

Head 215-Department of Technical Education and Training

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Technical Education and Training 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 including my comments and observations on the financial statements of the Department of Technical Education and Training was issued to the Accounting Officer on 22 June 2022 in terms of Sub-section 11 (1) of the National Audit Act No. 19 of 2018. The Detailed Annual Management Audit Report relevant to the Department in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 17 August 2022. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

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

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described 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 and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Accounting Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Department 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists and carry out

periodic reviews to monitor the effectiveness of such systems and accordingly make any alteration required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in accordance with Section 6 (1) (d) of National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year except the matters in the paragraph 1.6.1 (b).
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>A difference of Rs.1,230,892,660 was in 8 types of assets balances in the statement of financial position as at 31 December 2020 compared with opening balances in the statement as at 01 January 2021, due to the assets Procured in December 2020 were included in the financial statements, but were not recorded under non-financial assets in the CIGAS computer printout in the year 2020 and due to identified error entries.</p>	<p>The reason for this difference was the procurements in December 2020 was not recorded under fixed assets for the year 2020 in the CIGAS computer print out and identified error entries.</p>	<p>All procurements should be accounted for in the relevant year and action should be taken to correct the financial statements.</p>

(b) Advance Accounts Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(i) Due to the total advance receipts settled in cash in the previous year had not been included, there was a difference of Rs.1,326,759 between the value stated in the financial performance statement as advance receipts as on 31 December 2020 in the financial statements of the year under review and the value in the advance account of the previous year.</p>	<p>When comparing the information of the previous year related to advance receipts in the financial performance statement, the difference was due to the not including the settlement of advances in cash total amounted to Rs.1,326,761.</p>	<p>The financial statements should be prepared accurately by comparing the values of the advance account and the financial performance statement.</p>

- (ii) As the balance of the cross entries was not included in the balance of the advance account while reconciling the opening balances in the statement of financial position of the year under review, there were difference of Rs. 6,975,956 in advance account and a difference of Rs. 6,975,956 in net assets to the Treasury.
- This difference was due to the that, the balance of 215012 was not included in the advance account when preparing the financial performance statement in 2020 and the balance of 215011 and the balance of 2115012 were included in the preparation of the financial performance statement in 2021.
- Financial statements should be prepared by entering the correct values.

1.6.2 Non-maintenance of Registers and Books

Audit Observation	Comments of the Accounting Officer	Recommendation

Security Register		

A Security Register containing the details of the officers and employees required to keep security had not been prepared in terms of Financial Regulation 891(1).	Action will be taken to keep security from the officers who should require to keep security in future.	A Security Register containing the details of the officer required to give security should be maintained in terms of Financial Regulation 891 (1).

1.6.3 Evidence not available for Audit

Audit Observation	Comments of the Accounting Officer	Recommendation

The file regarding the selection of scholarship recipients for the Capacity Building Training Program for Industrial Training Instructors held in Japan in 2017 was not submitted for audit.	It was difficulty in finding correct information about the file.	Action should be taken to submit files required for audit.

2. Financial Review

2.1 Advance Account Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) A sum of Rs 23,511,236 remained over 2 years in 03 general deposit accounts maintained by the department at the end of the year under review and action had not been taken in accordance with the Financial Regulation 570.	The balance will be checked and settled in the future.	Action should be taken as per the Financial Regulation.
(b) An amount of Rs. 54,680, which should be credited to the Public Service Provident Fund relevant to the period 2015-2018 was retained in the general deposit account without being credited to the relevant fund.	Retained in the general deposit account until remit to the Labour Department.	Prompt action should be taken to remit to the Labour Department.
(c) Three cheques worth of Rs.1,099,174, issued but not presented for payment for more than 06 months, had been transferred to the general deposit account from the year 2015.	Action will be taken to settle the remaining balance in the future.	Action should be taken to settle immediately.
(d) Total unrecognized receipts of Rs. 232,560 in 5 occasions since January 2018 and the value of deposited but unrealized 02 cheques amounting to Rs. 29,800 from December 2019 were remained in the general deposit account.	Unidentified receipts and banked but unrealized cheques were retained, as 02 years were not exceeded.	Necessary action should be taken as per financial regulations to identify the unrecognized receipts and regarding the unrealized deposited cheques in the bank.

2.2 Obligation in Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Due to non-compliance with the Financial Regulation 214 of the Democratic Socialist Republic of Sri Lanka, total liabilities related to the period from the year 2016 to the year 2020 amounting to Rs. 5,555,206 in 39 occasions had not been settled even as on 31 December 2021.	Due to bills for payment of technical and technology colleges were received in delay, included in the liabilities.	Liabilities should be settled immediately.
(b) Variations ranged from Rs.60 to Rs.5,385,472 were observed in the balances of 26 expenditure subjects in the statement of obligations and liabilities of the financial statement of the year under review while comparing with the balances shown in the Treasury computer printout (SA 92).	According to paragraph 4.5 of State Accounts Guideline No. 2021-02 dated 26 October 2021, the liabilities reported to the Accounts Department after the final date for reporting liabilities had been included in the financial statements, but not included in the CIGAS program.	All the liabilities of the year should be stated accurately.
(c) Liabilities of Rs. 6,205,441 were obliged exceeding the provisions of 04 subjects as on 31 December of the year under review.	The reason for entering into obligations is to perform of essential works.	Obligation for liabilities should not be entered exceeding the provision limit.

2.3 Issuance and Settlement of Advances

Audit Observation	Comment of the Accounting Officer	Recommendation
Action had not been taken to recover a total loan balance of Rs. 4,443,564 during the year under review from 81 officers who were transferred to State Ministries, Departments and Provincial Councils, and who have died, terminated, resigned, vacated of post and retired.	Informed and Reminders have been sent for the recovery of loan balances.	Need to take proper action to recover the loan balance.

2.4 Operation of Bank Accounts

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) As per the bank reconciliation as on 31 December 2021 in the Bank of Ceylon Account in Anamaduwa Branch, the value of unrepresented cheques for payment, issued before 06 months period, was Rs. 249,862, but as per note (viii) for the financial statement, no balance was mentioned under the unrepresented cheques.	The balance takes over by the Treasury had been included by mistake and will not be repeated in future.	Financial Statements should be accurately prepared.
(b) Action had not been taken in terms of Financial Regulation 396 (d) of Financial Regulations of Socialist Democratic Republic of Sri Lanka, in respect of 53 cheques issued by Head Office and 15 Technical/Technology Colleges total valued for Rs. 646,390 issued beyond the period of 06 months, but not presented for payment.	Actions are being taken to check and settle the cheques issued but not yet presented for payments for more than 06 months.	Action should be taken in terms of Financial Regulations regarding the cheques beyond the 06 months.
(c) Two deposits worth Rs. 349,060 deposited in the months of July 2018 and April 2021 remained in the bank reconciliation related to the bank account belongs to the head office of the year under review and action had not been taken to recognized 302 unidentified receipts worth of Rs. 8,980,552 belongs to the period between January 2021 to 31 December 2021.	Action will be taken to recognize the unidentified items.	Action should be taken to recognize unidentified receipts and recognize the unrealized deposits and taken in to income.

2.5 Transactions of Contentious Nature

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
<p>The offense committed by sending an incompetent officer abroad to participate in the Capacity Building Development Training Program for Industrial Training Instructors held in Japan in 2017 and an officer was wrongfully selected in violation of Section 4 of Chapter XV of the Establishment Code during the selection of an officer for this scholarship program.</p> <p>Accordingly, due to allowing the misappropriation of public funds and negligently discrediting the public service, it was recommended in the preliminary investigation report dated 24 November 2018 to issue charge sheets and conduct a formal disciplinary investigation against the then Deputy Director (Human Resource Development) and management service officers in accordance with Section 14 of Chapter XLVIII of the Establishment Code. But, action had not been taken to implement that recommendation even till 22.05.2022.</p>	<p>The Secretary to the ministry had given them written advises.</p>	<p>As per the recommendation of the preliminary inquiry report, action should be taken as per the paragraph XLVIII of the Establishment Code.</p>

3. Operational Review

3.1 Assets Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
<p>(a) Out of 39 technical/technological colleges, 15 colleges under the department had not been transferred the ownership of the lands to the respective college or the department.</p>	<p>The ownership had not been transferred due to various reasons and the Divisional Secretaries are not playing a positive role in this regard. As such, a policy decision should be taken for this conflict.</p>	<p>Prompt action should be taken to acquire the ownership of the lands.</p>

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| (b) The value of 2922 types of assets recommended for disposal and the value of 5432 types of assets recommended for sale in the 2019 board of survey reports had not been identified and removed from the books. | The related items were procured years ago and the values of those were difficult to find. Accordingly, action will be taken for valuation of those items by a valuation board and removed from the books in the future. | The recommendation of the board of survey committee should be implemented. |
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3.2 Losses and Damage

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Action had not been taken in terms of FR 103 (1) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka in respect of damages worth of Rs. 4,510,469 since the year 2008 and carried forward in the financial statements for a period of 10 to 2 years.	Actions are being taken to write off the losses and damages as per the financial regulations and the related activities will be completed promptly.	As per the financial regulations losses should be recovered.
(b) Although the value of aggregate losses in 05 accidents during the period of 2015 to 2019 which is not recovered by insurance amounted to Rs. 208,416 was recommended to recover from the responsible parties as per the final report of losses under FR 104(4) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, action had not been taken to recover the amount from the concerned parties.	Further action is being taken regarding these accidents.	In terms of Financial Regulations, action should be taken to recover the losses.

3.3 Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Although a sum of Rs. 1,095,994 had been paid to 09 officers in the year 2020 as allowances for the covering up duties in the SSDP project on the performance criteria prepared based on the criteria for the release of money, the progress in some priority activities of the project such as develop the professional capabilities of the trainers, enhance the quality of technical and vocational education training programs, introduce or revise new courses, fulfill the requirement of professional teachers, provide necessary equipment to the technical colleges and improve the infrastructure facilities were remained in minimum level of 0 percent to 41 percent.	Physical progress of 65% were achieved. Even though basic activities were planned based on the Covid epidemic situation and the Fiscal policy of the government, it was difficult to implement sometimes.	The allowances should be paid after completion of the priority activities of this project.
(b) Although it was planned to start 10 courses in Hasalaka and Homagama Technical Colleges during the years 2017-2019, the courses had not been started due to the lack of permanent academic staff and the external instructors had not meet the required qualifications.	Due to the vacancies in the academic cadre, qualified resource persons will be used as external consultants on weekends and retired officials as external resource persons on weekdays to mitigate the issue.	Qualified lecturers should be recruited and arrangements should be made to start the planned courses.
(c) 19 types of modern technological equipment and tools required to improve the quality of courses and practical tests in 6 colleges	In view of the current economic crisis in the country, the priorities will be identified based on the provisions provide by the	Necessary action should be taken to maintain the quality of the courses by procuring essential

- were not sufficiently available. Treasury and fulfill the equipment. relevant requirements.
- (d) Sufficient classroom facilities for conducting courses were not available in 07 technical / technological colleges. In view of the current economic crisis in the country, the priorities will be identified based on the provisions provide by the Treasury and fulfill the relevant requirements. Action should be taken to improve facilities by utilizing existing resources.
- (e) It was observed that 186 officers in 09 colleges were working at the same workplace due to the properly non-implementation of the annual transfer procedures of Sri Lanka Technical Education Service officers, officers holding departmental positions and combine service officers. Transfers should be done in accordance with the courses conducting in each Technical/Technological College and if only the service period was considered in the transfer, continuation of the courses will be hampered. Transfer procedures should be followed.

4. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) A total of 74 vacancies existed including 02 senior level posts, 13 secondary level posts, 05 tertiary level posts and 03 primary level posts which no officer was assigned to the approved cadre of Kuliapitiya, Kurunegala, and Wariyapola technical colleges.	The relevant divisions were informed to fill the vacancies.	Prompt action should be taken to assign for the essential posts which no officer has been appointed.
(b) Although two lecturers and a registrar were approved for 16 technical/technological colleges, no lecturer or registrar were appointed there.	There is an overall shortage of AOs in the public service. Accordingly, duty will be performed by the existing officers until then.'	Prompt action should be taken to assign for the essential posts.

- (c) Although 39 demonstrators were approved for each of the colleges, only Galle and Warakapola colleges were actually employed. Arrangements are being made to conduct an examination for the qualified applicants out of the applications received. Prompt action should be taken to assign.
- (d) Although the approved number of instructors and lecturers in 9 Technological Colleges and 30 Technical Colleges were 897 and 265 respectively, the actual staff was 442 and 222. As such, vacancies of 455 post were available. No reply was made. Prompt action should be taken to assign for the essential posts
- Compared to the approved cadre, vacancies in the actual cadre were ranged more than 65 percent and 85 percent respectively in 16 and 4 colleges.