

Head 126 – Ministry of Education

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Head 126 - Ministry of Education for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 Chief Accounting Officer on 30 May 2023 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Ministry was issued to the Chief Accounting Officer on 23 June 2023 in terms of Section 11 (2) of the Audit Act. This report will be 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 2022 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

My opinion is qualified 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 evidences I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of the Chief Accounting Officer for the Financial Statements

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 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 exercised professional judgment and maintain professional skepticism throughout the audit. I also:

- 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

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 those of the preceding year.
- (b) The following recommendations made by me regarding the financial statements of the preceding year had not been implemented.

Reference to the paragraph of previous year report	Not implemented Recommendation	Reference to the paragraph of this report
1.6.1 (a)	Values of procurement and ACA2i values should be equal.	1.6.1 (b) (ii)
1.6.1 (b)	Balance of financial assets at the beginning of the year under review and at the end of the previous year	1.6.1 (b) (i)

1.6 Comments on the Financial Statement

1.6.1 Accounting Deficiencies

(a) Reconciliation statement on advances to Public Officers Account

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) The balance in the control account of the consolidated account reconciliation statement as at 31 December 2022 was Rs.2,805,377,162 and as per the individual balance classification summary balance was Rs.2,800,692,805. Accordingly, there was a difference of Rs.4,684,357 between the control account and the individual balance classification summary.	That the difference will be corrected in the future.	The balance in the control account on the consolidated reconciliation statement of accounts and the balance in the individual balance classification summary should be equal.
(ii) According to the individual balance classification summary of the consolidated account reconciliation statement, the total of the individual balances was Rs.2,801,003,005, and according to the treasury books the balance was Rs.2,861,648,147 and there was a difference of Rs.60,645,142 between the balances.	This difference that has existed for a long time will be corrected in the future.	The balance as per treasury books and the balances in the individual balance classification summary of the consolidated statement of accounts should be equal.

(b) Property, plant and equipment

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) According to the statement of non-financial assets, the balance of non-financial assets as at 31 December 2021 was Rs.172,273,922,034 and that balance as on 01 January 2022 was Rs.177,219,581,019. As such, a difference of Rs.4,945,658,985 was observed.	A difference of Rs.4,945,658,985.00 had been discovered in checking of accounts and arrangements have been made to resolve the difference by discussing with the Treasury.	The closing balance of the previous year of non-financial assets should be equal with the opening balance of the year under review.
(ii) Although the acquisition value of capital assets in the year 2022 in the statement of non-financial assets had been stated as Rs. 3,722,761,428, as a sum of Rs.14,113,135,406 had been spent under the relevant capital expenditure objects, acquisition of capital assets was understated by Rs.10,390,373,978 in the statement of non-financial assets.	Some values for this difference of Rs. 10,390,373,978.00 were identified and regarding the values that could not be identified will be further discussed with the State Accounts Department of the Treasury and arrangements have been made to correct them.	The cost of acquisition of capital assets should be correctly included in the statement of non-financial assets.
(iii) According to the transfer note dated 25 October 2022, assets worth Rs. 5,538,752,522 belonged to the Head 421- State Ministry of Skill Development, Vocational Education, Research and Invention had been transferred to the Ministry of Education, but those assets had not been included in the statement of non-financial assets (ACA 6).	All these assets have been adjusted to the opening balance and since there was ambiguity in those values, action will be taken to negotiate with the Treasury to settle them.	Action should be taken to include all acquired assets in the financial statement
(iv) Although various differences in the values of non-financial assets were observed in the expenditure summaries included in the statement of financial position in the financial statements, SA 80, SA 82, ACA2(i), the necessary evidence to confirm those differences	Action had been taken to submit in the future.	Information required to verify the balances related to non-financial assets should be submitted to the audit

and related balances was not submitted to the audit.

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| (v) | According to the statement of non-financial assets, the schedule submitted for audit in relation to the values added to the opening balance during the year 2022, a balance with an assessed value amounted to Rs. 3,082,959,009 was not included in the statement of non-financial assets. As such, the balance of non-financial assets as on 31 December 2022 was also understated by that value. | Regarding this balance of Rs. 3,082,959,609.00 on assessed value cannot be expressed correctly and preparation of the monthly account summary will be completed and then accounts will be corrected. | The balances in the financial statements should be compared with the balances in the corresponding records. |
| (vi) | The damage to the textbooks in the Salusala branch of the Department of Education Publications due to flood, amounted to Rs.4,259,427 was not included as an un-writeoff carrying forward balance in the financial statements of the year 2021, but was shown as the opening balance in the financial statements of the year 2022. | The loss had been mistakenly included in the appropriation accounts for the year 2022, and will be corrected in the future. | All damages should be entered in the damages and losses register. |

(c) Lack of Audit Evidence

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) Evidence had not been submitted for audit for the sum of Rs.22,424,325 added and deduction of Rs.48,909,855 in relation to Eastern Province as settlement of loan balances of the provincial council in the consolidated account reconciliation statement, the value of the individual balance classification summary with the year-end balance of the control account.	Related information for Rs.22,424,322 is being sought and the relevant corrections will be made as soon as the information is confirmed. Regarding the Provincial council loan balance settlement of Rs. 48,909,855, the necessary action will be taken after confirming the balance.	The documentary evidence required to verify the balance should be submitted.

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| (ii) | The source documents related to the net loan balances of Rs.3,691,790, to reconcile with the difference between value of the individual balance classification summary included in the Statement of Consolidated Accounts Reconciliation and the closing balance of the control account included in the Reconciliation Statement, were not submitted to the audit. | The relevant accounts divisions have been instructed to find out the reasons for these differences and correct them. | Written evidence should be submitted to identify the differences. |
| (iii) | Thirty one (31) audit queries submitted to the Ministry in the year under review had not been answered even by 31 May 2023. | Prompt action will be taken to reply for the unanswered audit queries. | Audit queries should be answered promptly. |

2. Financial Review

2.1 Management of Expenditure

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) The supplementary estimates received under a recurrent expenditure object and a capital expenditure object amounted to Rs.3,200,000,000 was fully saved.	Saving was due to the clearance of the letter of credit took place in the year 2023 and the imprest was not received at the end of the year.	Requisition and utilization of funds under supplementary estimates should be done with proper management.
(ii) 90 percent and 93 percent of the allocation obtained on the supplementary estimates for a recurrent expenditure object and a capital expenditure object for which there was no provision under the budget estimate had not been unutilized and saved respectively.	The relevant supplementary estimate was approved at the end of the year and there was no time to prepare and implement the action plan.	Requisition and utilization of funds under supplementary estimates should be done with proper management.

2.2 Incurring of Liabilities and Commitments

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) Contrary to the paragraph 2(d) of the State Accounts Circular No. 255/2017 dated 27 April 2017, a commitments of Rs.3,124,434,401 and liabilities amounting to Rs.236,431,182 were incurred in the financial statements for the year 2022.	An obligation of Rs.7,198,614,351 and liabilities of Rs.2,127,121,167 were committed in the financial statements for the year 2022. That the value of Rs.2,410,132,070 stated under the object 126-02-7-35-2509 (12) under the development program as capital liabilities has been wrongly stated under the capital account and that the relevant liability value should be revised.	Obligations and liabilities should be dealt with as per the circular.
(ii) The liabilities of Rs. 5,439,907,245 related to the Engineering section objects under the Nearest School Best School Project had not been recognized or disclosed in the financial statements of the ministry as at 31 December 2022.	It had not been included in the financial statements due to delay in receiving of information.	All liabilities should be properly disclosed.

2.3 Certification of Chief Accounting Officer

Chief Accounting Officer should certify the following matters in terms of provisions set out in Section 38 of the National Audit Act No. 19 of 2018, however, it had not been so done .

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Chief Accounting Officer and the Accounting Officer shall ensure that an effective mechanism exists to conduct and internal audit. However the said requirements had not been fulfilled due to audit observations indicated in paragraph 1.6.1 (c) (iii) of the report.	That the audit queries will be promptly answered.	Actions should be taken in terms of the Section 38 of the National Audit Act No. 19 of 2018.

2.4 Non-compliance with Laws, Rules, Regulations

The following observations are made.

	Reference to laws, rules, regulations	Non compliance	Comments of the Management	Recommendation
(i)	Financial Regulation 104 (3) (4) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Although the preliminary report should be sent immediately, if a delay of more than seven days is envisaged for making a full report regarding the accidents of vehicles and a full report should be submitted within three months from the date of loss, action had not been taken in the same way regarding 18 accidents with a value of Rs. 4,418,108 in the years 2021 and 2022.	Answers have not been given.	Financial regulations should be complied with.
(ii)	Public Finance Circular No. 02/2017 dated 21 December 2017	Every vehicle owned by the government should be registered in the name of the institute using it. Although 08 vehicles are being used in other ministries and departments, no such action was taken in this regard.	Answers have not been given.	Circular provision should be complied with.
(iii)	Public Finance Circular No. 02/2015 dated 10 July 2015	The vehicles which were removed from service between 2016 and 2021 were not disposed of until 2022.	Answers have not been given.	Circular provision should be complied with.
(iv)	Ministry of Education Circular No. Mu/7/63 dated September 09, 1980 Paragraph 07	In the test check of 40 schools, while admitting students to the student hostel in 6 schools, the deposit received should be refunded at the time of leaving the student hostel or offset against the hostel fees of the final month, but the same was not followed.	Principals will be informed again through a new circular.	Circular provision should be complied with.
(v)	Ministry of	The swimming pool of a national	Answers have not	Circular provision

Education Circular No. 2012/34 dated 22 September 2012	school in Colombo district is managed by a private company registered under the Companies Act which a group of members of the Old Boys Association serving as the Board of Directors and the swimming pool earns a large amount of income annually. Also, It was observed that a 12000 square feet three-storied building was constructed at the expense of the old boys association in the premises where the swimming pool is located and the three-storied building was rented to external parties and a large amount of income was obtained from that.	been given.	should be complied with.
Paragraph 1.2			
(vi) Ministry of Education Circular No. MRD/EQD/200 2/26 dated 04 October 2022 Paragraph 02(V)	It has been informed that if a student who has taken overseas leave and does not return to the island for more than a year, vacancies should not be kept for the relevant students. Although 16 students who were studying in grades 2, 3, and 4 of Galle Mahinda Vidyalaya had gone overseas for more than a year, vacancies were continuously kept for those students.	Answers have not been given.	Circular provision should be complied with.
(vii) Ministry of Education Circular No. 2008/37 dated 19 September 2008			
Paragraph 2.1 (a)	Although the number of students in classes from grade 2 to grade 5 should be limited to the number of students admitted to those classes at the time of admission to the grade one, the number of students in 15 classes of a national school located in Kandy district had exceeded the prescribed limit from 1 to 7.	Answers have not been given.	Circular provision should be complied with.

(b) In 15 classes from Grade 6 to Grade 11 had exceeded the limit by 1 to 7 students.

(viii)	Extraordinary Gazette No. 1928/28 dated 21 August 2015	According to the Sri Lanka Education Administration Service Constitution, grade 1 officials of the Sri Lanka Education Administration Service should have been appointed as principals for 64 listed national schools, but such appointments were not made in relation to 30 schools.	That interviews will be held on 06.06.2023 and 07.06.2023 for the appointment of principals for 34 vacant posts of 1st class principals in the Education Administration Service.	Arrangements should be made to appoint principals for the listed national schools as per the gazette.
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2.5 Transactions in the nature of Financial Frauds

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
An amount of Rs.589,900 charged for the services provided by Nilwala College to external institutions in the year 2019, was not credited to the official bank account of the college.	Answers have not been given.	The fees/income charged should be credited to the official bank account of the College.

2.6 Issuance and Settlement of Imprests

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
As per the Financial Regulation 371 (2) as amended by the Public Finance Circular No. 01/2020 dated 28 August 2020, a total sum of Rs.3,749,230 in 14 instances had been given exceeding the maximum limit of ad hoc imprests. Although the imprest issue should be limited only to staff level officers, the total advances of Rs.2,541,986 had been issued to 07 non-staff officers in 39 occasions. Further, as per Financial Regulations 371 (5), the ad-hoc imprests should be settled immediately after completion of the relevant work, but settlement of 38 imprests total amounting to Rs.1,252,347 had been delayed for a period of 14 days to 134 days.	Due to less number of staff officers in the Piriven Division, advances have been issued to non-staff officers and efforts are being made to prevent this situation from occurring in the future. It has taken a long time to settle some of the ad hoc imprests and action will be taken to inform the relevant officials to get precautions to avoid occurring such a situation in the future.	Financial Regulations should be followed.

2.7 Deposit Balances

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) According to Financial Regulation 571, the deposits exceeding 02 years from the date of deposit should be credited to the government revenue, but the total of 05 deposit accounts amounting to Rs.373,724,038 remained uncredited to the government revenue and in that balance a sum of Rs.32,581,899 had exceeded 5 years.	The relevant institutions have been informed to settle these balances and that the currently settled amount will be reported to the audit within a month.	Action should be taken regarding deposit balances as per the Financial Regulations.
(ii) An amount of Rs.1,810,000 given by the Chinese Embassy on 25 June 2021 to provide foreign scholarships for local undergraduate students was retained in the general deposit account until the date of the report without being given to the relevant beneficiaries.	Nominations have been invited from the universities and after receiving the nominations these scholarships will be awarded.	Arrangements should be made to provide scholarships to the concerned beneficiaries immediately

3. Operational Review

3.1 Vision and Mission

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the functions of the Ministry of Education, it was unable to completely fulfill the function of creating a national education system that enables to approach the world competition with self-confidence and confidence of success even in the year 2022.	It was planned to reform the curriculum and although the cabinet approval was received for it, the implementation of education reforms was temporarily suspended according to the President's Secretary's letter No. PS/SAD/Education/2023 dated 13.03.2023.	For the advancement of the student generation, a national education policy should be prepared that suits the present world.

3.2 Non – performance of Functions

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) Although the Circular No. 37/2020 and the instructions manual had been issued on 03 December 2020 regarding the provision of interactive education for children, including the provision of educational facilities for children with special educational needs and special needs, the tasks included in the instructions manual had not been implemented.	To provide an interactive education to children with special educational needs will begin in 2023 and teachers in the provinces are being trained in relation to teacher guidelines. That interactive education teacher guidelines have been developed to teach disabled students who find it difficult to leave home on a daily basis. Actions are being taken to prepare the methods of testing required to provide education in an internationally accepted manner.	According to the circular, action should be taken to carry out the instructions included in the manual.
(ii) There were about 30 functions belonging to 12 sectors which had not achieved any progress among the functions planned to be completed in the year 2022, and their estimated value was Rs.793,372,000.	Reasons such as, Circular No. 03/2022 dated 26.04.2022 of the Ministry of Finance and various reasons like due to unable to sign loan agreements in the year 2022, non-availability of necessary funds, the COVID-19 epidemic situation and the economic situation of the country were affected in this regard.	Realistic plans should be prepared which can be implemented practically, the plans should be implemented and the relevant objectives should be achieved.
(iii) Although equipment costing for Rs.1,315,070 had been procured for the carrying out of functions such as setting up a studio by the Piriven Education Branch to prepare video lessons covering the Piriven syllabus, create videos for the YouTube channel, record and disseminate sermons and other creative programs of Piriven students with various talents in the island in the year 2021, the studio had not been constructed.	Although efforts were made to find a suitable place to set up the studio, a place could not be found, and currently all the equipment procured for the studio is being transferred to the Ministry of Education.	Necessary action should be taken regarding the officials who have decided to procure the equipment before finding a suitable place to set up the studio.

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| (iv) | <p>Among the objectives established by the Ministry of Education, the main goals are to increase the opportunities and access to higher education and improving of global connections and exchanges. the Ministry of Education has not issued guidelines for formalizing the work of awarding undergraduate and postgraduate scholarships for Sri Lankan students. Further, a mechanism was not existed for following up of after sending the names of the students selected by the ministry to the respective university, a method of re-referring the students to the vacancies caused by the students who are not selected by the university, as well as a method of following up on the degrees awarded to the students after being selected by the respective university as scholarship benefits.</p> | <p>That preliminary work is being in progress to prepare an annual guide. The follow-up system regarding the degrees awarded to the respective scholarship recipients after being selected by the universities for foreign scholarships is planned to be implemented from this year.</p> | <p>Arrangements should be made to issue guidelines and follow-up to streamline the work of awarding scholarships.</p> |
| (v) | <p>Although a contractor was given to build a special education center in the Venivelkola area in Kahathuduwa at a cost of Rs.247,252,882 in the design and construction (Design & Built) method in the year 2017, it was subsequently recognized that children in need had not been adequately prepared for but had not taken care of their needs prior to contract award.</p> | <p>A list of the requirements to be installed in this special education unit has been obtained from the non-formal and special education department, and accordingly, it has been decided to construct the buildings taking into consideration the amount of allocation allocated annually.</p> | <p>Executing of contracts should be done adopting to the requirements.</p> |
| (vi) | <p>The State Ministry of Education Reforms, Open Universities and Distance Education was established in the year 2020 and from the year 2020 to the year 2022 a total sum of Rs.5,219,297,390 had been spent, but was unable to carry out national education reforms as planned. The State Ministry was abolished in the year 2022 and the functions and tasks that were under the scope were assigned to the Ministry of Education from that date. It was observed that the amount incurred by the State Ministry and the</p> | <p>Due to the implementation from the President's Office dated 13.03.2023, the letter numbered PS/SAD/Education/2023 has been instructed to temporarily suspend the implementation of the proposed new education reforms. According to the decisions given by the cabinet sub-committee which has been appointed under the chairmanship of His Excellency the President, new education reforms are to be implemented in the future.</p> | <p>The importance of implementing education reforms should be considered and should be given priority.</p> |

expenditure of Rs.350,552,393 incurred by the National Institute of Education in the past 03 years for the sake of education reforms was also in danger of being an idle expenditure.

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| (vii) | The Ministry of Education Reform, Open Universities and Distance Education has spent a sum of Rs.576 million for the development of Internet facilities in 622 schools in the year 2021 and the State Ministry Women and Children Development, Preschools and Primary Education, School Infrastructure and Education Services has spent a total sum of Rs. 2285.2 million as a sum of Rs. 44.7 million for the development of physical infrastructure for 831 schools and a sum of Rs. 20.5 million for the purchase of equipment under the program aimed at increasing the number of national schools from 353 to one thousand (1000), but Only 22 schools had been converted into national schools. | That only 125 schools will be developed in the regional divisions where there is no national school and further action will be taken based on the decision of the Honorable Minister of Education in this regard. | Projects should be implemented as planned and government funds should be spent effectively. |
| (viii) | The Ministry of Education had not been able to complete the planned tasks regarding the pre-school education policy prepared by the State Ministry of Education Reform in the year 2021. | An action plan has been drafted in relation to the pre-school policy. the primary education branch of the Ministry of Education has been entrusted with the future tasks of implementing this national policy and related future plans with the approval dated 2023.02.06 of the Secretary of Education. | Action should be taken to prepare the pre-school education policy as planned. |
| (ix) | The Minister of Education had submitted a cabinet memorandum with the title of making all the teaching staff in Sri Lanka graduates and upgrading the National College of Education to the status of university faculty on 02 December 2019. Although the policy approval for that was given by the decision of the Cabinet of Ministers on | That the college branch of the Ministry of Education is coordinating with other related institutions and is carrying out activities related to the process of upgrading colleges to university level and that there is a possibility to start the process of developing college courses according to the | Action should be taken for the advancement of teaching staff. |

31 December 2019, but it was only at the discussion level even by 31 December 2022. decisions of the cabinet sub-committee chaired by His Excellency the President.

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| (x) | The tasks of increasing the current system of 07 levels of national vocational facilities identified from the year 2019 to 10 levels and providing opportunities to study vocational education up to the post-graduate level identified from the year 2020 were not completed even till 31 July 2023. | Answers have not been given. | The project should be implemented as planned. |
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3.3 Non - achievement of expected Output Level

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) Project of construction of the Professor Unit at Karapitiya Hospital with the aim of achieving several goals including increasing the number of medical undergraduate candidates by 300 based on a budget proposal of 2018 had been awarded to the Central Engineering Services Pvt. Ltd. on 24 June 2019. According to the agreement, the project was expected to be completed on 16 June 2022. Although extensions were given on several occasions, only the work of preparing the internal structure up to 06 floors had been done even by 15 February 2023.	The payments to the contractor were also delayed due to insufficient funds for these projects. Due to the fluctuations in the price of construction materials and the shortage of construction materials in the market, the construction activities were slow. At present, 55 percent physical progress has been achieved in the construction works.	The project work should be completed within the stipulated period and the desired objectives should be achieved.
(ii) Construction of a 12 storied building for the Faculty of Medicine of Ruhunu University. With the aim of increasing the number of students admitted to the Karapitiya Medical Faculty and increasing the Research Capabilities, this contract was	The current physical progress is 49 percent. After this contract was awarded to CECB, the construction work of this project was slow due to the Covid epidemic and the subsequent economic crisis in the country from December 2020 to June 2022. In addition to that, the delay in receiving	Every effort should be made to complete the project in accordance with the agreed contract and granting date extensions should

awarded to the Central Engineering Consultancy Bureau on 01 June 2020 with a contract value of Rs.1,092 million. According to the agreement, the construction should be completed on 06 September 2021. Although extensions were given until 15 January 2023, only the construction of slabs up to 08 floors of this project have been completed and the internal structure had been prepared only up to the 03rd floor by 15 February 2023. funds for the payments to the contractor on time was also a reason for this situation. be minimized.

- (iii) The project of establishment of a Faculty of Allied Health Sciences at Ruhunu University. This building consists of 03 blocks namely A, B, C and accordingly, the progress of Block – A, B and C was received as 58.1, 66 and 67 percent respectively. The expected goal of the project should be achieved by working according to the agreements reached. With the aim of overcoming the problematic situation caused by the severe shortage of medical laboratory trainees in the health sector, the contract for the construction of 3 buildings for this project was awarded on 03 December 2020 to a private company at a cost of Rs.1,501 million. Although construction was expected to be completed on 02 June 2023, an extension was given until 14 July 2023 but the physical performance of the project remained at 60 percent as of 31 May 2023.
- (iv) Construction of a student hostel of Sri Lanka German Training Institute at Kilinochchi. Answers will be submitted later. Every effort should be made to complete the projects as expected and achieve the objectives. Approval was granted for the construction of a student hostel for 400 students at a total cost of 300 million and a sum of Rs. 6,028,015 had been spent for consultancy fees from the amount allocated in the year 2018.

Although an amount of Rs. 100 million had been allocated for the year 2019, only the basic works had been carried out even by the end of the year under review.

3.4 Foreign Funded Projects

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(i) Establishment of Information Technology (IT) Center for Secondary Education. As a result of a comprehensive proposal for the implementation of information and communication technology in the general education system of Sri Lanka presented by the Ministry of Education in 2014, this Establishment of Information Technology Center (ICT Hub) was planned to be constructed. Accordingly, a loan agreement of USD 35,663,773 was entered into on 05 November 2019 for the construction of these centers with the financial contribution of Korean Exim Bank, and it was proposed to build one Information Technology Center at the national level and 02 centers at the provincial level. The signed loan agreement was canceled on 10 November 2022 due to the inability to activate the project due to the technical issues of the lands proposed for the construction of the respective centers.</p>	<p>Since the land changed from time to time, the project was delayed, so the relevant feasibility study was repeated to start the project using the finally decided land, and the new land was included in the report, and the report was submitted for amendment of the loan agreement with the concurrence of the Korean EXIM Bank. Accordingly, it is planned to start the project in the year 2023.</p>	<p>Preparation of plans, selection of locations, etc. should be completed before signing the contract.</p>

- (ii) Project to improve the infrastructure of estate schools under the assistance of the Government of India. The project worth of Rs. 300 million was approved by the Cabinet on 19 June 2019 for the improvement of the infrastructure facilities of 09 estate schools selected in Central, Uva, Sabaragamuwa and South provinces. Although the estimates were prepared, the bids were called and the contractor was selected in the year 2021, the project was not started due to the inability to carry out the contract as the prices were increased at that time, although the estimates had been revised on several occasions by the year 2023.
- In the face of the current economic crisis, the infrastructure development of these 09 schools were difficult to complete by the value of the project of Rs. 300 and is currently in discussions with the Indian High Commission to consider whether the project value can be revised to match the current foreign exchange.
- Every effort should be made to complete the project as per the agreement.
- (iii) Construction of National College of Education for Technology. The Cabinet approval was granted on 18 January 2017 for the construction of a National College of Education for the stream of technology in the Kuliypitiya area under the assistance of the Korean government with the aim of completing the necessity of teachers which arose with the introduction of the subject of technology for the Advance Level stream by the Ministry of Education in 2013. Accordingly, it was planned to establish this college with the aid of the Republic of Korea and local funds of United State Dollars 14.95 million.
- Due to the delay of about 05 years, the Korea International Cooperation Agency (KOICA) withdrew from the construction work of this project and handed over its responsibility to the Ministry.
- The agency had given required amount for construction amounting to USD 800,000 to the Treasury in
- The contract was awarded to CECB in December 2021 and the construction works of the project are being carried out and the current physical progress is about 35%. Although the initial agreement of KOICA for this project was United State Dollars 8 million, the total cost of the project has exceeded United State Dollars 8 million due to the delay in starting the project and the increase in inflation. The amount in excess of USD 08 million is contractually agreed to be received from the National Budget Department.
- Actions should be taken to achieve the desired goals by acting according to the agreements.

December 2021 and as the Agency had informed that the construction should be completed immediately, the contract was awarded to the Central Engineering Consulting Bureau (CECB). The construction works had started in December 2022 and although the Ministry of Education had requested a certificate for the cost of exceeding the foreign aid amount provided by KOIKA when entering into the agreement, there was no information about the decision taken in this regard or any further action taken.

- (iv) Construction of a new national school with multi-ethnic and trilingual education in Polonnaruwa district. The procurement related to this construction is being carried out by the Indian High Commissioner Office and the contract has been canceled due to poor progress of the first contractor. The contract was then awarded to Central Engineering Services Private Limited (CESL) and presently, the construction work is in progress. According to the contract, the Indian High Commission has made the payment of VAT to the contractor by the Ministry. As the High Commission of India is contractual agreed with the contractor, was informed to take appropriate actions to recover the VAT paid. The request letter has been forwarded to the Procurement Committee on 23.12.2022 as the additional consultancy fee is a variation. No additional payment has been made as the decision of the Procurement Committee has not yet been received. Project activities should be carried out as per the agreement without delay and achieve the desired objectives.
- An agreement was entered with a private company for the construction of a new national school with multi-ethnic and trilingual education in Polonnaruwa district on 25 October 2017 at a cost of Rs.297,843,626. A mobilization advance of Rs.59,568,725 in the year 2018, and Value Added Tax of Rs.8,935,309 had been spent by 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 due mobilization advance amount on that date was Rs.40,850,633 and Value Added Tax was Rs.6,127,600. Further, Central Engineering Consultant Bureau had requested a consultancy fee of Rs.6,367,091 due to the delay. By the end of the year under review, the progress of this was 42 percent and the Ministry will have to pay the consultancy fees for the late period till the completion of the project.
- A sum of Rs.111,043,064 was paid to the first contractor and after his

withdrawal, the contract was awarded to a new contractor for sum of Rs.200,664,128 on 18 October 2022 to complete the balance works of Rs.186,800,562. Accordingly, the contract cost had increased by Rs.13,863,566 and the contract amount was subject to a period of 191 days.

(v) Secondary Education Sector Development Program implemented under the Asian Development Bank (SESIP) loan.

- The total net provision allocated for the above programs was Rs.800,000,000 and the total expenditure incurred during the year under review was Rs.386,072,201. Accordingly, it was observed that the balance total allocation was Rs.413,927,799 and it was 52 percent of the total allocation. The 02 main goals expected in the year 2022 had not been achieved and the expected goals have to be achieved within the specified time frame to continue receiving the loan amount.

A sufficient progress was not recorded in the action plan of the year 2022 due to the financial crisis in the country at the end of the second quarter of 2022 and the planned workshops had to be revised as the accounts had to be closed at the end of the year, even though funds were released for some sectors in the last quarter of 2022. The postponement of some activities of the National Institute of Education (NIE) and Examination Department to the year 2023 was also a reason for these savings.

Necessary action should be taken to achieve the targeted disbursements indicators within the prescribed time frames.
- The estimated cost of Rs.705,000,000 was allocated for 46 sub-activities under 08 main functions included in the action plan of the Technology Education Branch under the Asian Development Bank loan and the World Bank loan of the year 2022 and according to the progress report related to the activities, the amount incurred in the year under review was 8,260,764. Accordingly, due to unachieved

Although the activities were lined up in 2022, implementation of the procurement requirement was hampered by reasons such as conducting all workshops and programs online, fuel crisis, and slow progress of the activities as most of the procurement activities are related to curriculum reform and online. Also, the Circular No. 03/2022 of the Ministry of Finance has also affected this. Accordingly, the project index acquisition activities have been started this

Necessary activities should be done to achieve the desired goals within the specified time frames.

financial progress, out of the total value, a sum of Rs. 696,939,236 or 98 percent of the provision was saved.

- A sum of Rs.380,000,000 had been allocated for 03 disbursements indicators belonging to Secondary Education Sectoral Development Program under Teacher Education Administration Branch. It was observed that during the year under review no progress was received in this activity and it was still only in the planning stage. This work was suspended as per Ministry of Finance Circular No. 03/2022. However, according to the revised budget estimate of October 2022, a provision of 380 million has been allocated for this purpose and the planned technical equipment list had been revised once again due to increasing of prices and limitation of import of items. Therefore, the procurement activities had been started in the year 2023. Necessary activities should be done to achieve the desired goals within the specified time frames.
- For the improvement of the quality of secondary education in 750 selected schools, to improve the performance levels of 13 target subjects a sum of Rs.295,000,000 was given to 750 schools in 04 phases. According to the Circular No. 07/2022 of the Ministry of Education dated 24 August 2022, the whole money should be spent by 31 December 2022, but out of the grants given to schools, a sum of Rs.270,000,000 i.e. 91 percent was given in the last quarter of the year 2022 and it was not possible to reach the desired goals by 31 December 2022. Due to in the delay in releasement of imprest by the Treasury, the issuing of imprest to schools was delayed and a circular was issued extending the time to spend the grant up to 31.12.2022. That the circular is being amended in relation to the extension of the time period in which the grant has to be used due to the problematic situation regarding the conduct of schools in the past and the delay in providing money from the treasury. Necessary activities should be done to achieve the desired goals within the specified time frames.

3.5 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The Ministry of Education does not have 212 vehicles registered in the name of the Secretary of the Ministry of Education.	Action is being taken call information by the relevant ministry and institutions.	The vehicles registered in the name of the Secretary of the Ministry should be properly identified.

3.6 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) The value of the opening balance in the write-off statement presented with the financial statements was Rs.5,065,289, but no recovery or write-off of 10 losses in the above value were done during the year under review.	The necessary corrective action is being taken.	Appropriate action should be taken without delay regarding damages.
(ii) The official residence of the National Faculty of Education of Ruhunu which was estimated for 3.1 million by the Valuation Department, was caught in a sudden fire on 07 September 2018. Action had not been taken in accordance with F.R. 104(4) in relation to the value of this building and the damage to the assessed value of Rs. 72 million caused by a fire on 09 February 2019 of the auditorium of the Meepe Education Leadership Development and Management Center.	At present, the investigation work is being carried out by the new investigation board appointed on 20.11.2022.	Action should be taken in terms of Financial Regulations.
(iii) Action had not been taken as per the F.R. 104 in respect of the total value of irregularities amounting to Rs.18,800,440 including the irregularity of Rs.12,905,806 at Paththalagedara	A preliminary investigation report was issued on 16 May and, accordingly, the Inquiry Board had informed that the necessary actions are being	Action should be taken in terms of Financial Regulations.

Equipment stores recorded in the year 2013/2014, irregularity of Rs.4,510,409 in the receipt books of the NE/Newstead Girls' High School recorded in the year 2015 and a sum of Rs.1,384,225 still due from the irregularities in the banking of the money received by the School Development Society of Negombo Harischandra National School during the year under review.

taken to prepare the investigation report under F.R 104(4).

The principal of the school has been informed to recover the related loss from the lady who has been accused of irregularities in the banking of the money received by the School Development Society of Negombo Harischandra National School. Furthermore, the ministry is taking necessary steps to take legal action in this regard.

(iv) The security camera system installed under the provisions of the Ministry of Education in 2017 had become inactive since October 2019 due to the careless removal of the security camera system by the contractor of the college during the renovation of the lecture hall of the Nilwala National Faculty of Education, and the repair was estimated at Rs.1,012,205. This loss had not been dealt with in terms of Finance Regulations 104 (3) and (4) and necessary action had not been taken to reinstate the security camera system.

No reply was made.

Action should be taken in terms of Financial Regulations.

3.7 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) On the approval granted by the Cabinet Paper No. AMA/16/0167/716/008 on 11 February 2016 to establish a National Science Center, a sum of Rs. 280 million had been paid to the Urban Development Authority for acquisition of the land belonging to the Urban Development Authority located in Homagama Pitipana. But the necessary	Action will be taken to submit the answer later.	Necessary action should be taken to take over the ownership of the land in consultation with the Urban Development Authority.

actions had not been taken to get the ownership of the land to the Ministry even by the end of the year under review.

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| (ii) | According to the comparative statement on the advance account of government officials, a total of Rs.162,053,327 should be collected by the end of the year under review from the officials who have been transferred from the ministry to other ministries and departments, provincial councils, died, retired, suspended, vacated the post and released from service. Out of that, the balance beyond 5 years was Rs.69,419,033. The balance to be settled to other ministries, departments and provincial councils was Rs. 39,994,516 and out of that the balance exceeded 5 years was Rs. 24,586,484. It was unable to recover or settle the said balances during the year under review. | Action is being taken to recover the loan balances. | Action should be taken to recover the loan balances. |
| (iii) | Although according to 1.1 of the National School Teacher Transfer Implementation Circular No. ED/1/27/15/01/2022 dated 05 April 2022, teachers who have completed 10 years in the school should be subjected to a compulsory annual transfer, 244 teachers in 11 audited national schools were not dealt with as per the circular. | No reply was made. | As per the circular teachers should be transferred. |
| (iv) | According to a request made by the Principal of Galle Mahinda Vidyalaya, in the structure committee report No. ED/3/37/3/9/i-ii dated 11 April 2016 of the Director of Policy and Planning of the Ministry of Education, the approval was given to increase another parallel class to the grade one in the year 2016. But the parallel class was not added from grade 6 to grade 11, 45 students who passed the scholarship had lost the opportunity to enter to the school. | No reply was made | The attention of those responsible should be focused to ensure fairness to the students who passed the 5th grade scholarship examination. |

4. Good Governance

4.1 Execution of services to the public

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the Public Administration Circular No. 05/2008 dated 06 February 2008 and No. 05/2008 (i) dated 24 January 2018, Although a client charter should be prepared by every public institution in the form of a written commitment to fulfill the needs of the public receiving services from a public institution promptly, efficiently, qualitatively and continuously, the Ministry of Education had not prepared and maintained a citizenship charter as per the circular.	The Citizen Charter of the Ministry of Education is currently being prepared.	According to the circular, the necessary arrangements should be made to establish a citizen charter.

5. Human Resources Management

The following observations are made.

Audit Observation	Audit Comments of the Chief Accounting Officer	Recommendation
(i) Although the ratio of children to teachers in schools with special education section should be 5:1, there was a surplus of 66 teachers in 55 schools and 349 vacancies in 212 schools in 09 provinces. Furthermore, it was observed that there are 147 teachers in 135 schools who have received teacher appointments with special education training, but are engaged in teaching other subjects, and in relation to those teachers, they have not been dealt with in accordance with Section 12 of the Circular No. 37/2020 dated 13 December 2020 of the Secretary of the Ministry of Education.	Action will be taken to transfer the surplus teachers to schools with vacancies and to balance the teachers.	Action should be taken to create teachers balance.

- (ii) According to the letter of the Department of Management Services No. DMS/SM/12 dated 19 November 2020, 45 development officers had been recruited beyond the approved staff for the Ministry of Education Reforms, Open University and Distance Education.

No reply was made.

Recruitments should be limited to the approved cadre.