.
- (viii) The furniture had been repaired at 12 occasions incurring a total of Rs. 97,255 and the procurement methods thereon had not been followed.

- (ix) The date of issued, the dates of completion of procurement activities and the dates of Bids opening had not been mentioned in the furnished procurement documents.
- (x) The payments amounting to Rs. 59,180 had been made without the recommendations of the Technical Evaluation Committee and the Work Done Certificates.
- (xi) Even though an improvement in the results of the school from the year 2016 had shown, the results of the year 2017 had not indicated a good level. At the physical examination conducted in respect of the teachings, the number of periods of teaching in a classroom had been existed between 2 to 3 periods at many instances.
- (xii) The Primary Section had been removed from the school and out of the 15 teachers available there, any assignment had not been given for 07. Temporary appointments had been provided for 08 and as these teachers were not deployed in a specific duty, the salary payment made for them had become a burden to the Government.
- (xiii) Although there was an excess of teachers, instead of obtaining their service, the teaching periods had been assigned to the non - academic staff without having a proper approval.
- (xiv) The protection of the cheque transactions had not been confirmed in terms of the Financial Regulations and Treasurer of the School Development Society had signed on blank cheques without any marking note.
- (xv) A proper methodology had not been followed in respect of payments, receipts and issues of the Store, maintenance of the canteen and hostel.

(c) **Admission of Students to the Intermediary- grades of National Schools**

The following observations are made.

- (i) In the occasions of admission of students to the other intermediary- grades, other than 1, 5 and 6 of the schools, the instructions of the Circular of the Secretary to the Ministry of Education No. 2008/ 37 of 19 September 2008 should have been followed. As per the 3.4 'a' of that Circular, the approval could have been able to grant by the Director of National Schools for the National Schools and the approval

of the Secretary to the Ministry should have been obtained at the questionable situations. It had been taken a long period to obtain the approval for the recommended name lists furnished by the National School Principals for the admission of students to intermediary - grades in the year 2018. The details of the few instances as such are appeared below.

* Colombo 05 - Isipathana College - 58 students for Grades 03, 04, 08 and 10

* St. Pauls Girls School – 49 students for Grades 02, 03, 04

* D.S. Senanayake College, Colombo 7 - 11 students to Grades 02 and 10

- (ii) The requested schools had not been received to 86 students in 03 schools out of seven ‘A’ Grade Schools whereas the Principals had sent the recommended name lists with errors and 18 students in one school due to the approval had not obtained.
- (iii) Out of the thirty seven ‘B’ Grade Schools, 13 name lists of schools had been sent with the approval and the approval had not been given to 509 students in 21 schools. Due to sending the lists with errors, those schools had been received by 63 students in 03 schools.
- (iv) Due to the approval had not obtained to 541 student in 14 schools out of 129 ‘C’ group schools, as the name lists were returned 172 students in 4 schools had not received the schools.
- (v) Even though the opportunities were made available to the children of certain professionals or the officials to be entered into the popular schools, it was not observed the evidences in respect of specific indicators, methods or instructions. However, it was observed that a requirement of a Circular with clear instructions as creating equal opportunities to the children of all the professionals and the employers. Details appear below.

Professionals /Officials

Doctors

Judiciary Service

University Lecturers

Non - academic staff of schools

Grades admissions could be made

Other grades besides 5, 6

Other grades besides 5, 6

Grade 1 only

Other grades besides 1, 5, 6, and 11

Academic staff of schools

Other grades besides 1, 5, 6 and 11

Ministry of Education Officials

Other grades besides 1, 5, 6 and 11

(d) Vacancies of Principals

The Principal vacancies had been in 259 schools out of 353 National Schools and it was 73 per cent as a percentage. From the National Schools categorized as A, B, and C, the most popular 34 schools had belonged to the group A. Even in 23 schools or 67 percent thereof, the vacancies had remained and appointments had been made for cover up duties in those all Principal Posts. It had been impossible to fill the vacancies that exists for several years up to date.

- (e) The revenue outstanding which had not been recovered as per the agreement in 22 schools by 31 December 2017 was Rs. 855,386 .
- (f) Despite the adequate Auditorium or hall facilities were available in their schools or in the surrounding schools, the total amount incurred during the year 2017 was Rs. 10,108,627 for obtaining the auditoriums or halls belonging to private institutions for various functions in 19 National Schools.
- (g) Although 360 instances of delays in returning the books lending to 195 teachers in 16 National Schools were observed, the penalty charges had not been recovered.
- (h) The number of books which had not been returned by 73 teachers in 18 National Schools at the instances such as station transferred, migrations, retirements and resignation form services were 175 and the value of that was Rs. 29,768. Without the reimbursement of those books or the value of them, those teachers had been released from their posts and the opportunities of using those books to the other students and the teachers had been missed.
- (i) The number of non - academic staff members recruited in 37 National Schools by 31 December 2017 paying salaries from the School Development Societies, Hostel Funds, Facility and Service Account or Sports Funds were 208. The total of the salaries and allowances paid only within the year 2017 for them was Rs. 28,796,964 and that expense had been a totally a burden to the parents.
- (j) There was an excess of 406 members in 75 National Schools and a shortage of 1198 members in 121 National Schools in non- academic staff as at 31 December 2017.
- (k) Out of the provisions made amounting to Rs. 8,809,983 to 67 National Schools to use Qualitative Inputs during the year 2017, a sum of Rs. 3,052,471 had been saved by 31 December 2017 and that money had been underutilized in Current Accounts of the School Development Societies.
- (l) The ad- hoc imprests issued in various instances by 31 National Schools amounted to Rs. 4,690,697 had not been settled even by the December 2017.

2.1.5 Assigning of teachers to the Special Education Unit

The following observations are made.

- (a) Four hundred fifty seven teachers are being employed for the education activities of the 3,423 students with special needs in 47 National Schools and 210 Provincial Schools by March 2018 and existing of 114 vacancies of teachers were observed.
- (b) It was observed that 52 teachers who had obtained the appointment to another subject and who had not obtained the proper training with regard to the Special Education are teaching in Special Education Unit and 8 teachers who had that training are being deployed in full time for the normal classes in the schools with the Special Needs Units.
- (c) Even though it had been mentioned in the Circular of the Secretary to the Ministry of Education No. 42 /2012 dated 23 November 2012, as the teachers who had recruited for the stream of Special Education should be deployed in the service itself, 142 teachers who had so trained are teaching in the schools that there was no Special Education Units was observed.

2.1.6 The Nearest School is the Best School Project

The following observations are made.

- (a) A sum of Rs. 26,339 million under 25 Objects for the year 2017 for the Nearest School is the Best School Project. A sum of Rs. 37,595 million had been claimed as imprests only for the half year from June to December 2017 and only a sum of Rs. 14,724 million had been received in the year under review. Since a portion of 142.74 per cent had been claimed as imprests for the last half year more than the provision made for the whole year, it was not observed as it had performed to proper plan.
- (b) Though the needs such as classrooms, toilets, drinking water, building repairs and students' desks and chairs were essential from the project, it was observed that without drawn sufficient attention the quarters for principals and teachers are being constructed which were not a necessity thereon.
- (c) Even though a proper methodology had been prepared for the selection of the schools to be developed under the Nearest School is the Best School Project, the evidences were not observed as the schools had been selected following that methodology.
- (d) Plans had not been properly prepared for the implementation of the Project and an adequate methodology for the supervision of the physical performance of the schools had not been prepared.

- (e) The below mentioned instances were observed at the audit test checks whilst carrying out the development activities whereas the priority was not given for the needs of the selected schools in Matugama Zone.
- (i) Since the lack of drinking water for the students studying in the Mathugama Panthiya Maha Vidyalaya at present, it had been identified as the first requirement under the 34 construction items. Although requests had been made for supplying of drinking water facilities accordingly, without providing as such, the project had been implemented providing Rs. 20 million for a canteen which had not demanded.
 - (ii) Since the classrooms were not sufficient for the educational activities of the students of the Dodangoda Maha Vidyalaya, instead of fulfilling the request made as providing building facilities for classrooms as the first requirement, a sum of Rs. 18.46 million had been provided for the canteen which had been mentioned at the 16th position of the priority list whereas the requests made under 36 items.
 - (iii) Even though the requests had been made for a storied building under the Project D, because of the lack of space for the adequate classrooms and the other essential components for the BP /HO Palannoruwa Primary School, it had not received even by the end of the year under review.
- (f) As conducting development projects and due to not fulfilling of alternative development projects, the projects that were carried out were observed ineffective.
- (i) Water sealed toilet provided to the B/ Sirimalgoda Maha Vidyalaya could not have been used due to lack of water.
 - (ii) Two toilet blocks constructed in the Mo/ Ethimale Maha Vidyalaya and the toilet blocks constructed incurring Rs. 1.9 million in the year 2016 could not be able to use due to the lack of water.
- (g) A sum of Rs. 4,825,750 had been paid to 02 contractors who had provided fake Performance Bond and Advanced Guarantee for 3 industries in Uva Province. The physical progress of those industries had been at a lower amount such as 12 per cent as at 23 June 2017 and while comparing the amount paid and the work completed, the amount paid in excess to the contractor was Rs. 3,742,285.
- (h) Any school within the 6 Divisional Secretariats of Sabaragamuwa Province where the total number of population was 225,034 and the number of 35,512 students available had not been selected under this Project.
- (i) Even though, the schools had been selected based on the number of schools existed, differences were observed between the schools to be selected and the schools selected. Details appear below.

Facility	District	Number of Schools selected	Number of Schools to be selected	Difference
Water	Ratnapura	201	304	103
	Kegalle	370	267	103
Electricity	Ratnapura	181	289	108
	Kegalle	361	253	108

- (j) Due to the negligence indicated whilst the publishing of the Project as it had occurred to revise certain advertisements again and again and publish in the papers, the paper advertisements amounted Rs. 6,506,810 had been published by 30 September 2017 for the selection of the contractors.
- (k) There were 35 instances of releasing of Advances Guarantees and Performance Bonds whilst the contractual agreements had not been executed.
- (l) There were 17 industries cancelled due to the reason such as entered into agreements for a large number of industries without having confirmations as the funds made adequately, lack of enough awareness with regarding to the industry while forwarding the Bids by Bidders, awarding large number of industries without identifying the capacity of the contractors, lack of sufficient supervisions and interrupted the construction. It was observed that 58 more industries were stopped due to lack of sufficient provision.

2.1.7 Implementation of Foreign Funded Projects

The provision amounted to Rs. 4,817 million had been made available for two foreign aid projects by the Ministry in the year under review and out of that, a sum of Rs. 3,214.95 million had been utilized as Rs. 2,619.3 million and Rs. 595.64 million respectively. Accordingly, a sum of Rs. 1,602.06 million or 33.25 per cent had been saved from the provision made available.

(a) Transforming the School Education System as the Foundation of a Knowledge Hub Project

The functions of the Transforming the School Education System as the Foundation of a Knowledge Hub Project which had commenced on 01 October 2012 had been in due to complete by 30 June 2017. However, it had been extended up to 30 June 2018. The following observations are made in respect of the performance of the project in the year 2017.

- (i) Even though a sum of Rs. 30 million of the project had been provided for the supply of furniture and equipment, only the equipment amounting to Rs. 5.76 million had been purchased in the year under review.
- (ii) A sum of Rs. 161 million had been released to 353 National Schools on 29 December 2017 from the Project for the activities under the school based teaching promotion awards. Related activities had not been carried out using that money even by 27 April 2018. Therefore, that money had been underutilized. However, without considering in respect of that and identifying the specific needs in the schools another sum of Rs. 50 million had been released to those schools by 27 February 2018.
- (iii) A sum of Rs. 0.5 million had been provided from the project for the training of special education teachers and printing of 1,000 copies of Special Education Guideline. However, only 75 teachers had been trained and copies of related Guideline had not been printed.

(b) Education Sector Development Program

As per the agreement on 19 August 2013, this program had been in due to commence on 23 August 2013 and complete on 31 August 2018. The below mentioned matters are observed in respect of the performance of that by the end of the year under review.

- (i) A sum of US \$ 200 million similar to a Rs. 26,000 million had been provided for the Education Sector Development Program and a 04 years period had been lapsed for that as at 31 December 2017. Even though a US \$ 167 million or Rs. 21,710 million had been reimbursed by the Sri Lankan Government by 31 December 2017, the total amount incurred for the activities related to the project of the Ministry of Education up to 31 December 2017 was only US \$ 98.930 million or Rs. 13,342.81 million.
- (ii) Nine main disbursement linked results to be achieved annually under the Education Sector Development Program are being functioned and to be reached to the results, the success needs to be achieved of overall Education Sector Development Program. A portion of 47.46 per cent had been remained out of the provisions made for the overall expenditure of the Ministry whilst the evaluation of the performance at the end of the year 2017, a 46.32 per cent had been remained out of the provisions made for the Education Sector Program. It was observed in audit that this had directly affected to be failed in achieving the targets to be reached to the related indicators disbursements during the year.
- (iii) As per the disbursements linked results 02, it had mentioned that the percentage of passes of G.C.E. (Advanced Level) should be improved up to 64 per cent in the year 2016 and 65 per cent in year 2017. It had not been achieved the related target in the year 2016 and the percentage of passes of G.C.E (Advanced Level) in the year 2017 as per planned, had not been reimbursed during the relevant time period.

- (iv) As per the information furnished, the total provision made to purchase furniture and office equipment from the year 2014 to the year 2017 was Rs. 4,130 million. A sum of Rs. 2120.38 million had been saved. These provisions had been made for the purchase of necessary equipment for the students, studying technological subject stream and as the unutilized portion was 51.34 per cent, it had been impossible to provide the equipment to the students in required amount.
- (v) The provision made for the furniture and office equipment for the year 2017 was Rs. 1,700 million and only a Rs. 591.84 million had been utilized for the office equipment by the end of the year. A sum of Rs. 1,108.16 million out of that had been saved. Failing in preparation of the list of equipment expected to be newly obtained even by the end of the year due to cancellation of certain procurements planned without mentioning any reason and the changes made in the syllabus of the technological subject had caused to this.
- (vi) According to the information furnished, the total number of schools operating the Technological Stream (Advanced Level) by the 31 December 2017 had been 380 as 196 National Schools and 184 Provisional schools and the total number of teachers vacancies for the Technological Stream had been 257 as 85 for the Engineering Technology subject, 142 teachers for the Science for Technology subject and 30 teacher vacancies in Bio Systems Technology in those schools.
- (vii) Since it had failed to achieve the disbursement linked results 05 and disbursement linked results 06 of Education Sector Development Program within the total program, the reimbursement of a sum US \$ 20 million provided for that had been impossible .
- (viii) The training of Principals and Deputy Principals had been included under the disbursement linked results 7 . Even though the number of trainings had been achieved in the expected level deploying the provisions made over the past four years thereof, due to the absence of comparability at a desired level within the total school system there were no adequate evidences in respect of inflowing of the benefits receivable from the trainings to the education system. The principal posts had been in vacant in 259 National Schools out of 353 and principals for acting or covering the duties had not been appointed from several years. As a whole, 73 per cent of principal posts in National Schools had been in vacant as this and within that, within that , there were 23 out of 34 'A' Grade Popular National Schools . The Ministry had failed up to date to provide solution to this problem continuously observed in audit.

2.2 Supplies and Services obtained through Procurement Procedure

2.2.1 Planning of Procurement

The following matters are observed.

- (a) The Procurement Plan had not been prepared according to an approved Annual Work Plan and the priorities had not been made as per the requirements of the Ministry.
- (b) Preparation of Preliminary Procurement Plan as per the Guideline 4.2.1, choosing of appropriate procurement methods as per the Guideline 3.1 and also procurement steps and determination of time as per the Guideline 4.2.2 had not been carried out.
- (c) Despite the details related to the Procurement Plan had not been provided from the many branches, items had been requested by them. It could be shown the Health and Nutrition, Piriven, Faculties of Education, 1,000 Secondary Schools, Physical Education and Sports, Estate School Developments, the 'Nearest School is the Best School' , data management as a few of them.
- (d) A sum of Rs. 84.70 million had been incurred in the year 2017 for the procurements of the Supplies Branch which had not consisted in the Plan.
- (e) The payments had been made only for the 17 out of the 89 items planned or 19 percent from that, and it was observed that the execution of the expected procurements was impossible during the year accordingly.
- (f) Thirty four items valued at Rs. 662.3 million had been newly included to the Revised Plan as at 15 December 2017 and only 16 days had remained from the year under review to be performed as per that Revised Plan.
- (g) Even though it had been planned to carry out 115 goods supply procurements amounting Rs. 25,737.94 million and 05 Service Supplying Procurements amounting to Rs. 53.44 million in the year under review , the following deficiencies had occurred due to the procurements had not been carried out as per planned.
 - (i) Only 31 Supply Procurements valued at Rs. 3,377.64 million had been carried out by the end of the year under review. That was only a 27 per cent from the total number of procurements and 13 per cent of the value.
 - (ii) The 10 Goods Procurements planned for the year valued at Rs. 203.85 million had been cancelled.
 - (iii) Any action had not been taken in the year under review for carrying out 9 Goods Procurements valued at Rs. 6862.62 million of which 26.6 per cent from the total procurement provisions.

- (iv) The Bid documents had not been prepared and completed in respect of 08 Goods Procurements which had been planned valued at Rs. 5,461.99 million even by the April 2018.

2.2.2 Implementation of the Procurement Process

(a) Purchase of computers and related equipment for the schools

The following observations were made.

- (i) The Bid documents prepared for the purchase of 1,727 Desktop Computers under 3 lots as A, B, C as per the recommendations made by the Evaluation Committee on 14 June 2017 and the required specifications to be purchased had been furnished. However, as the 'Education for Everyone' branch had inquired the type of the computers need on the day itself, the evidences were not observed whether the requirement had been identified accurately before the preparation of the specifications and Bid documents.
- (ii) Each steps relating to the procurement had not been made during the period of planned and the delay period had expanded from 02 months to 04 months.

(b) Purchasing of Office equipment and Multi Projectors

The following matters were observed.

- (i) The quotations had been called for the purchasing of 857 Multi Projectors for the schools from the Institutions which had sold at least 100 Multi Projectors per year in 03 proceeding years. Although, the quotations had been sent from 14 Institutions for that, only two Institutions had fulfilled the qualifications by supplying these equipment to the Ministry itself.
- (ii) As per the called quotations for another 81 Multi Projectors the prices had been furnished by 15 institutions. The orders had been awarded on 30 June 2017 for the purchase of 101 Multi Projectors for a sum of Rs. 9,393,000 by adding another 25 percent to that 81 according to the necessity. In addition to that, orders had been awarded to another 22 and 28 on 19 July 2017 and 25 August respectively for a sum of Rs. 2.05 million and Rs. 2.60 million. Accordingly, although the quotation had been called for 81 firstly, orders had been awarded up to 151. In terms of the Guidance 3.6.1 (a) of the Procurement Guidelines, it should be confirmed that such procurements had not been identified at the instance of the first invitation made.

However, as these procurements had made for the distribution to the schools under the Year 13 Education Program in accordance with the Budget Proposal for the year 2017, it was observed in audit that the requirement of total number of Multi Projectors had not been forecast by the Ministry.

- (iii) Even though 81 Multi Projectors had been ordered for a sum of Rs. 9,393,000 at the beginning, more than the number of ordered an 86 percent had been purchased later on and it was observed in audit, that was in contrary to the Section 3.6 (d) of the Procurement Guideline. The Ministry had paid a sum of Rs. 14.04 million for a totally procured 151 units. Hence, it was observed in audit that the opportunity of obtaining the competitively lowest price while identifying of the total requirement together had been avoided.

(c) Purchasing of chairs with writing surface

The following observations are made.

- (i) It had been recommended on 19 September 2017 to purchase 4,524 chairs with writing surface for a sum of Rs. 23,615,280 for a price without tax, Rs. 5,220 per each from a private Institution for the smart classrooms of 48 selected schools selected under the year 13 Education Project.
- (ii) Even though it had been mentioned in the Technical Evaluation Report that this Institution had furnished their previous experiences, the evidences as such were not observed whilst the checking of related Bid documents.
- (iii) The private Institution which had submitted the Bid prices amounted to Rs. 16,286,400 out of the other Institutions that offered prices had been rejected by the Technical Evaluation Committee and it had been mentioned that the submission of only one year warranty period as the reason for that. But the evidences were observed that a 3 years warranty certificate had been furnished by them.
- (iv) Even though another Institution had also been rejected by the Technical Evaluation Committee as the models and the specifications were not matched, the decision had been taken to purchase indicating the height of the chair arm as per the models of the Institutions mentioned in Paragraph (i) after making those revisions. In addition to that the following differences were observed between the models had to be as per the specifications and the models of the NISACO Institution.

Description -----	Had to be -----	Had -----
Back rest	25 mm Polyfoam plastic back cover, covered with cloth	12.5 mm Polyfoam plastic back cover, covered with cloth
Seat	25 mm Polyfoam plastic lower cover, covered by cloth	12.5mm Polyfoam plastic lower cover, covered by cloth
Finishing	Trabular steel anticorrosive double coated and dark brown and enamel paint double coated	Outwardly invisible parts had not been finished as per the expected standard

- (v) The required standards had not been specified in the specifications for the board needed for the writing surface when considered as the main part of the chair's writing surface and it was not observed that the attention had been drawn in respect of the Guideline 5.6 of the Procurement Guideline.

(d) Purchase of Tablet Computers for Advanced Level Students and the Teachers

The following matters are observed.

- (i) It had been proposed to purchase 195,148 Tablet Computers for the students and the teachers by making provisions amounted to Rs. 5,000 million under the Budget Proposal No. 92 of the year 2017. Since that provision had not been utilized in the year 2017, had to return back to the Treasury and a sum of Rs. 5,000 million had been provided for that again in 2018 .
- (ii) However, the purchasing of Tablet Computers had been temporarily stopped on 20 February 2018 and the amount that had been paid by that time for advertising and allowances were Rs. 452,025 .

(d) Purchase of Green Boards, Maggie Boards and Black Boards

The following matters are observed.

- (i) Even though a sum of Rs. 155.7 million had been provided in the year 2016 for the purchase of 18,200 Maggie Boards, 6360 Green Boards and 25 Black Boards for 1,925 schools under the 'The nearest School is the Best School' Programme,

the paper advertisements for the procurement of those goods had been published on 30 December 2016.

- (ii) Even though it had been decided on 24 April 2017 to purchase 18,200 Maggie Boards only for Rs. 76,440,000 each per a Rs. 4,200 from a Private Institutions as per the prices submitted, it had been act considering as there was no need of purchasing Green Boards and Black Boards. Accordingly, it was observed that the plans had not been prepared in a specific way identifying the necessities.
- (iii) Even though the 18,200 boards should have been completely distributed to the 1,925 schools decided at the beginning of the awarding of the procurement by 12 July 2017, instead of doing that a list was prepared and provided to the supplier for the distribution of 11,800 boards to 900 schools by 20 boards per each school by changing that. Accordingly, it was not observed whether the requirement of the procurement had been recognized definitely.
- (iv) As the raw materials should have been obtained from abroad had not been included in the procurement process and the selected supplier had made requests for time extensions at twice mentioning that there was a problem of obtaining the raw materials from abroad. Accordingly, although the 62 days of time extensions up to 12 September 2017 had been given, any Board had not been distributed to the schools during the period from 12 July 2017 to the 12 September 2017.
- (v) The order had been placed on 23 May 2017 for the purchase of 1,233 more Maggie boards for a sum of Rs. 5,178,600 by Rs. 4,200 per each from the same Institution again by the Ministry Procurement Committee dated 27 April 2017. In addition to that, the Procurement had been awarded to another private company on 30 August 2017 to purchase 16,945 more Maggie Boards to a sum of Rs. 3,339.13 per unit.
- (vi) In addition to that, quotations had been called on 29 May 2017 to purchase 16,973 more Maggie y Boards consist of equal specifications by 20 for 839 schools and by one for 193 Consultation Centres and 9 suppliers had responded for that by 20 June 2017. The procurement had been awarded on 30 August 2017 for the supplying of 16,945 units by 28 November 2017 for amount of Rs. 26,581,558 without tax to the other private company which had furnished the lowest price of Rs. 3,339.13 thereon. That supplier had completed the relevant supply by the end of the year 2017 and days had been extended up to 20 December 2017.
- (vii) The Institution mentioned above Paragraph (ii) had delayed the fulfilling of the relevant supply for more than 8 months and though the supply is not done properly as per the 34.1 of the Contract Agreement to cancel the agreement completely or a part of it or to award to the private Institution mentioned in the

Paragraph (vi) changing an amount of 25 percent to the existence price as per the Section 40 of the Procurement guidelines it had not been so done. It was observed that if 25 percent so deduct from the Institution mentioned in the Paragraph No. (ii) and awarded to the Institution mentioned in the Paragraph No. (vi) it was possible to make the opportunity to obtain that supply on time to the Ministry and it could have been able to save a sum of Rs. 3,646,645 approximately.

2.3 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Ministry.

(a) Recording of Assets

According to the Annexure of the Paragraph 6 of Assets Management Circular No. 01/2017 dated 28 June 2017 the particulars of the below mentioned assets should be sent to the Comptroller General before 31 December 2017, it had not been so done even by the 20 April 2018.

Category of Assets	Annexure Number as per the Circular	Date to be furnished
-----	-----	-----
Particulars of Constructions	Annexure IV	2017.09.30
Particulars of Buildings	Annexure V	2017.10.31
Particulars of Lands	Annexure VI	2017.11.30

(b) Disposal of Assets without the cost and the efficiency

Even though the students' desks, chairs, office equipment and the Sports items which were removed from use of the National Schools had heavily heaped due to the disposal of the assets was not carried out even as per the recommendations of the Board of Survey in terms of the Public Finance Circular No. 438 of 13 November 2009, it was observed that, those leads to increase the overhead expenses and to lose the economic benefits which could have been able to obtain at the earliest.

(c) Vehicle Utilization

The following observations were made.

- (i) As per the Ministry of Public Administration Circulars No. 289 dated 10 June 1985, No. 26/ 92 of 08 August 1992 and No. 26/ 92 (i) of 03 August 1994 the Government Emblem should have been painted on Government Vehicles. It had been mentioned in the Public Administration Circulars No. 01/ 2002 of 25 February 2002 to take actions to paint the Government Emblem as per the above instructions and in addition to that to mention the name of the Institution also. However, actions had not been taken in respect of the vehicles of the Ministry accordingly.
- (ii) Even though a sum of Rs. 9.18 million had incurred for the fuel and maintenance expenditure in the year 2017 for the 15 vehicles belonging to the Ministry, the evidences in order to the usage of those vehicles had not been furnished.
- (iii) Fixed assets which are being maintained in respect of 115 vehicles had not been entered into the Register and the Registers of Fixed Assets had not been maintained with regard to the vehicles properly and in an updated manner.
- (iv) As the certificates of Registrations of the 68 vehicles deployed for the usage of the Ministry, the ownership of them could not be confirmed.
- (v) The details /evidences in order to the officers who are using the 146 vehicles registered in the name of the Ministry and the vehicle parking places were not observed in audit .
- (vi) Thirty five vehicles consisted in the Register of Fixed Assets had not been observed at the physical examination.
- (vii) Required actions had not been taken to take over 22 vehicles not belonging to the Ministry but deployed for the usage of the Ministry.
- (viii) Two vehicles had been purchased for the usage of the Ministry in the year 2017 incurring a total of Rs. 8.09 million as Rs. 4.10 million and Rs. 3.99 million respectively.

(d) Conduct of Annual Board of Survey

Conducting the Board of Survey 2017 in terms of the Public Finance Circular No. 05/ 2016 of 31 March 2016 and those reports should have been submitted to the Auditor General before the 17 March 2018 in terms of the Paragraph 3.1.6 of the Circular or, before 15 June 2018 in terms of the Paragraph 3.2.6 of the Circular. However, completion of the Board of Survey in 175 National Schools, 41 Teachers' Centres, 51 Computer Centres and the stores in Paththalagedara and those reports had not been furnished to the Auditor General even by the 20 June 2018 by the Ministry. The Board of Survey had been finally conducted for the year 2016.

(e) Irregular use of Assets not taken over

The following observations are made.

- (i) Out of the provisions made available for Ministry of Education from the year 2008 for the construction of buildings required to the Defense Services College amounted to Rs. 1,192 million, although the buildings had been constructed in the land in extent 1.9329 hectares belonging to the Urban Development Authority incurring Rs. 1,098 million it could not be able to alienate the legal ownership of the college premises and the buildings to the Ministry of Education even by the end of the year review.

- (ii) Written evidences for confirmation of the ownership of the land consisted of 85 acres in extent located in Siyane Education Faculty, Veyangoda had not been available.

2.4 Commitments and Liabilities

Commitments Entered into Exceeding Annual Budget limit

It had been entered into commitments amounted to Rs. 7,758 million exceeding the provisions made available for 32 Objects in contrary to the Paragraph No. 02 (a) of the Public Accounts Circular No. 255/ 2017 of 27 April 2017.

2.5 Losses and Damages

The following observation is made on losses and damages revealed during the course of audit test checks.

Ninety one losses and damages which were not performed in terms of Financial Regulation 104 as at 31 December 2017 had been seen and those losses and damages had ranged from 03 months to 18 years period. The total value of the loss occurred at 36 occasions had been assessed as Rs. 8.28 million and the loss of the other 55 damages had not been estimated . Actions had not been taken to recover the losses from the responsible parties in terms of the Financial Regulation even by the end of the year under review.

2.6 Management weaknesses

The following observations are made.

- (a) A school located in Weniwelkola area had been chosen in the year 2007 with the objective of establishment of National and Provincial Level Resources and Information Centres in 09 Provinces and for the development of the education of the children with special needs. The following matters were observed in respect of progress of that.
 - (i) It had been impossible to taken over the total ownership of the related land to the Ministry of Education even by the end of the year 2017.
 - (ii) The rest room of the Doctors, administrative and valuation building in the Resource Centre had been constructed completely and the construction works of auditorium, classrooms, library, ICT building, hostel and canteen had been completed part half. The construction works of the hostels, quarters, vocational training buildings, ground and pavilions had not been even commenced.
 - (iii) Accordingly, although it had been planned from the year 2007 onwards, this Resource Centre which had been exceeded for more than 10 years was at an impossible condition to utilize effectively for the children in special needs. However, it had been informed to the audit that it was proposed to open in December 2018 to be able to utilized in the year 2019.
- (b) The clothe materials for the uniforms for the every students in the schools of the island from the year 1993 to the year 2015 had been provided continuously with each colors suitable for each and being sufficient for each age groups , with similar quality and actions had been taken to transfer to the voucher method from the year 2016. A number of 4,165,964 beneficiaries had been identified for the distribution of uniforms for the year 2018. A number of 4,326,951 vouchers valued at Rs. 2439.9 million had been printed incurring Rs. 17.4 million for them. The total amount paid by the Bank of Ceylon and the People's Bank for the year 2018 was Rs. 3290.4 million and it had been informed to the audit that a sum of Rs. 796.5 million which was overpaid had been used for the gift vouchers for shoes. However, as per the information furnished to audit it was not confirmed as that money had been paid for the gift vouchers for shoes.
- (c) The replies for the 19 audit queries sent in the year under review to the Ministry had not been furnished even by the 12 July 2018 and the computable value of the transactions relating to those queries had been Rs. 1877.6 million.

2.7 Execution of Services to the public needs and appeals for the public arrives to the Ministry on Wednesdays

The total number of arrived on Wednesdays from June to the August 2017 for the fulfillment of their needs from the Ministry had been 6,963. It had ranged in between 565 to 935 per day. The following matters were observed at the examination conducted with regard to that.

- (i) According to the examination conducted on 16 August 2017 in respect of arrival of people from various areas so, though they had met several officers from 2 times to 15 times for the same reason , it was observed that the instances on inability to meet their needs.
- (ii) Although the documentation public complaints, computerization and filing activities are being executed, the related problems were not solved and as they arrive continuously it was not observed that a regular follow up procedures is being functioned.
- (iii) As it was impossible to meet the officers who are responsible in respect of listening and resolving relevant complaints, it was observed that a praiseworthy service to the public is not accomplished.
- (iv) It was observed that the problems such as not identifying the problems specifically and no equal treatment of all persons regarding the same issues, not receiving direct answers and not referring to a proper place were remained .

2.8 Utilization of Provisions made available by Parliament to execute the activities

The details in respect of the provisions made available, utilization and savings during the period 05 years for the year then ended 31 December 2017 and the audit observations with regard to that are appear below.

Year	Expenditure Category	Net Provision ----- Rs. Million	Utilization ----- Rs. Million	Saving ----- Rs. Million	Saving as a percentage of the Net Provision -----
2013	Recurrent	28,875	28,656	219	0.76
	Capital	8,484	7,544	940	11.08
	Total	37,359	36,200	1,159	3.10

2014	Recurrent	26,175	26,105	71	0.27
	Capital	15,057	14,680	376	2.5
	Total	41,232	40,785	447	1.08
2015	Recurrent	41,104	40,747	357	00.87
	Capital	17,347	15,536	1,811	10.44
	Total	58,451	56,283	2,168	03.71
2016	Recurrent	167,250	45,396	121,854	72.86
	Capital	31,336	15,115	16,222	51.77
	Total	198,586	60,511	138,076	69.53
2017	Recurrent	54,985	49,139	5,846	10.63
	Capital	52,577	27,623	24,954	47.46
	Total	107,562	76,762	30,800	28.63

(a) Non - utilization of the Provisions made available

The total net provision had been fully saved without made any utilization totalled to Rs. 6,163.56 million made available for 15 Capital Objects and 10 Recurrent Objects.

(b) Over provisions made available

As the over provisions made available totalled to Rs. 22,121.71 million for 45 Objects and out of provisions relating to those Objects, a total amount of Rs. 6,270.92 million had only been utilized, the saving had ranged from 40 percent to 99 percent from the net provision made available.

(c) Provisions made available from Supplementary

Even though the provision totalled to Rs. 10,006 million had been made as Rs. 5,000 million for the purchase of Tablet Computers for G.C.E (Advanced Level) Students, Rs. 6 million for the training of the staff and Rs.5,000 million for the purchase of Computers based on hire purchase under a Supplementary Provision, that total provision had been saved.

2.9 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Ministry Item No. 12601 and the actual amounts are given below.

Expenditure		Receipt		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
1,700	1,585.	980	1,038	3,500	2,497

The following observations are made in this connection.

- (a) According to the Reconciliation Statement presented to audit the balances remained outstanding as at that date totalled to Rs. 223.5 million and the Ministry had failed to recover the balances amounted to Rs. 112.20 million in respect of the balances remained for more than 05 years period from the officers who had transferred stations, retired and who had died, vacated from their posts, interdicted and other within that outstanding balance.
- (b) As per the Reconciliation Statement presented as at 31 December 2017 the unsettled errors amounted to Rs. 1.2 million had remained in between the Departmental Books and the Treasury Books. Within that there were the balances remained for more than 5 years period amounted Rs. 138,775 .
- (c) Even though a sum of Rs. 2.7 million had been appeared as the balance receivable from the officers who had been interdicted as per the individual list of balances , it was Rs. 1.8 million as per the age analysis of the loan to be received. A difference of Rs. 829,420 was observed accordingly.
- (d) As per the Reconciliation Statement presented to audit, the unidentified difference in between the total of the individual list of balances and the balance of the Control Account was Rs. 1.4 million.

- (e) In terms of the Paragraph No. 3.2 of the Budget Circular No. 118 of 11 October 2004, if there is adequate provisions within the maximum expenditure limit the loan balances of the officers who had station transfers from the Provincial Councils had to be taken over the loan amount in full at once. If there are no enough provisions so, the loan balances of the officers who arrived in station transfers should not be taken over and the loan installments together with the interest recovered on monthly basis should be remitted to the relevant Provincial Council. However, as the actions not taken to recover at once or to recover as installments from the related Provincial Council from the officers who had station transferred from the Provincial Councils, it was observed that a sum of Rs. 5.2 million for 139 officers in the Central Province Education Office had remained as the balances assignable to the Provincial Council.

2.10 General Deposits Accounts

The total of the balances of 05 General Deposit Accounts under the Ministry as at 31 December 2017 was Rs. 819 million. Actions had not been taken in terms of the Financial Regulation 571 in respect of 03 Deposits totalled to Rs. 9.37 million.

2.11 Non-maintenance of Registers and Books

It was observed during audit test checks that the Ministry had not maintained the following Registers while certain other Registers had not been maintained in the proper and updated manner.

Type of Register -----	Financial Regulation -----	Observations -----
Register of Liabilities	Financial Regulation 214	Had not maintained
Register of Security	Financial Regulation 891(1)	Had not maintained
Vehicle Log Books	Financial Regulations 1645 (a) and 1647 (e)	Had not been maintained properly in an updated manner.

2.12 Non-compliances

Non-compliances with Laws, Rules and regulations

Instances of non-compliances 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) Establishments Code of the Democratic Socialist Republic of Sri Lanka	
(i) Sections 1.2, 13.2 and 22.1.1 of Chapter XLVIII of Volume II of the Establishment Code	(i) The number of unresolved disciplinary enquiries of the Ministry, National Schools, Education Faculties and the other Institutions related to the Ministry were 554. It had consisted with the 110 related to the Principal Posts and 444 relating to the other academic and non-academic posts of disciplinary enquiries.
	(ii) Within the disciplinary enquiries not resolved 2 exceeded 9 years, 40 exceeded 5 years and 101 between 2 to 5 years had remained.
	(iii) Within these disciplinary enquiries 107 complaints in respect of admissions of the students to the schools had remained and only 16 complaints had been resolved out of these complaints which were been remaining from the year 2012.
	(iv) The following matters were observed at the audit test checks conducted in respect of the few disciplinary enquiry files which had not been resolved.
	<ul style="list-style-type: none">• More than a five years period had been spent to submit the Preliminary Investigation Report according to the recommendations of a special internal audit examination with regard to the

irregularities of the Newstud Balika Vidyalaya, Negambo.

- Even though the necessary actions should be taken to implement the disciplinary orders after completion of the enquiry within an year after issuing a charge sheet against an accused officer, it had not been functioned accordingly in respect of the Investigation Report No. ED/05/92(9)2013 (16) and the disciplinary file No. ED/05/72/02/04/383.
- Complaint had been made in respect of the admissions of the students to the Grade one in the year 2014 to the Maliyadewa Boys' School, Kurunegala with against to the Principal. Even though the charge sheets had been issued on 24 May 2016 as per the disciplinary enquiries, the disciplinary actions had not been completed accordingly. As the completion of 60 years on 18 July 2017, he had been retired without considering that matter .

(ii) Section 1.1 of the Paragraph XII of the Establishment Code

Section 2 of Paragraph VII of the Establishment Code

Although a formal approval should be taken for the leave, the number of total leave taken by 107 academic staff members in 27 National Schools during the year 2017 in contrary to that was 3,428 .

Even though 536 academic and non-academic staff members in 111 National Schools had taken 11,938 days no pay leave during the year 2017, actions had not been taken to recover from their salaries.

(b) Circulars of the Ministry of Education

(i) No. 2007/20 of 13 December 2007

Even though the teachers who had served for more than 08 years period in an any government school should be stations transferred , as per the related terms of the Circulars and the Cabinet Decision No. 10/2377/436/052, the teachers who had not obtained station transfers according to that was observed at the audit test checks.

- (i) Four thousand one hundred twenty three teachers in 127 National Schools have been serving between 08 to 32 years in the same school without having the station transfers as at 31st December 2017 in contrary to the terms in the Circulars.
- (ii) Seven hundred eighty six teachers in 118 National Schools had been assigned for teaching the subjects other than the subjects of which they were recruited. Especially 163 teachers who had not obtained primary teachers' training in 40 National Schools had been attached to the primary grades.

Actions had been taken to recruit 5,504 students exceeding the number of students to be in the parallel grades in 89 National Schools as mentioned in the Circular.

- (ii) Circular No. 2008 /37 of 19 September 2008

- (i) Actions had not been taken to minimize the number of 1,775 shortages of teachers remained in 123 National Schools and the 874 excesses of teachers remained in 93 National Schools identified as at 31 December 2017 in terms shown in the Circular.

- (iii) Circular No. 38/2003 of 07 November 2013

- (ii) Even though the teaching activities should be assigned at least 10 teaching periods per week to the Deputy Principals of a National School in terms of the provisions shown in the Circular at least one teaching period of teaching activity had not been assigned to 146 Deputy Principals in 71 National Schools and the number of teaching periods assigned to the 05 Deputy Principals in 03 National Schools had ranged between 02 to 06 per week.

- (iii) Even though teaching activities should be assigned at least 12 teaching periods per week to the Assistant Principals of a National School in terms of the provisions shown in the Circular, at least one teaching period of teaching activity had not been assigned to 58 Assistant Principals in 29 National Schools.

- (iv) Even though the teachers who are deployed in teaching of subjects should be assigned in teaching activities at least 35 teaching periods with minimum

40 minutes per week respectively in terms of the provisions shown in the Circular, at least one teaching period had not been assigned to the 811 teachers of 94 National Schools and the number of teaching periods less than 16 teaching periods had been provided to 699 teachers in 95 schools.

2.13 Internal Audit

As the examination carried out on the Internal Audit Plan prepared for the year 2017 by the Internal Audit Division established in the Ministry with the progress of that, the attention had not been drawn in order to the following areas which has a particular importance thereon.

- (a) School uniforms, text books and other welfare expenses
- (b) Payments of Grade 5 scholarships
- (c) Operational activities in National Education Faculties, Training Colleges and Teachers' Centres
- (d) Health, Drinking Water, Electricity, and Building Maintenance and Constructions in the schools
- (e) Construction of Provincial and Zonal ICT Centres
- (f) Supplying of Furniture and office equipment
- (g) Improvement of facilities in 1,360 schools not consisted within the recent projects.
- (h) Construction of the buildings in the Ministry

2.14 Human Resource Management

2.14.1 Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

The details on approved cadre, actual cadre, vacancies and the excess cadre as at 31 December 2017 to execute the functions as mentioned in Paragraph 2.1 of the above are given below. The

ministry had incurred a sum of Rs. 31,796 million for Personal Emoluments expenditure category for the year under review. Accordingly, the per capita expenditure for had been Rs. 127,290 .

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
-----	-----	-----	-----	-----
(i) Senior Level	4,855	2,974	1,881	-
(ii) Tertiary Level	16,568	13,866	2,702	-
(iii) Secondary Level	252,357	224,697	69,159	41,499
(iv) Primary Level	8,876	8,253	623	-
(v) Other (Casual / Temporary/ Contract Basis)	01	-	01	-
Total	282,657	249,790	74,366	41,499
	=====	=====	=====	=====

2.14.2 In terms of the Regulation 193 of Paragraph xviii of the Procedural Rules of the Public Services Commission published in the Gazette (Extraordinary) Notification No. 1589/ 30 dated 20 February 2009, every public servant is subject to station transfers and without taking actions in compliance to that Regulation and terms in the Paragraph III of the Establishments Code, station transfers of the staff employed in academic and non-academic staff in the Ministry of Education had not been implemented. The number of officers employed so had ranged from the 05 years to 17 years in the Ministry were 273 and the details with regard to the Education Administrative Service had not been furnished to Audit.