

## Head 126– Ministry of Education

### 1. Financial Statements

#### 1.1 Audit Opinion

The audit of the financial statements of the Ministry of Education for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 29 May 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry was issued to the Chief Accounting Officer on 27 May 2019 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements give a true and fair view of the Ministry of Education as at 31 December 2018 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

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAUSs). My responsibilities, under those standards are further described in the section of Auditor’s Responsibilities for the Audit of the Financial Statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### 1.3 Responsibilities of Chief Accounting Officer on 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 on Audit of Financial Statements**

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

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

- 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.
- It is not intended to express an opinion on the effectiveness of internal control of the Ministry to plan appropriate audit procedures in a timely manner.
- Evaluate Structure of Financial Statements including disclosures and content-based transactions and events the structure that the financial statements are appropriate and reasonable.
- That the transactions and events underlying the structure and content of the financial statements are appropriately and fairly when submitting financial statements as a whole.

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

## 1.5 Report on Other Legal Requirements

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

- (a) As there was no need to prepare financial statements for the previous year, it was impossible declare the financial statements for the year under review were consistent with those of the previous year.
- (b) As there was no need for the Ministry to prepare financial statements for the previous year, the recommendations for the financial statements of the preceding year had not been furnished.

## 1.6 Comments on Financial Statements

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### 1.6.1 Other Receipts

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Audit Observation	Recommendation	Comments given by the Chief Accounting Officer
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The Ministry had received a sum of Rs. 2,143.6 million as Other Receipts for the year ended 31 December 2018. Even though it was stated that the revenue was collected under 07 Heads, a detailed analysis of these sources of revenue had not been submitted to the audit.	Actions should be taken to analyze the Other Income and to furnish.	Since the Secretary of Education does not act as the Revenue Accountant for these Revenue Heads, analysis has not been submitted.

### 1.6.2 Deposits

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Audit Observation	Recommendation	Comments given by the Chief Accounting Officer
Although the deposits for more than two years from the date of deposit should be credited to the State Revenue as per the Financial Regulation 571, actions had not been taken to credit 5 sundry deposits over two years amounted to Rs. 68.8	Arrangements should be made in compliance with the Financial Regulations 571.	Actions are being taken to settle the balance of Rs. 68.8 million for more than 2 years in the deposit accounts.

million to the State Revenue.

### 1.6.3 Property Plant and Equipment

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#### **Audit Observation**

The balance of property, plant and equipment as at 31 December 2018 was Rs. 151,170.5 million and although this was physical balance based value as at that date, it did not match with the balances of the books.

#### **Recommendation**

Actions should be taken to bring the accurate figures in the final accounts.

#### **Comments given by the Chief Accounting Officer**

Although the values of property, plant for the year and equipment ended 31 December 2018 should be equal to ledger balance in the CIGAS programme and the BOS report balance it is not so happened. The values of all the assets were removed from the CIGAS programme and re-entered as advised by the Department of State Accounts in August 2018.

### 1.6.4 Advance Account Balances

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#### **Audit Observation**

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The balance receivable as per the Reconciliation Statement was Rs. 184.9 million and within that there were the balances remained for more than 05 years amounted to Rs. 89.7 million from the officers who had station transferred, retired, deceased, left their services, interdicted and the other employees. Details of the officers who had left the service were not available in the Establishment Branch.

#### **Recommendation**

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Actions should be taken in terms of the Establishments Code and the Circulars to recover the outstanding balances.

#### **Comments given by the Chief Accounting Officer**

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Information has been submitted to the Department of Pensions to recover the balances of debts of the retired officers and certain loan balances have been settled.

### 1.6.5 Non-compliance with Laws, Rules and Regulations

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The instances of non-compliance with the Laws, Rules and Regulations observed during the audit test checks are shown below.

	<b>References to Laws, Rules and Regulations</b>	<b>Non-compliance</b>	<b>Recommendation</b>	<b>Comments given by the Chief Accounting Officer</b>
(a)	Ministry Circular No. 2008/37 of 19 September 2018	As there was not proposed a specific procedure for enrolling students for intermediate grades in terms of Section 3.4 of the Circular, it was observed in the audit that the principals of schools are setting their own criteria for giving marks.	Actions should be taken to formulate a specific system for enrolling students for intermediate grades in schools.	The Circular 2008/37 is currently being revised by now. A systematic marks system is to be introduced to select students for intermediate grades.
(b)	Ministry Circular No. 1964/27 dated 20 November 1964 and the letter of the Past Pupils' Association dated 21 June 1996	Although the Principal should be appointed as the President of the Past Pupils' Association, it had been observed that there were 15 occasions unavailability of such appointments made.	Establishment of Past Pupils' Association, make appointments of officers and providing supports to schools should be carried out in terms of the Circular.	There are some court cases pertaining to the principal not being the president of the Old Boys Association (eg. Maliyadeva Balika Vidyalaya, Kurunegala) and actions will be taken after receiving the those decisions.
(c)	Guideline for School Libraries and Learning Resource Centers dated 25 April 2008.	Some schools did not comply with the pertaining instructions and 25 such cases had remained during the audit test check carried out.	Actions should be taken in accordance with the Guidelines.	The Guideline was revised with two main objectives.  1. Establish a legal background in auditing, supervision and management

activities,  
introducing a  
system to  
eliminate the use  
of library books,  
and conducting  
supervision and  
inquiries in  
compliance with  
instructions.

2. Since there are the  
instances where  
the disposal  
process does not  
work, after the  
recruitment of the  
Reading  
Promotion  
Officers as  
planned, they will  
be given training  
on this Guideline.

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| <p><b>(d)</b> Section 42 of Part viii of National Audit Act No. 19 of 2018</p> | <p>The replies had not been given for 15 audit queries valued at Rs.112.2 million submitted to the Ministry of Education by the date of this Report and the time period elapsed was from 01 to 14 months after issuing these queries.</p> | <p>Action should be taken to respond to audit queries in the specific time period.</p> | <p>The officials have been made aware to respond immediately to unanswered audit queries in 2018 and 2019.</p> |
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### 1.6.6 Improper Transactions

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The following observations are made.

Audit Observation	Recommendation	Comments given by the Chief Accounting Officer
<p>(a) Even though any amount could not be charged other than facilities and service charges and school development society fees as per the Ministry of Education Circular No. 2008/17 dated 30 April 2008, without complying to that a sum of Rs.2.8 million had been collected from 193 students enrolled for the 2020 Advance Level at a leading boys' school in Southern Province. This money were not credited to the School Development Society Account and had been deposited in bank accounts in the names of parent committee members.</p>	<p>Arrangements should be made to take disciplinary action on non-compliance with the existing written instructions.</p>	<p>It is the responsibility of the principals to prepare the Budget of the National Schools and obtain approvals thereon. The Circulars 19/2019 and 05/2015 dated 09.04.2017 have been enacted making provisions for prohibiting charge of money. As per the complaints received in respect of informal collection of funds from students all National School principals have been made aware of in general,</p>
<p>(b) The Past Pupils' Associations should be established as per the Circular No. 1964/27 dated 20 November 1964 and the Past Pupils' Association letter dated 21 June 1996. As per the information presented, a sum of Rs. 129.19 million had been collected by the Past Pupils' Associations of 18 schools in the year 2018 and of which 23.99 million had been incurred on activities in 09 schools. A sum of Rs. 69.93 million which had been collected from the past pupils' associations of 09 schools had not been spent for any activity in those schools. There were a fixed deposits of Rs. 19.77</p>	<p>The school development activities of the Old Pupils' Association which collects funds for school purposes should be monitored</p>	<p>Planning projects to enhance the welfare and performance of the schools by the Past Pupils' Associations and obtaining of the approval of the Director of National Schools through the Principal of the National School is also being done. Apart from this, there is no direct supervision of the National School Branch in respect of the finance activities of the Past Pupils' Associations.</p>

million in the Past Pupils' Associations in 06 schools.

## 2. Financial Review

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### 2.1 Imprest management

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments given by the Chief Accounting Officer</b>
The imprests applied for the year was Rs. 98,266.87 and the imprests granted by the Treasury was Rs. 64,229.22 million. The total receipts amounted to Rs. 68,872.77 million and as a result of the total expenditure was Rs. 74,990.33, the deficit for the year was Rs. 6,117.56 million Accordingly, proper mprest management had not been carried out by the Ministry.	Actions should be taken to formulate accurate plans and manage imprests accordingly.	The facts of the Paragraph have been accepted.

### 2.2 Expenditure Management

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments given by the Chief Accounting Officer</b>
(a) A provision of Rs. 57 million obtained by the Supplement for 04 capital objects had been totally saved.	The provisions made by Supplementary Estimates should be deployed with proper management.	Problems occurred when the acquisition of lands at the Modern English Teacher Training Center and not commencing and non-completion of procurement activities and have resulted in savings.
(b) Provision of Rs. 4,805.1 million in 04 recurrent objects had remained 100 per cent. A sum of Rs. 4,652.99 million had remained with respect to 09 objects ranging	The provisions made for the year should be utilized effectively according to a plan.	A 100 per cent of the provisions had saved due to the reasons such as providing accident and medical insurance cover for artists by the Tower Hall

from 50 per cent to 99 per cent.

Theater Foundation, failure to make requests for foreign travel in relation to secondary education, not making procurement activities pertaining to obtaining computer on rent basis, non- submission of applications for granting credit facilities to teachers of Government Assisted Schools before the end of the year.

(c) Net provision for capital -do- expenditure was Rs. 41,879.95 million and of which a sum of Rs. 5,462 million or 100 per cent relating to 21 objects, had been saved. That was 13 per cent of net provisions. Out of Rs. 10,718.1 million, which was the net provision made available for 39 objects Rs. 7,342.59 million had saved. It was being from 50 to 99 percent.

Make payments through recurrent expenditure, not obtaining Decisions of Cabinet of Ministers, postponing tasks to the next year, disagreements on plans, failure to submit bills were the reasons for the savings of provision of 100 per cent and the savings from 50 per cent to 99 per cent.

### 3. Operating Review

#### 3.1 Planning

##### Audit Observation

As a result of actions were not taken to comply with the Public Finance Circular No. 01/2014 dated 17 February 2014 for 3 to miscellaneous projects. Facilitate the school activities including 17 activities of the Sports Branch planned for the year 2018 only a sum of Rs. 232 million had been spent out of the Rs. 1,738 million which

##### Recommendation

Actions should be taken to measure the performance of the activities by practically observing whether the activities are according to plan.

##### Comments given by the Chief Accounting Officer

The relevant officers have been made aware to take steps to implement a systematic mechanism more formerly and efficiently to overcome deficiencies.

was estimated.

### 3.2 Failure to Perform Duties

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The following observations are made.

Audit Observation	Recommendation	Comments given by the Chief Accounting Officer
<p><b>(a) Formulation of a National Education System and a National Education Policy</b></p> <p>-----</p>		
<p><b>(i)</b> The task of creating a national education system in a manner that would enable to gain access to global competitiveness with confidence as per the task of the Ministry of Education could not be fully achieved.</p>	<p>An education policy for Sri Lankan education should be formulated to match to the present.</p>	<p>Steps such as diversification of curriculum, provision of human, physical and infrastructural facilities to subjects which should be prioritized according to the national interest and to reform the 13 year certified education policy, reforming of examination and evaluation have been taken.</p> <p>Actions are being taken to further develop it.</p>
<p><b>(ii)</b> Even though the National Education Commission had made recommendations in the years 1992, 2003 and 2016 in accordance with the provisions of the National Education Commission Act No. 19 of 1991 dated 19 April 1991, a National Education Policy had not been prepared even by the end of 2018.</p>	<p>-do-</p>	<p>-do-</p>
<p><b>(iii)</b> The right to supervise and</p>	<p>-do-</p>	<p>-do-</p>

manage the pre-schools had been vested to the Ministry of Education as per the Article 2 relating to education in Appendix III of the 13th Amendment of the Constitution, a National Policy for Pre-Schools which was identified as a major activity of the Ministry of Education had not been formulated and implemented.

**(b) Educational Reforms**  
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| <p>(i) It has been impossible to establish the National Supervisory Authority in accordance with the Performance Report 2017 and to carry out its' objectives even by the end of the year under review.</p> | <p>Actions should be taken to accomplish specific tasks for Education Reforms.</p>  | <p>Cabinet Memorandums were submitted and the approval has been received. Actions are being taken to draft a Cabinet Memorandum again and forward it to the Hon. Minister of Education to establish the Board of Education Accreditation and to obtain the approval of the staff accordingly.</p>   |
| <p>(ii) The details were unavailable as per the actions were taken to formulate the concept paper relating to uplift the number of National Schools and to select criteria.</p>                             | <p>Introduce the relevant criteria and regulatory requirements should be made to ensure to the highest quality existing National Schools.</p> | <p>The Cabinet Memorandum has been submitted to the Cabinet of Ministers in accordance with the National School Policy and as per the Decision received, the National Policy relating to the establishment of new National Schools and the promotion of the Government Schools under the Provincial Councils as National Schools has been presented to the Cabinet of Ministers on 09 May</p> |

2019.

**(c) Commencing and Closing of Schools**

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According to the Census Reports 2018, a number of 101 schools in 21 Districts had been closed and 31 of them due to lack of students, 45 depending on the situation in the country, 21 under the causes was unreported and 04 for other reasons thereof had been closed . The following observations were made in this regard.

Actions should be taken to introduce specific criteria for the commencement of new schools and closing schools as well. Answers will be submitted in future.

- (i) It was observed that 10 schools within the 31 schools that had been closed due to lack of sufficient number of students, had been closed non-compliance with Section 3.2.6 of the School Structural Advisory Code.
- (ii) Any application relevant to the year 2019 for the Grade 1 in 78 schools had not been furnished.
- (iii) Thirty eight schools were temporarily closed during the year 2018 and there was no clear policy on assets such as furniture, equipment and buildings in closed schools.
- (iv) Although commencement of a new school should be made in terms of Paragraph 2 of the Guideline for school structured instructions, as per the statistics of 2018, it was not ascertained that 17 new schools in 14 Districts had complied with the above Guidelines.

- (d) One of the main objectives of the Ministry was to monitor international schools in accordance with the National Education Policy. Even though no person shall establish Private Schools for the education of children who are between the age of 05 years and the age of 14 years in terms of Section 25 of Assisted Schools and Training Colleges (Supplementary Provision) Act No. 08 of 1961, the International and Private Schools had been established without complied to the Act.
- The need for proper supervision and regulation of the present rapidly growing Private and International Schools should be considered as an essential matter.
- Even though the Cabinet Memorandums have been submitted since 2001 for the Amendments of Legal Provisions in terms of Section 25 (1) of Assisted Schools and Training Colleges (Supplementary Provision) Act No. 08 of 1961, those terms have remained the same.
- Supervision of International Schools in accordance with the National Education Policy and Regularizing of International and Private Schools after amending the relevant legal provisions and formulating necessary regulations.
- (e) There were 24 measures planned to increase male retention rates up to Grade 11 from 87 per cent in 2017 to 88 percent in 2018. Eight measures thereof had not been fulfilled.
- The Ministry of Education should prioritize the activities identified as Key Performance Indicators in planning the process.
- As proposed in the Budget 2017, actions were taken to provide the benefits of Agrahara Insurance Scheme to teachers who receive government teachers, salaries in government approved Private Schools. Answers for not functioning of other procedures will be submitted in future.

### 3.3 Foreign Aid Projects

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Audit Observation	Recommendation	Comments given by the Chief Accounting Officer
Laptop computers had been purchased in contrary to the Section 2.14.1 of the	To achieve the objectives of the foreign aid projects, actions should be taken to	It is accepted that the maximum limit stated in Supplement 33 is over eighteen million when

Procurement Guidelines for the Transforming the School Education System as the Foundation of a Knowledge Hub Project. There were the deficiencies such as no proper selection of suppliers and the relevant supplier violates the terms of supply, not printing of Manuals and Guidelines relating to Teacher Professional Development, delays in construction and repairs and failure to comply with the estimated value. There were also shortcomings of not recognizing the needs provided to schools to promote learning and distribution of the remaining Rs. 129.27 million to schools without a plan after completion of that project on 30 June 2018.

utilize effectively by combining these two managing those aids. procurement functions.

With the objective of completing the procurement process prior to the expiration date of the World Bank Aid Project dated 30 June 2018, purchasing of goods to the Ministry Stores and payment of the procurement has been completed.

### 3.4 Local Funded Projects

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Audit Observation	Recommendation	Comments given by the Chief Accounting Officer
<p>(a) Since the allocated, applied and received provisions under ‘The nearest school is the best school Project’ for the year 2018 were Rs.22.086 million, Rs.34.542 million and Rs. 13.129 million respectively, arrangements had not been made as per the Plan. The two Bid Guarantees and the Performance Guarantees submitted by 04 construction contracts and two in Central Province were forged and false certificates had been</p>	<p>To achieve the objectives of the projects, action should be taken to follow up the plans and effectively, efficiently and economically utilized the funds.</p>	<p>The priorities of these requirements were called for in the schools mentioned in the observation, even if to consider the project was further funded as originally planned, secondly, it was unable to take action with regard to the priorities obtained by the principals. The needs of schools in the original procurement plan were also determined only after consultation with the</p>

furnished that the time were extended for two guarantees amounted to Rs. 7.26 million. Two projects with the estimated value of Rs. 73.01 million whereas the construction was stopped and physical progress was at a minimum level the estimated and the existence if the constructions valued at Rs. 7.14 million were threatened due to low quality and the constructions made at unsuitable places. The buildings which were built three years ago valued at Rs. 38.16 million had remained inactive due to not providing equipment.

provincial authorities and principals. Necessary steps will be taken to improve the attitudes and skills at the workshops for the Principals of National Schools.

By random supervision performed after the preparation of an annual school supervision plan is specifically looked into with regard to the quality of schools.

**(b) Suraksha Students' Insurance Cover**

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As per the Agreement for the first time entered into between the Ministry of Education and the Insurance Corporation of Sri Lanka on 07 September 2017 for every 4.5 million students in the age group of 5 to 19 years for the coverage of Rs. 2 Lakhs for each student under Suraksha Students' Insurance Coverage, the agreed contract value from 01 October 2017 to 30 September 2018 with tax was Rs. 2,700 million. The contract period was extended to 30 November 2018 and between November 2017 and 30 November 2018 students were paid only 18.96 per cent of their contractual value as insurance benefits.

Establish a programme where all school students can easily get the benefits of insurance.

There were 47,029 insurance claims received from 01 October 2017 to 30 November 2018 and out of this, a sum of Rs. 512.16 million had been paid as benefits to 40,978 students. The agreement for Suraksha Student Insurance Cover from 01.12.2018 to 30.11.2019 had been signed with the Allianz Lanka (Pvt) Ltd. on 03.04.2019.

### 3.5 Management Weaknesses

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The following observations are made.

Audit Observation	Recommendation	Comments given by the Chief Accounting Officer
(a) Thirty five items valued at Rs. 14,152.6 million or 79.45 per cent out of the value stated in the Procurement Plan for the year 2018, had not been completed and 10 items valued at Rs. 204.2 million had been cancelled.	Arrangements should be made to plan the activities expected to be completed during the year and finish within the specified timeframes and to obtain the desired physical progress and productivity.	Answers will be furnished in future.
(b) The interviews for recruiting principals for National Schools were conducted and due to actions were not taken as per the provisions of the Circular No: 23/2011 of the Ministry of Education it had been cancelled by a letter from the Secretary of the Educational Services Committee in Public Service Commission. Accordingly, the amount incurred on this purpose amounted to Rs.1,153,655 which was an unnecessary expense spent on it.	Prompt attention should be given to appoint permanently and filling vacancies in National School Principals that had unresolved for many years.	A sum of Rs. 736,000 has been incurred as advertisements, food and allowances for the interviews. English and ability of technical subject matter were highlighted in the year 2018 interviews. Steps have been taken to recruit 1,918 Class III officers and actions will be taken to promote them according to the Article Provisions. Due to failure to complete language proficiency, it has been impossible to grant promotions from Grade II to Grade I.
(c) Even though the 11 officers of the Education Administrative Service were attached to the Pool Unit from the year 2016 to 2018, actions were not taken to complete the disciplinary inquiries pertaining to them. By that time, there were 10 vacancies in the	Necessary steps should be taken properly to complete the disciplinary inquiries and fill the existing vacancies immediately.	There were 10 posts of Director of Education have been in vacant during the period from 2015 to December 2018 and the officers are to be appointed in future.

posts of Education Administrative Service.

**(d) Enrolling of Students**

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- (i) There were no specific guidelines, procedures or instructions for enrolling the children of professionals or officers to popular schools. Only certain professionals and officials were allowed to do so, and a general policy with regard to that had not been introduced.
- Through Providing a common mechanism and policy for enrolling students into schools and equal opportunities should be created for all students.
- Students are enrolled to Popular Schools based on the approved criteria for various professionals under the special approval of the Minister of Education (Transfer basis). It is specially emphasized that the schools have to enroll the students beyond their limits. Necessary initial steps will be taken to prepare a general circular for this purpose.
- (ii) It had been stated that the maximum number of students in a parallel class is 40 in a primary grades in a National School and the maximum number of students required to be in a parallel class in the secondary grades was 45 in terms of the provisions of the Circular No. 2008 /37 dated 19 September 2008 of the Secretary to the Ministry of Education and also stated that at the instance of enrolling children into grade one the total number of students to be selected per class was 39 in terms of Section 3.1 of the Revised Circular No. 17/2016 dated 16 May 2016. As observed in the course of the
- Actions should be taken to minimize the opportunities of enrolling students to intermediate grades beyond the existing school facilities and the limitations specified in the circular instructions.
- Requests for admission of students to the intermediate grades in national schools are referred to the principals of those schools and to act according to the Circular 2008/37 in respect of vacancies in the intermediate grades except 1, 5, 6 is the general mechanism.
- Under the special approval of the Minister of Education (Transfer basis), students are enrolled to Popular Schools based on the approved criteria for various professionals. It is

inspection, a number of 6,337 students in 109 national schools in the year 2017 and 3,339 students in 73 schools had been enrolled in the year 2018 exceeding these limits.

specially emphasized that the schools will have to enroll students beyond their limits. Enrolling of students to intermediate grades in 2019 has been temporarily suspended on the orders of the Minister of Education.

- (e) As per project proposal of the Ministry of Education to create a healthy generation with good physical and mental balance and to transform students with sports talents into athletes the approval had been received from the Department of National Planning and the Cabinet of Ministers. A sum of Rs. 18,394.5 million had been estimated to be implemented within the next 05 years from 2016 with 7 objectives to improve the physical fitness of the students. This programme had not been implemented in the year 2016 and a provision of Rs. 250 million for the year 2017 a provision of Rs. 300 million for the year 2018 had been received. Out of the Rs. 300 million received in the year 2018, only a sum of Rs. 99 million had been incurred.
- Arrangements should be made as intended in programme to improve the physical fitness of all students in order to establish a physically and mentally balanced system of education considering as a national interest.
- Preparing and submitting an Action Plan for the Sports Development Programme from 2019 to 2025. Calling instructors with the principals of sports schools and providing an accurate report on their performance and shortcomings. Preparing and submitting files with details on sports related requirements of all schools.
- (f) There were 10,284 students studying in Special Education Units in 112 National Schools and 704 Provincial Schools and there were 1,189 teachers in these units and 597 teaching vacancies had remained in relevant to nine Provinces. A number of 158 teachers recruited in other subjects are taught and 189 appointed in
- Specially trained teachers should be adequately occupied to teach special needs students in special education units.
- The approval of the Cabinet of Ministers has been received to recruit for the vacancies and the approval of the Public Service Commission has been made. To stop the salary increments of teachers who do not comply with the

relation to special education units were in the schools where were unavailable of special units and 54 were assigned to other classes even there were special units exists. Although there are 98 students with special needs at the Jesu Bilinda's Convent National School in Ratnapura, a special education unit was not established in the school and, the teacher who was the only one for the special education had been assigned to the Embilipitiya Central College.

Circular No. 42/2012 of 23 November 2012 and steps have also been taken to comply with the instructions in the letter of the Secretary of Education No. ED/9/18/8/2/6 dated 17 May 2017. There is no Special Education Unit established at the Jesu Bilinda's Convent National School, Ratnapura.

**(g) Activities in National Schools**  
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| <p><b>(i)</b> Actions had not been taken to minimize the shortages of 1,359 teachers for 1,069 subjects in 113 National Schools and the 898 excesses of teachers for 584 subjects. The number of teachers who had exceeded 8 years were 2,276 in 115 National Schools.</p> | <p>Measures should be taken to minimize teacher shortages and excesses and arrangements should be made to implement the Annual Transfer Scheme.</p>                                  | <p>The excesses and shortages were available due to the issues in the recruitments of teachers, difficulties in providing teachers for new subjects and as there are not enough teachers for certain subjects when recruiting new teachers in schools. It is in due to transfer depending on the subjects from the year 2020.</p> |
| <p><b>(ii)</b> Out of the 118 National Schools, subjects other than the subjects assigned to them were given to 601 teachers from 107 schools and 44 teachers who have not received primary teacher trainings had been assigned to 21 schools.</p>                         | <p>Teachers who have been assigned to specific subjects should be assigned to those subjects and teachers who have received primary training should be assigned to those grades.</p> | <p>-do-</p>   |
| <p><b>(iii)</b> Although the number of periods per week for Deputy and Assistant Principals and</p>  | <p>-do-</p>  | <p>Principals of all National Schools have been made aware at the</p>   |

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| <p>Teachers should be 10, 12 and 35 respectively, the number of teachers who were not assigned any task only in the year 2018 were 139, 42 and 549 respectively.</p>  | <p>Academic Staff Determination Workshop held on 22, 25, 28 June and 02 July 2018 regarding teaching periods for Deputy Principals.</p>   |
| <p>(iv) Ninety non-academic staff members were recruited and making payment by the School Development Societies in 30 schools out of the 118 National Schools and the total amount paid to them in the year 2018 was Rs. 11.78 million.</p> | <p>Arrangements should be made to provide adequate non-academic staff to schools and actions should be taken to occupy them to serve in maximum.</p> <p>As the number of non-academic staff employed by the Ministry of Education is not sufficient for some National Schools, the approval is granted by the Ministry of Education to obtain services on payment basis of the School Development Society. The Principals in National Schools were called in groups and advised on financial matters.</p> |
| <p>(v) There was a shortage of 1,034 non-academic staff members in 102 out of 118 national schools.</p>   | <p>-do-</p>   |
| <p>(vi) There were considerable numbers of National Schools with minimum number of students.</p>  | <p>-do-</p>   |
| <p>(vii) Only 42 Out of 118 National Schools had invested a sum of Rs. 149.25 million in fixed deposits as at 31 December 2018.</p>   | <p>-do-</p>   |
| <p>(h) As a result of the selection of the same group of contractors for school construction, it was observed that there were unusual delays and shortcomings in the constructions valued at Rs.106.6 million of these schools.</p>         | <p>It should not assign a large number of constructions to the same contractor and the supervisions should be carried out on handing over the contracts and the execution as per the The Provincial Director of Education of Sabaragamuwa, who is responsible for the procurement of the construction of Seevali Vidyalaya, Ratnapura, has been asked to</p>  |

plans during the time periods.

complete and returned the answer again.

It was also decided to call the Director of Sabaragamuwa Provincial Education for a discussion.

- (i) Nearly one-third of the total number of students who sat for the ICT subject had failed in the last few years. According to the statistics of the Department of Examinations., nearly 1/3 of A/L students who had studied Physics, Chemistry, Combined Mathematics, Logic and Scientific Method and Science for Technology had failed in the year 2017. Nevertheless, no proper programme has been take in place to identify the cause for it and there was no formal programme to solve this matter. There were 52 vacancies for teachers of English Literature, French, Russian and Japanese and the teachers had not been recruited in the last five years for Russian and Japanese. There were no training programmes for English Literature teachers from the year 2014 to 2018. Existence of teacher vacancies and non-availability of teacher training programmes had affected to the decline in the academic level of the students.
- Identify the shortcomings in the structure through an evaluation of the overall results and corrective measures should be made after proper study. Attaching a sufficient number of teachers to teach the subjects, providing teacher training as needed and identifying subject issues through monitoring the teaching of subjects, accordingly, remedial measures should be taken to ensure that quality teaching is carried out.
- The number of students who failed Physics were 32.64% , the number of students who failed Chemistry were 30.83%, the number of students who failed Combined Mathematics were 33.94%, the number of students who failed Logic and Scientific Method were 33.45%, and the number of students who failed Science for Technology were 29.67% in the year 2017. Being functioned with each subject sections considering the failure rates are carrying out by the relevant officers.
- (j) Out of the total number of 10,162 schools in the country, there were 3,499 schools with permanent library facilities, 2,185 with reading rooms and 3,314 with temporary libraries in schools.
- Measures should be taken to develop library facilities to all students and to appoint qualified personnel to the libraries.
- (a) Various reading methods such as class libraries, library cupboards and book boxes have been

Only 34 percent of schools had permanent libraries and while 1,164 schools had no libraries or similar reading space. Although the 80 Directors of Library Subjects in 98 Zones of 9 Provinces had been trained by incurring a sum of Rs. 3.63 million in the year 2018 under 3 stages by the Ministry, the effectiveness of this training had not expanded to schools through Provincial Officials. Out of 2,607 employed librarians in schools, 1,906 were not the qualified officers for the post of Librarian.

introduced to small schools with fewer students. A number of books are available for reading in every school in the island.

(b) The results of the training for officers are given to the officers in below hierarchy at provincial level workshops and onsite inspections. This will take some time.

(c) The point of view you make will be correct with new recruitments.

(k) As per the objectives of the Sisu Aruna Educational Fund which was commenced in the year 2001 actions should be taken to provide scholarships when the value of Rs. 2.5 million is completed. That had been Rs. 2.6 million by the end of the year 2015 and even though it had remained exceeding the amount of Rs. 4.4 million in the Fund by 31 December 2018, arrangements had not been made to award scholarships until 2019. Since there was no proper supervision of the Ministry Officials, the name of that Company was removed.

Arrangements should be made to award the scholarships which was the intended primary objective of the Fund.

As the name of the Company has been removed, the relevant property and rights were vested to the Treasury.

When it was inquired from to the Attorney General's Department, it was advised to work with the relevant authorities to re-establish the above company or to consult the Secretary to the Treasury regarding the releasing of Funds to the relevant scope. The observations have been made that it is appropriate to allocate

- a separate budgetary allocation and proceed further in the National Budget for these purposes. Accordingly, a request was made to credit this Fund to the Consolidated Fund of the General Treasury and to release money for another scholarship programme being implemented by the Ministry.
- (I) An Education Management Information System (EMIS) was established with the assistance of the University of Moratuwa to prepare a Data Base with Teacher Information and a sum of Rs. 64.06 million had been spent from the Educational Knowledge Society Project (EKSP) Fund for the during the period from March 2011 to 31 December 2014 . Even though a sum of Rs. 14.78 million had been paid to the University of Moratuwa, it had been impossible to utilize the system effectively even by the end of the year under review.
- Preparation of a database of teachers and students information, which has been in operation since 2011, should be completed immediately.
- Data of all teachers, Piriven teachers, teacher assistants, are included in the Human Resources Management System for Teachers. It is expected to issue the circular and instructions for regulating the system for day to day use.

#### 4. Achieving Sustainable Development Goals

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments given by the Chief Accounting Officer</b>
Although the National Education Commission was aware of the United Nations 2030 Agenda for Sustainable Development, arrangements had not been made to include the Sustainable Development Goals related to its functions and incorporate the programme into the plans to achieve those goals and to identify the milestones and the indicators for measuring the attainment of the targets.	Necessary Plans should be prepared and implement them practically for achieving the Sustainable Development Goals for Education in 2030.	Comments were not given.

#### 5. Good governance

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments given by the Chief Accounting Officer</b>
<p><b>(a) Performance relating to Disciplinary and Investigations</b></p> <p>There were 333 disciplinary issues which were not resolved and out of that 16 were related to Faculties of Education, 20 to Ministry and 59 to Colombo District Schools by the end of the year under review. Nine of these problems were 7 years, 30 were 05 years and 128 were 2 years to 5 years period had elapsed. There were 19 child abuse investigations, 42 financial malpractice investigations and 62 school student admissions. These problems were resolved promptly and necessary measures were not taken to mitigate the risk of recurrence.</p>	<p>Necessary steps should be taken to resolve the disciplinary issues which are added in huge number.</p>	<p>The number of disciplinary issues those have not resolved with regard to the National Schools, Ministry, Faculties of Education by the end of the year under review was 397. Out of the files those were not completed as at 31.12.2018 only 333 files are available as at 30.04.2019. Of the above issues, the number of unresolved issues was 16 relating to</p>

the Faculties of Education. The numbers of examinations with regard to the schools in Colombo District are 77. There are 59 files remained as at 30.04.2019 and out of that the number of files related to the Ministry of Education was 20.

- (b) There were 133, 131 and 110 public representations respectively in the years 2016, 2017 and 2018 respectively in relation to the difficulties faced by the Ministry of Education in the performing of services. Most of the public representations related to student admissions, violation of rules and regulations, financial and administrative irregularities were in it.
- Remedies should be applied to minimize the amount of representation submitted to the audit on financial, administrative and disciplinary matters.
- The awareness workshops have been held for subject directors and the staff officers to use the computer system more efficiently for conducting services to the public properly, All sections of the Ministry have been made aware on the issues raised regarding the Public Day and the steps to be taken to explain further in this regard.

## 6. Human Resource Management

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments given by the Chief Accounting Officer</b>
Updated staff information as at 31 December 2018 had not been submitted to the audit. Accordingly, it was observed during the course of the audit that there was no evidence of the existence of a systematic and updated database for the Ministry of Education.	Actions should be taken to update all the staff information correctly in relation to the Ministry and submit to the audit annually.	The details of all occupied staff in the Ministry updated as at 31.12.2018 has been attached.

