

## Head 126 – Ministry of Education

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the Ministry of Education for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Ministry of Education was issued to the Accounting Officer on 20 June 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry of Education was issued to the Chief Accounting Officer on 08 August 2022 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the financial position of the Ministry of Education as at 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Qualified Opinion

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My opinion is qualified based on the matters appear in Paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### 1.3 Responsibilities of the Chief Accounting Officer on Financial Statements

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Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Ministry is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Ministry in terms of Sub-section 38 (1) (c) of the National Audit Act and it

should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

#### **1.4 Auditor's Responsibility on Audit of Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control and obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Chief Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

#### **1.5 Report on Other Legal Requirements**

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I declare the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018 .

- (a) The financial statements are in consistent with the preceding year,
- (b) The recommendations which I had made with regard to the financial statements of the preceding year in respect of the observation in Paragraph 1.6.1 (a) of this report had not been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Non-financial Assets

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The following deficiencies were observed in accounting for non-financial assets related to financial statements.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) There was a difference of Rs.8,047,201,388 in between the purchase values of non-financial assets and the statement of non-financial assets in the year 2021 .	The reason for the difference among the assets was the adjustment made by the Treasury to balance the Treasury Accounts.	The values of purchases and values in ACA 2(i) should be equal.
(b) A difference of Rs. 5,115,162,713 was observed in accounting for the closing balance of non-financial assets of the preceding year as the opening balance of the year under review.	Actions will be taken to make aware all the offices to balance the fixed asset values entered into the monthly account summary and fixed asset system and report to the Ministry monthly.	Opening and closing balances of non-financial assets should be reconciled.

## 2. Financial Review

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### 2.1 Expenditure Management

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The total net provision received for recurrent and capital expenditures was Rs.43,274,600,000 and Rs.23,951,948,000 respectively and the recurrent and capital provisions at the end of the year under review amounting to Rs.1,265,682,252 and Rs.4,297,834,845 respectively had been saved.	The Covid 19 epidemic situation in 2021 has caused to this.	Arrangements should be made to utilize the provisions as planned to achieve objectives.

## 2.2 Entering into Liabilities and Commitments

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) The liabilities amounting to Rs.9,910,403,566 and commitments amounting to Rs. 2,244,165 had been entered into as per the financial statements of the year under review in contrary to the provisions of 2 (d) of State Accounts Circular No. 255/2017 dated 27 April 2017 .</p>	<p>It has been entered in the financial statement because the liabilities that have been settled were not updated in the CIGAS Programme and failure of updating the CIGAS Programme due to technical issues.</p>	<p>Actions should be taken in respect of commitments and liabilities in terms of the Circular.</p>
<p>(b) Liabilities in relation to 18 expenditure objects amounting to Rs.1,925,895,033 had been entered into exceeding the savings.</p>	<p>Certain commitments and liabilities have already been paid and the inquiries have been made from the relevant Divisions to remove the commitments and liabilities from the financial statement due to failure to update the CIGAS Programme because of technical issues.</p>	<p>It should not enter into liabilities exceeding the savings.</p>
<p>(c) Commitments amounting to Rs. 1,059,850 and liabilities amounting to Rs. 3,691,502 and the commitments entered into in terms of F.R.94 (2) (3) amounting to Rs. 76,318,524 in relation with Higher Education Division had not been entered in the accounts of the Ministry.</p>	<p>The aforesaid liabilities have not been included in the Consolidated Appropriation Account of the Ministry of Education because of failure to enter all the liabilities in the Draft Report given by the Higher Education Division.</p>	<p>Arrangements should be made to enter all the liabilities and commitments in relations to the Head in the accounts.</p>

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| <p>(d) Without taking actions to settle the liabilities amounting to Rs. 2,026,521,143 related to the years 2018, 2019 and 2020 as per the schedule of liabilities included in the financial statements had not been entered in the liabilities of the year under review.</p> | <p>The commitments and liabilities stated under Note (iii) of the financial statement have been prepared as per the information uploaded on the CIGAS website. In this, even though certain liabilities have been settled, those information has not been updated on the CIGAS website due to technical errors.</p> | <p>Actions should be taken to settle the liabilities and to account for accurately.</p> |
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### 2.3 Deposit Accounts

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) The value of 06 deposit accounts that was not credited to Government Revenue for more than 02 years in contrary to Financial Regulation 571 was Rs. 344,140,699 and a sum of Rs.38,366,397 for more than 5 years had also been included in it.</p>	<p>Provincial Education Departments and Education Faculties have been notified to settle these balances and actions will be taken to report the amount settled up to now within one month.</p>	<p>Actions should be taken in terms of Financial Regulation 571 .</p>
<p>(b) A sum of Rs. 8,860,000 received from Chinese Embassy in 2020 and 2021 to grant Overseas Scholarships for local undergraduate students had been retained in the General Deposit Account of the Higher Education Division even by the date of the report without being disbursed to the beneficiaries.</p>	<p>The savings had occurred due to the Covid 19 epidemic situation in the year 2021 .</p>	<p>Actions should be taken to provide the grants receive from abroad for the award of scholarships to the relevant beneficiaries without delay.</p>

## 2.4 Reconciliation Statement of Advances to Public Officers' Account

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### Audit Observation

The balance receivable at the end of the year under review from the officers who have been transferred in, transferred out, deceased, retired, interdicted, left the service, released from service as per the reconciliation statement was Rs.198,883,895 . Out of that, the balance exceeded the 5 years was Rs. 75,155,836 actions had not been taken to settle or recover the said balance.

### Comments of the Chief Accounting Officer

It has been impossible to settle the balance due to the reasons such as non-availability of information, insufficient provision, and non-reporting of released officers back to service and actions will be taken to settle in future.

### Recommendation

To make arrangements for the recovery of outstanding balances, recovery of credit balances and release the officers.

## 2.5 Certifications to be made by the Chief Accounting Officer

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### Audit Observation

The Chief Accounting Officer should ensure that an effective internal control system for the financial control exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out and even though such reviews should be made in writing and submitted a copy to the Auditor General in terms of Section 38 of the National Audit Act No 19 of 2018, the statements that such reviews were made had not been furnished to audit.

### Comments of the Chief Accounting Officer

Answers have not been given.

### Recommendation

Actions should be taken in terms of the Section 38 of the National Audit Act No. 19 of 2018.

## 2.6 Non-compliance with Laws, Rules, Regulations

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

With reference to Laws, Rules, Regulations etc.	Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Section 25 of Assisted Schools and Training Colleges (Supplementary Provision) Act No. 08 of 1961	Non-compliance Although the private sector cannot commence schools to provide general education for students aged 5 to 14 years, International Schools as business institutions and Madrasa Schools as religious schools had been commenced without the intervention of the Ministry of Education.	It has been established under the Companies Act No. 07 of 2007 and the Greater Colombo Economic Commission Act No. 4 of 1978 (BOI) and surveys are being done to get information about Madrasa Schools. These schools have not been commenced under Assisted Schools Act No. 08 of 1961 .	Arrangements should be made to actively enforce the Assisted Schools and Training Colleges (Additional Provisions) Act No. 8 of 1961 .
(b) Sections 3,4,5 of Educational Faculties Act No. 30 of 1986	There were 18 powers, tasks and functions had been prescribed to the Educational Faculties which have been mentioned as the "Board" for the management of the Educational Faculties . The evidences were not observed in audit whether there was such a Board has been active from 2008 to the date of this report.	Answers have not been given.	Actions should be taken to establish the Educational Faculties Board.

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| <p>(c) UNESCO Scholarship Fund Act No. 44 of 1999</p> <p>(i) Paragraph 3 (2)</p> | <p>Although the Management Board should administer and manage the UNESCO Scholarship Fund, only 09 Management Board Meetings had been held in 20 years.</p>   | <p>Committee Meetings could not be held properly due to the problems of gathering members in view of the Covid-19 epidemic situation in the country in the year 2020 and 2021 .</p>   | <p>Actions should be taken in terms of the Act.</p>   |
| <p>(ii) Sections (1), (2), (3) of Paragraph 9</p>                                | <p>Accounts had not been properly prepared in respect of the transactions of the Fund and submitted to audit .</p>  | <p>Although the cash book has been properly maintained, because of the primary books and ledger accounts have not been maintained, it is stipulated to prepare and submit the ledger accounts accordingly and to prepare the final accounts and to submit promptly.</p> | <p>Actions should be taken in terms of the Act.</p>   |
| <p>(d) Public Finance Circular No. 05/2016 dated 31 March 2016</p>               | <p>Out of the 19 National Educational Faculties, 08 Faculties had not conducted the Board of Surveys for the previous year and in the year under review and the reports on the Surveys conducted had also not been submitted for audit.</p> | <p>Since Covid treatment centers had been established in all Educational Faculties in Sri Lanka throughout the year 2021, it was impossible to carry out the Board of Survey activities on time.</p>  | <p>Actions should be taken to complete the Board of Survey activities in all Educational Faculties and to submit Survey Reports to audit.</p> |

## 2.7 Other Observations

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The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Sri Lanka UNESCO National Commission had been established, as per the Decision of the Cabinet of Ministers No. CP/08/1742/316/086 dated 24 September 2008. Even though the Draft of the Act pertaining to or related to it had been submitted to the Legal Draftsman Department in October 2008, the formulating of the Act had not been completed even by the end of the year under review.	Since the old Cabinet Decision is not sufficient on the advice of the Legal Draftsman Department, the Final Draft prepared as per the Cabinet Decision taken has been forwarded.	Arrangements should be made to get passed the Bill.
(b) Although the appointment and payments to the staff of the Commission shall be made in accordance with the Act and despite the Bill was not passed, the staff had been appointed to the Commission and paid on the approval of the Cabinet of Ministers No. CP/08/1742/316 /087 dated 04 October 2006 . Further, appointing a Liaison Officer to the Office of the Permanent Delegation to UNESCO in Paris, France, the Ministry of Education had released a total of Rs. 35,648,813 from the year 2017 to 2021 as the remuneration, to the Ministry of Foreign Affairs.	The Secretary of Education has arranged to terminate the service of the Coordinator after her service on 31.12.2021 and the Ambassador in Paris has also been informed regarding that. Accordingly, the relevant post has been abolished from 2022 and the payments have been stopped.	To take actions to get passed the Bill and making arrangements to follow the Act.

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| <p>(c) Although a sum of Rs. 10.26 Million belonging to the UNESCO Scholarship Fund had been deposited in a bank current account in 2015 and awarding the scholarships were commenced in 2017, awarding of scholarships had been stopped from May 2021.</p> | <p>The money related to the UNESCO Scholarship Fund which was deposited in the general deposit account related to the UNESCO Scholarship Fund from the year 1999 to 30.12.2014. The money was deposited in the current account in January 2015 to run the activities of the Fund after a number of requests. Therefore, it is pointed out that the activities related to that Fund have been commenced since 2015.</p> | <p>Actions should be taken to award the prescribed scholarships in a formal manner.</p> |
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**3. Operating Review**

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**3.1 Failure to Perform Tasks**

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) Out of the activities planned to be completed in the year 2021, there were about 56 works belonging to 7 sectors which had not achieved any progress and its estimated value was Rs. 428,610,000 .</p>	<p>Activities could not be able to be achieve due to the reasons such as the existing of the Covid-19 epidemic, delays in procurements due to changes in the prices of goods, and insufficient funds, unavailability of technical facilities to work with Zoom technology, suspension of new activities as per the circular issued by the Ministry, running of Faculties as Covid centers, insufficient provisions,</p>	<p>Plans should be prepared so that they can be implemented in practically and actions should be taken as per the plans prepared.</p>

suspension of capital projects for which the agreements were not signed as per the Circular of the Ministry of Finance.

- (b) Even though the schools are scheduled to be held for 229 days in the year 2021 under the situation of the Covid-19 epidemic, schools were held for 102 days in the Western Province and only 143 days in other provinces and the school year had been extended upto 08.04.2022 . The extent of the children's learning gap had not been assessed and although it had resorted to distance learning process to cover the subjects of the lost school days, there were the problems such as problem of lack of signal and necessary technical facilities, failure of students to be connected to online, difficulties in joining online education due to poor economic status of parents, when the majority of teachers have little knowledge about distance education. Even though it had been proposed by the National Institute of Education to prepare and implement a 100-Days Accelerated Programme to execute in the years 2021 and 2022 to cover the gap of student learning opportunities in the years 2020 and 2021, the Ministry of Education had failed to implement the programme due to the Covid 19 epidemic.
- Answer has not been given. Actions should be taken to implement a programme to cover the gap of learning opportunities.

### 3.2 Failure to Receive Expected Output Level

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The progress of 30 activities belonging to 15 branches of the Ministry had ranged from 3.52 per cent to 50 per cent and the performance of Estate School Development Sector was at very low level of 3.52 per cent. Its estimated value was Rs.17,937,640,000 .	The activities could not be achieved due to the reasons such as existence of the Covid-19 epidemic during the period planned to carry out the activities, delay in procurement due to changes in prices of goods, and lack of sufficient funds.	Actions should be taken to formulate plans so that they can be practically implemented and to act in accordance with the prepared plans.

### 3.3 Abandonment of Projects without Completion

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The Five principals' quarters and 9 teachers' quarters in 03 provinces where a sum of Rs. 7,270,000 were spent from the "Nearest School is the Best School" National Programme that ended in December 2020 had not been completed even by 05 July 2022. Further, there was also a principal's quarters and a teacher's quarters where a sum of Rs. 6,519,755 had been spent, though there was no physical progress . Even though the works had been commenced by the end of the year under review as per the details provided by 07 provinces, 117 projects with an estimated value of Rs. 2,330,567,473 had been	Answers have not been given.	Action should be taken to complete the abandoned projects.

abandoned before the completion and a sum of Rs. 1,850,981,812 Million had been paid as at 31 March 2022 and a sum of Rs. 1,755,968,623 had to be paid furthermore.

### 3.4 Delays in Achieving of Projects

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) It was decided to establish a Faculty of Medicine at the University of Moratuwa as per the Decision of Cabinet of Ministers dated 05 April 2021 . Nevertheless, it was impossible to enter into an agreement with the Kuwait Fund for the planning/ construction of building complex required for Medical Faculty because of non-acquisition of private land under construction. Although local allocation of Rs. 200 Million had been made even in the year under review, it could not be utilized.	The provision of of Rs. 200 Million made for the construction of the Faculty of Medicine of the University of Moratuwa was not utilized because of failure to enter into an agreement with the Kuwait Fund for Arab Economic Development of the Government of Kuwait in the year 2021. However, the Faculty of Medicine of the University of Moratuwa has been established and 104 students have been enrolled for the academic year 2019/2020 and the first year studies have been commenced under local funding.	Appropriate measures should be taken without delay to achieve the objectives of establishing the Faculty of Medicine as per the Decision of Cabinet of Ministers and Plans.
(b) An agreement was signed with the Saudi Government for a project with the main objectives of developing the large catchment areas around Northwestern University and placing Northwestern University higher in the world rankings of	As the payments in this Project are made on direct payment basis, payment vouchers valued at Rs. 509 Million has been submitted after supplying of the relevant goods and although the Saudi Fund had duly remitted the	Actions should be taken to complete the Project within the approved estimated cost limit by working as per the agreements entered into and the project should be completed on the target date as per the

universities valued at Rs. 4,077 Million to commence on 24 October 2017 and completed by December 2020. The Project period had been extended from time to time and the last date was extended up to 31 January 2023 and the physical progress achieved was only 29 per cent at the end of the year under review.

money directly to the bank accounts of the contractors/suppliers during the year, since the Debit Advice related to that payment was not sent to the Treasury by 31.12.2021 (by that Fund), there has been a delay in accounting for the year 2021. The reason for indicating that the provisions were not utilized in addition to Rs. 509 Million was the failure of reporting during the year to account for those expenses even if the donor has paid for the vouchers presented by the Project. It is reported that the current physical progress is 29 per cent.

delay at present.

- (c) It had been planned to award a contract valued at Rs.4707.5 Million to a private company in 2017 and to complete this contract by December 2020 for the construction of the 17 storied building to be constructed for the Faculty of Medicine of the University of Colombo. Even though the dates were further extended up to 15 January 2022, the Project had not been completed even by the date of the report.

Even though it has been planned to complete the Project by December 2020, the audit observation that has mentioned as it has to be extended until the year 2022, is accepted.

The Project was delayed due to several issues and 99.5 per cent of the construction work has been completed by 2022.03.31 and 06 floors of the building had been handed over to the University and 09 floors have been handed over to the consultant by the contractor. Finishing works are being done on the two downstairs.

The remained works on all the floors should be completed promptly and used for the respective purposes.

- (d) Due to the delay of the contractor in the construction project of the 12-storeied building of Faculty of Medicine of Ruhunu University with the estimated cost of Rs.1,180 Million, the contract agreement had been cancelled on 23 December 2019. The court proceedings taken to recover the advance of Rs.155.3 Million that had paid to the contractor had not been finished even by the end of the year under review.
- University of Ruhunu has filed objections before the Commercial High Court of Commerce on 10.06.2020 as instructed by the Attorney General's Department and the respondent University of Ruhunu has filed a reply to the said petition. The Bank of Ceylon, which is already liable in this regard, has not given an answer in this regard and when this case was called in the Commercial High Court on 12.11.2021, it has been reported that the date of 28.01.2022 has been given to file written statements. Accordingly, the University is working to get the relevant money for the performance security .
- Prompt actions should be taken not to award the future bids considering the relevant contractor as an unsuccessful contractor and to recover the advance amount.
- (e) Even though the Project to establish a Professorial Unit valued at Rs. 1,138.4 Million at Karapitiya Hospital on the basis of completion of work in 36 months had been commenced in March 2017, only the structural construction of the Project had been completed by the end of the year under review.
- The structural constructions of 07 floors of the Project has been completed by now and it is accepted that there has been a delay in the completion of the Project. The delays have occurred due to the delays in signing the Memorandum of Understanding with the Ministry of Health, delays in demolishing the medical quarters on the construction site, delays in release of funds and the Covid-19 pandemic.
- The project works should be completed within the stipulated period and utilized for the intended purposes.

### 3.5 Foreign Loans and Aid Projects

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<b>(a) Installation of IT Centers for Secondary Education</b>		
<b>(i)</b> For this purpose, even though it had been proposed the construction of a center for the creation of subject content/software and computer applications at the national level in Homagama Northern Pitipana as per the Project Feasibility Report, subsequently, the Kuliapitiya Narangalawatta site was recommended for that purpose, as per the Decision of Cabinet of Ministers No. CP/18/1142/835/005 dated 13 June 2018. Again it had decided to use the unused portion of the currently used 08 acres of land of the Educational Publications Department of Homagama Divisional Secretariat as per the Decision of the Cabinet of Ministers No. CP/19/3468/219 /016 dated 09 January 2020 . Even though the loan agreement related to the Project was signed in 2019, it was impossible to actively implement the Project thus, due to the time to time changes in the proposed land related to the construction of the Project, the project deadline had also exceeded.	Answers have not been given .	Specific policy decisions related to projects should be taken and the benefits of the project should be received.

(ii) Similarly, Approval was received for the construction of 2 Provincial Information Technology Education Centers at Nilwala Educational Faculty premises for the Southern Province and Addalachchenei Educational Faculty premises for the Eastern Province. Subsequently, it had been decided to build the Southern Provincial Information Technology Center on a school site belonging to the Southern Provincial Council, as per the Decision of Cabinet of Ministers No. CP/21/1324/308/113 dated 26.07.2021, and to use the land plot No. 1 in Primary Plan No. 528 of Trincomalee Harbor Road, for the Eastern Province Information Technology Center as per Decision of Cabinet of Ministers No. CP/21/1655/308/113-1 dated 28.09.2021 . Although the loan agreement was signed in 2019, it was impossible to function the Project due to changing the locations of construction centers from time to time. The EXIM Bank of Korea had requested in letter No. SRI/31-2573 dated 09 November 2021, an assurance that the proposed location of the centers of this Project would not be changed again. The certificate was not submitted and it was impossible to implement the Project within the 2019-2021 project period.

Answers have not been given .

Specific policy decisions related to projects should be taken and the benefits of the Project should be received.

- (b) Even though a capital provision of Rs. 129 Million has been made as per the Action Plan for the year 2021 of the Project to improve the infrastructure of Estate Schools under the assistance of the Government of India, no progress whatsoever had reported from it as at 31.12.2021 .
- Answers have not been given .
- Actions should be taken as per the plan.
- (c) A contract valued at Rs. 297,843,626 had been entered into with a private company on 25.10.2017 to build a new National School with Multiracial and Trilingual Education in Polonnaruwa District and, the mobilization advance of Rs.59,568,725 in the year 2018 and the VAT of Rs. 8,935,309 related to it had been debited to the Expenditure Head of the Ministry of Education in that year. The agreement was terminated on 22.01.2020 due to the delay in the construction works and the mobilization advance amount to be received on that date was Rs.40,850,633 and VAT was Rs.6,127,600. Similarly, consultation fee requested by the Central Engineering Consultancy Bureau for the delay was Rs. 5,027,451 . The progress of this was 42.3 per cent at the end of the year under review and the Ministry will have to pay consultancy fees for the delay period up to the completion of the Project.
- Answers have not been given .
- Project works should be completed as per the agreement without delay.

- (d) The approval had been given for the Cabinet Paper No. CP/16/2647/742/036-1 dated 18 January 2017 for the construction of a National Educational Faculty for the subject of Technology based on factors such as reducing the shortage of teachers who teach technology subjects in G.C.E. (O/L) and G.C.E. (A/L) classes, providing opportunities for students studying technology subjects to receive higher education as teacher technologists, and providing trainings to the teachers related to technology subjects for teachers who teaches technology subjects for the development of their careers. The ownership of a land in Narangolla area belonging to Kuliypitiya West Divisional Secretariat had been handed over to the Secretary to the Education by the Ordinance No. 93 of 2017 published in the Extraordinary Gazette dated 19 April 2017. Although a sum of Rs. 15.3 Million had been spent by the Nearest School is the Best School Project for the expenses including the laying of the foundation stone in the years 2019 and 2020, the Project, which was planned to be built with the assistance of the Korean Government, had been terminated by now. Although the Korea International Cooperation Agency (KOICA) has withdrawn from the construction of the Project due to the delay in the project
- Answers have not been given.
- Arrangements should be made to commence the construction works.

works and the responsibility was handed over to the Ministry, the Ministry had failed to commence the construction work of this even by 31 May 2022, the date of audit.

### 3.6 Assets Management

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The following observations are made

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Although there were 49 Acres 02 Roods 33 Perches belonging to 26 schools in the island, 07 Acres, 01 Rood and 25 perches belonging to 03 teacher's colleges and 91 Acres, 24 perches belonging to a Faculty were being illegally owned by outside parties without obtaining the approval of the Ministry of Education, the follow-up actions of the Ministry in that regard was in a weak condition.	The Competent Authority in respect of any Government land shall be the Government Agent, Additional Agent or Assistant Agent of a District as per Section 18 of the Government Lands (Recovery of Possession) Act No. 07 of 1979 relating to eviction of encroachers and due to the practical difficulty of intervening separately in relation to the problems of all the schools under the Ministry of Education, the Principals and Presidents are informed to contact the relevant Divisional Secretary and resolve the problem in cases where the Principals and Presidents present problems. Problems are resolved by carrying out field inspections at necessary instances.	Necessary measures should be taken to ensure proper Asset Management.

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| <p>(b) There were 13 quarters in usable condition in 13 National Schools without use, quarters in 21 National School in an unusable condition due to failure to repair, quarters of 06 National Schools have been at the condition to be repaired or are in such a dilapidated condition that they cannot be used. Similarly, there were 10 cases where such houses were used for various functions of the school without being used as quarters.</p> | <p>Answers have not been given.</p> | <p>Arrangements should be made to properly manage the quarters.</p> |
| <p>(c) The officers who are working in other government institutions are residing in 17 quarters belonging to Faculties of 10 National Educational Faculties as per the information furnished to audit and lands belonging to 2 Faculties had been illegally acquired.</p>  | <p>Answers have not been given.</p> | <p>Steps should be taken to evict illegal residents.</p>            |

### 3.7 Losses and Damages

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>Even though Secretary to the Ministry had informed that to conduct a special investigation regarding the procurement activities of the Ministry of Education and irregularities in the Pattalagedara Science Equipment Store in the years 2013/2014 and to carry out a F.R. 104 investigation in</p>	<p>A Board of Inquiries consisted of Ministry Officials has been appointed. to conduct an F.R. 104(4) investigation and the Chairman of the Board of Inquiries has been informed to conduct the investigation and to provide the Investigation Report</p>	<p>Actions should be taken in terms of Financial Regulations and the instructions of the Ministry to the Secretary.</p>

respect of the irregularities identified thereby, except for the appointment of the F.R. 104 Board of Inquiry , no report whatsoever had been issued by the date of audit. promptly.

### 3.8 Management Inefficiencies

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Even though the Defense Services College was constructed by the Ministry of Education at a cost of Rs. 1098.24 Million, in an area of 1.9320 hectares owned by the Urban Development Authority, actions had not been taken to transfer the legal ownership of the land to the Ministry and to account for the value.	In order to hand over the land where the Defense Service College is located to the Ministry of Education, the Urban Development Authority has been asked to pay the cost of the land which had been incurred, to the said Authority. Accordingly, detailed information about the relevant cost has been requested from the Authority and the Urban Development Authority has informed that they will submit the information to the Ministry of Education as soon as the Finance Division receives it.	Arrangements should be made to transfer the legal rights to the Ministry and account for.
(b) It had failed to get 07 computers back to the Ministry out of 20 tab computers given to Media Director of Minister valued at Rs. 364,000 to test samples for pre-campaign activities .	The Abans Company has agreed to provide 07 tab computers or to pay the relevant amount to the Ministry.	Immediate actions should be taken to get the assets to the Ministry.

- (c) The in-principle approval to upgrade the National Educational Faculties to the status of a University Faculty was given by the Decision of the Cabinet of Ministers bearing the number CP/19/3353/219 /006 dated 31 December 2019 to make the entire teaching staff of Sri Lanka as Graduates. Nevertheless, it had been still at the stage of appointing an expert committee for this and preparation of the necessary programmes to implement the relevant proposal as at the date of this report.
- Answers have not been given.
- Decisions of Cabinet of Ministers should be implemented.
- (d) Nineteen Educational Faculties were established to train teacher students and more than Rs. 2,200 Million had been spent annually from the Consolidated Fund. In the annual admission of students to the Educational Faculties, enrollment of students was not completed by the year 2021 from the exams held in 2018, which was 3 years after the G.C.E. Advance Level exam was held and the recruitment of students for the 2019 and 2020 examinations had not been commenced even by 22 May 2022.
- Answers have not been given.
- Actions should be taken to enroll the teacher students immediately .

#### 4. Achievement of Sustainable Development Goals

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The non-government schools did not meet the qualitative and quantitative specifications that a school should have in registration, maintenance and monitoring. In order to reach the goal of Sustainable Development Goal 4,	A series of circular instructions and awareness programmes have been planned and designed to pilot a self-regulatory process to work towards developing the awareness of teachers, schools and zonal/provincial officials about the activities of the institutions. It aims to identify and develop existing problems in the process and it has been planned to implement as a Pilot Programme in 2022, to include government-approved private schools in the scope of the Standards and Management Branch, and to obtain legal authority for the Ministry of Education to regulate other private schools, including international schools.	Formal methods should be developed to achieve the targets of Goal 04 of the United Nations Sustainable Development Agenda (2015-2030) and evaluated on a timely basis.

#### 5. Good Governance

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##### 5.1 Providing Services to the Public

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
A Citizen-client Charter had not been established and maintained by the end of the year under review as per the Public Administration Circular No. 05/2008 dated 06 February 2008 and No. 05/2008 (i) dated 24 January 2018 .	Answers have not been given.	A Citizen-client Charter should be established as per the Circular.

## 6. Human Resources Development

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Due to the existence of 2,234 vacancies in senior and secondary level officers, the possibility of arising obstacles in making management decisions and in Ministry activities also because of existing of other vacancies were observed.	Answers have not been given.	Vacancies in essential posts need to be filled.
(b) There were 498 vacancies out of 1,166 approved lecturer posts in 45 subjects in the three mediums of the National Educational Faculties. It was observed that existing of 40 per cent of Sinhala medium lecturer vacancies, 48 per cent of Tamil medium vacancies and 42 per cent of English medium vacancies will make a direct impact on the performance of the Educational Faculty system.	Answers have not been given.	-do-
(c) There is no transfer scheme for Educational Faculty Staff and 119 of the academic staff and 140 of the non-academic staff of 10 Educational Faculties have been working at the same workplace for more than 8 years without being transferred.	Answers have not been given.	Arrangements should be made to implement a transfer procedure.