Tertiary and Vocational Education Commission - 2024
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1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Tertiary and Vocational Education Commission for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, 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 and the Finance Act No. 38 of 1971. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified opinion

My opinion is qualified on the matters described in paragraph 1.5 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 qualified opinion.

1.3 Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission’s financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Commission 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 of the Commission.

1.4 Scope of the Audit (Responsibility of the Auditor on Audit 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 scepticism 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.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- 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.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following.

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Commission, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Commission has complied with applicable written law, or other general or special directions issued by the governing body of the Commission.

- Whether the Commission has performed according to its powers, functions and duties; and

- Whether the resources of the commission had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Accounting Deficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	Although the balance receivable from 06 external institutions as of 31 December 2024 for the issuance of certificates was stated in the financial statements as Rs. 32,114,399 according to the confirmations received from those institutions, the balance payable to the Commission as of 31 December 2024 was Rs.6,281,029 resulting in a difference of Rs. 25,833,370 between the balances.	During the entire period, the relevant institutions have submitted to the Commission the balance due as of 31 December 2024. A detailed report in this regard will be submitted in the future.	actions should be taken to accurately verify the balance due from external institutions.
(b)	The balance of Rs. 3,371,536 payable to the Government Printing Department for printing certificates as of 31 December 2024 had not been accounted for.	According to the invoices submitted by them to the Government Printing Department on 17 January 2025, a payment of Rs.7,404,771 has been made.	All transactions related to the year should be accounted for.
(c)	The cost of Commission as of 31 December 2024 was Rs. 1,263,544 which had not been accounted for as the closing stock of 5,000 certificates and 6 assessors' coats, and therefore the year-end stock and surplus had been understated by that amount.	The entries under inventory in the statement of financial position have been adjusted. They will be re-checked and if there is a difference, they will take steps to correct it.	The closing stock must be accurately identified and accounted for.
(d)	As Rs. 10,669,522 had been recorded as advances and creditors for the	Tender approval has been received for the purchase at	When preparing financial statements,

acquisition of fixed assets in the statement of financial position as at 31 December 2024, without any advance being given during the year under review and without any creditor being created for a printer and server system proposed to be purchased in the year 2025, the current assets and current liabilities of the year under review had been stated in the financial statements in excess of that amount.	these prices, and although the relevant fixed assets (printer and server) had not been received by the Commission as of 31 December 2024, they have been accounted for as an expense payable in the year 2024.	only transactions relevant to the relevant period should be accurately identified and accounted for.

1.6 Non-compliance to laws, rules, regulations and management decisions

	Reference to laws, rules, regulations	Non compliance	Comments of the Management	Recommendation
(a)	Paragraph 3.2(i) of the Manual issued with the Circular of the Secretary to the Ministry of Finance No. PE/COP/POLI/ Circular dated 16th November 2021	During the year under review, payments amounting to Rs. 42,340,686 were made for 16 categories of allowances to officers of the Commission and to external individuals registered for related functions, based solely on the approval of the Commission's Governing Board, without obtaining the required approval from the Treasury.	It had been informed that approval from the Treasury should be obtained for work performed outside the institution or after institution hours. Accordingly, approval from the Department of Management Services is awaited.	No allowance should be paid without Treasury approval.
(b)	Circular of the Secretary to the Ministry of Skills No. MSDVT/SSDP/ 2016-1 dated 26th February 2016	Although it was mandatory for all institutions conducting National Vocational Qualification 1 to 6 courses to establish a quality management system since 2017, no institution had taken action in this regard after 2019. However, the Commission, as the regulatory body, had not taken any action in this regard.	Given the situation prevailing in the country from 2019 to 2023, many training institutions in both the public and private sectors were not maintained properly, and by 2024, training institutions have been called upon to conduct two programs to re-establish the quality management system and apply for it.	The Commission should take actions to verify that all institutions offering courses have established and maintained a quality management system.

(c)	Section 29.1 of Chapter XLVIII (Rules on Disciplinary Procedures) of the Establishments Code	Although preliminary investigations had been conducted due to the fact that during the audit of the financial statements of the year under review, it was pointed out that the officers of the Commission were not taking steps to bank the income on a daily basis and that the remaining funds were being shown as uncollected deposits when preparing bank reconciliations, a formal investigation had not been initiated until the date of the audit, 23 May 2025.	At present, a Disciplinary Investigation Officer and a Protection Officer have been appointed to conduct a formal investigation, and arrangements have been made to hold a formal disciplinary investigation on 06 June 2025, with the approval of the Commission's Governing Board.	Steps should be taken to expedite the formal disciplinary investigation.

2. Financial Review

2.1 Financial Results

The operation result in the year under review had been a surplus of Rs. 65,563,312 as compared with the corresponding surplus of Rs.11,065,996 for the preceding year, thus observing a increase of Rs.54,497,316 in the financial result. The increase treasury Grants had mainly attributed to this improvement.

3. Operational review

3.1 Management inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	Although 32 years have passed since the establishment of the Commission, the task of preparing a National Vocational Education and Training Plan and publishing it in the Gazette of the Democratic Socialist Republic of Sri Lanka, which was one of the primary objectives of the establishment of the Commission in accordance with Section 11 of Chapter 2 of the Tertiary and Vocational Education Commission Act No. 20 of 1990, had failed to be accomplished even by the end of the year under review.	The Ministry has sent a letter to the Presidential Secretariat regarding the National Vocational Education Development Plan on 29 April 2024, requesting the Presidential Secretariat to kindly pay attention to this development plan and inform the Ministry regarding future actions.	Action should be taken to expedite the preparation of the National Vocational Education and Training Plan.

(b)	In accordance with sub-sections 14(1), 15(1) and section 10(3)(a) of the above Act, out of the institutions registered with the Commission, 18 institutions whose registration had been cancelled for more than 20 years and 574 institutions whose registration had been cancelled for a period of between 05 and 20 years had not requested for renewal of registration. Furthermore, although 55 institutions had requested for renewal of registration from 2018 to 2023, the registration of those institutions had not been renewed as of 22 May 2025, the date of the audit.	Information has been obtained about institutions that have not requested registration for a long time and have been notified as closed institutions in the TVEC system.	Top management's attention should be focused on complying with the Act.
(c)	The work of amending the Act, as specifically provided by the Sub-Committee on Public Enterprises held on 01 September 2023, to provide for the courts to obtain orders as required to take legal action as set out in Part V of the Act against vocational training institutions that do not follow the provisions of the Commission Act, had failed to be completed as of the date of this report.	The draft bill prepared to amend the Tertiary and Vocational Education Act to bring it into line with the present day has been amended to align with the National Education Policy Framework (NEPE) prepared by the Presidential Secretariat and submitted to the Presidential Secretariat on 28 December 2023. Accordingly, the draft prepared by the committee appointed by the Ministry to consider and make amendments to the new government's education policies was submitted to the Ministry for further action on 29 April 2025.	Actions should be taken to expedite the amendments to the Act.
(d)	Although the Commission's Planning and Development Division had begun preparing a vocational education and training plan for the Western Province in 2013, it had not been possible to complete this work by the end of 2024.	Before finalizing the Vocational Education and Training Plan, several special discussions were held with representatives of the Western Provincial Council, and the report was officially validated by the Governor following a workshop held on 26 November 2024 under the patronage of the Governor of the Western Province and with the participation of various stakeholders in the province.	Top management should take the necessary actions to implement the training plan.