

Tertiary and Vocational Education Commission  
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1. Financial Statements  
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1:1 Qualified Opinion  
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In my opinion, except for the effects of the matters described in paragraph 1:2 of this report, the financial statements give a true and fair view of the financial position of the Tertiary and Vocational Education Commission as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1:2 Comments on Financial Statements  
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1:2:1 Accounting Deficiencies  
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The following accounting deficiencies were observed.

- (a) As action in terms of agreements had not been taken on the financial assistance amounting to Rs.1,529,862 given to 07 institutions during the years 2006 to 2008 that financial assistance should have been shown in the accounts as money recoverable. But it had not been so done. In addition, a sum of Rs.3,360,399 had been given to 12 Centres of the Vocational Training Authority of Sri Lanka in the preceding year for the purchase of equipment for the courses and the unexpended sum of Rs.1,414,588 out of that had not been shown in the financial statement as receivables.
- (b) Income from the sale of publications had been understated by a sum of Rs.389,500.

1:2:2 Lack of Evidence for Audit  
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The schedules, confirmation of balances, Board of Survey Reports, etc. required for the examination of the stock of Students Progress Report Books valued at Rs.493,539, deposits amounting to Rs.2,557,490 and the balances receivable had not been produced for audit.

1:2:3 Non-compliance with Laws, Rules, Regulations and Management Decisions

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The following non-compliances were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
(a) Establishments Code of the Republic of Sri Lanka ----- Chapter xiv Section 4.5	Disregarding the limits on the payment of combined allowance as specified in the Establishments Code on the payment of travelling allowance a sum of Rs.14,649 had been overpaid in 13 instances.
(b) <u>Public Administration Circulars</u>	
(i.) No. 26/92(1) 03 August 1994 and No. 01/2002 of 25 February 2002	The State Emblem and name had not been printed on all the Government motor vehicles excluding the allocated motor vehicles.
(ii.) No. 22/99 of 08 October 1999 – Paragraph 1.3.1(iii)	Six officers who should be provided with group transport facilities had been provided with motor vehicles separately for travelling.
(iii.) No. 13/2008 of 26 June 2008 Paragraph 7	Even though group transport facilities can be provided for a maximum of 50 kilometres out and back, transport facilities exceeding that limit had been provided to 02 officers.
(c) Public Enterprises Circular No. PED/12 of 02 June 2003. -----	
(i) Section 5.2.1	The forecasted statements of financial position and the cash flow statement had not been presented with the budgets prepared from the year 2009.

- (ii) Section 8.3.5(a) Allocation of motor vehicles by a Corporation in the “C” Grade could be made only for the Chairman, Chief Executive Officer and the Executive Directors. Contrary to that provision, the Deputy Director General of the Commission which falls under “C” Grade had been provided with a motor vehicle and had been paid fuel allowance amounting to Rs.496,800 at the rate of Rs.165,600 per year from the year 2010 to the year under review.

2. Financial Review

2:1 Financial Results

According to the financial statements presented, the operations of Commission for the year ended 31 December 2012, before providing for gratuity had resulted in a surplus of Rs.1,495,496 as compared with the corresponding surplus of Rs.1,575,803 for the preceding year. The deterioration of the financial result for the year under review by a sum of Rs.80,307 as compared with the preceding year had been due to the reasons such as decrease in the Treasury Grants and the increase in the expenditure.

3. Operating Review

3:1 Performance

3:1:1 Annual Action Plan

The Commission had failed to reach the targets of the Action Plan for the year under review and the details thereon are given below.

- (a) Even though provision amounting to Rs. 5 million had been made for the grant of financial assistance for 35 courses of the Vocational Training Institutions of the private sector and the Non-Governmental Organizations Sector, financial assistance had been granted only for 19 courses. The Director General of the Commission informed the audit in May 2013 that even though the grant of

financial assistance for 35 courses was expected, this situation had arisen from the larger amounts allocated as the equipment available with the institutions for the courses were below the expected level.

- (b) Even though plans had been made for renewal of the registration of 225 institutions in the year, the registrations of 211 institutions only had been renewed. That represented 93.8 per cent of the targets.
- (c) The targets for the accreditation of training courses, the applications received and the numbers evaluated and accredited in the year under review are given below.

Institutions Providing Training	Targeted Number of Courses	Applications made for Courses	Number of Courses Evaluated	Number of Courses Accredited	Accredited Courses as a Percentage of the Courses Evaluated %
National Apprenticeship and Technical Training Authority	400	31	27	18	
National Youth Services Council		45	66	31	
Department of Technical Education and Training		21	45	26	
Vocational Training Authority of Sri Lanka		138	244	130	
Other Government Institutions		53	27	9	
		<u>288</u>	<u>409</u>	<u>214</u>	52
Private and Non-governmental Organizations	50	89	89	57	64
	<u>450</u>	<u>377</u>	<u>498</u>	<u>271</u>	
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- (d) The information on the number of applications received from the institutions supplying training in the year under review for the renewal of accreditation of training courses, the number evaluated and the number of renewals of accreditations is given below.

Institutions Providing Training	Targeted Number of Courses	Applications received from Courses	Number of Courses Evaluated	Number of Accreditation of Courses Renewed	Accreditation Renewed Courses as a Percentage of Courses Evaluated %
National Apprenticeship and Technical Training Authority	96	02	05	04	
National Youth Services Council		--	09	06	
Department of Technical Education and Training		19	25	20	
Vocational Training Authority of Sri Lanka		26	40	38	
Other Government Institutions		04	--	--	
		51	79	68	86
Private and Non-Governmental Organizations	57	28	41	35	85

(e) National Vocational Qualifications Division

Even though the issue of 200 licences to the Evaluators had been targeted for the expansion and maintenance of the National Vocational Qualification System, the actual issues had been only 76 licences.

- (f) According to the Corporate Plan for the year 2012, plans had been made for conducting a survey of the Training Institutions maintained Island-wide. But that had not been done.

3:2 Management Inefficiencies  
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The following observations are made.

(a) Grant of Financial Assistance  
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- (i) There were instances wherein 10 Government Institutions, private institutions and Non-governmental Organizations provided with financial assistance in the preceding year had not carried out certain activities such as purchase of equipment, accreditation and the refund of unutilized money. Details appear below.

Institution -----	Value of Financial Assistance Obtained -----
	Rs.
National Youth Services Council	3,103,030
National Vocational Training Authority of Sri Lanka	7,382,110
Department of Technical Education and Training	4,119,919
Department of Industrial Development and Enterprises Promotions	383,850
Sri Lanka Institute of Printing	2,000,000
Private and Non-governmental Organizations	2,137,258

- (ii) Sixty eight courses of the State Sector in 15 districts for which financial assistance for accreditation amounting to Rs.19,213,747 had been granted from the year 2006 to 2010 had not been accredited even by March 2013.

- (b) According to Section 14 of the Tertiary and Vocational Education Act, No. 20 of 1990 Vocational and Training Institutions should be registered and renewed on time. Even though 2,300 institution had been registered since the establishment of the Commission 809 institutions only had renewed the registration in the year 2012.

- (c) Even though 20 researches had been conducted at a cost of Rs.1,955,835 in the years 2010, 2011 and 2012, the contribution for the achievement of the objectives of the Commission by the conduct of researches had been inadequate due to the reasons such as the non-determination of requirements, non-engaging of competent person non-implementation of reports, non-preparation of a methodology for the implementation of researches, non-signing of agreements for researches conducted by the officers of the Commission, non-submission of reports during the specified periods and the absence of supervision of researches which had been assigned to the Vocational and Technical University.
- (d) According to the agreement entered into with the University of Moratuwa and the Sri Lanka Institute of Tourism and Hotel Management for the preparation of Vocational Education and Training Plan for the Electrical and Electronics Industry (VET PLAN) the preparation and submission of the report had been delayed by 7 months and a year respectively. The liquidated damages recoverable in terms of the conditions of the agreement amounting to Rs.105,000 and Rs.205,920 respectively had not been recovered.

3:3 Resources of the Commission given to other Government Institutions  
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An employee recruited on 02 January 2012 contrary to the provisions in the Public Enterprises Circular No. PED/12 of 02 June 2003 had been attached to the line Ministry since the date of recruitment and the Commission had paid a sum of Rs.328,302 as salaries and allowances in the year under review.

3:4 Staff Administration  
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The particulars of the approved and the actual cadre of the Commission as compared with the preceding year are given below.

Particulars	2012			2011		
	Number Approved	Actual Number	Number of Vacancies	Number Approved	Actual Number	Number of Vacancies
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Executive Grades	31	23	08	26	23	03
Clerical and Allied Grades	32	26	06	30	22	08
Junior Grades	19	16	03	17	16	01
Casual and Temporary	01	01	--	01	01	--
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	83	66	17	74	62	12
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4. Accountability and Good Governance

4:1 Budgetary Control

The budget for the year under review had been revised. The variances between the amounts shown in the revised budget and the actual amounts ranged between 15 per cent to 56 per cent. Therefore the budget had not been made use of as an effective instrument of management control.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director General of the Commission from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Financial Control
- (c) Motor Vehicles Utilization
- (d) Staff Management
- (e) Budgetary Control