

Head 215-Department of Technical Education and Training

1. Financial Statements

1.1 Unqualified Opinion

The audit of the financial statement of the Department of Technical Education and Training for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The summary report including my comments and observations on the financial statements of the Department of Technical Education and Training was issued to the Accounting Officer on 10 June 2020 in terms of Sub-section 11 (1) of the National Audit Act No. 19 of 2018 and the Detailed Annual Management Audit Report relevant to the Department of Technical Education and Training in terms of Section 11 (2) of the National Audit Act No. 19 of 2018 was issued to the Accounting Officer on 10 November 2020. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the accompanying financial statements prepared in accordance with the State Accounts Circular No. 271/2019 dated 03 December 2019, give a true and fair view of the financial position of the Department of Technical Education and Training as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Unqualified Opinion

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

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

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

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

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

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

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

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

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

1.5 Report on Other Legal Requirements

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

- (a) Since there was no need for the Department to prepare financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were consistent with the preceding year.
- (b) Since there was no requirement for the Department to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

2. Financial Review

2.1 Commitment to Obligations and Liabilities

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Audit Observation	Recommendation	Comments of the Accounting Officer
<p>In terms of the Financial Regulation 94 (1) (non-supplies and services), should not be committed for liabilities exceeding the provisions. It was observed that during the sample check conducted during the year under review, the provisions relating to 11 expenditure items had exceeded the provisions and committed for liabilities amounted to Rs. 4,783,616.</p>	<p>Should not be exceeded provisions and committed for liabilities as per Financial Regulation 94 (1).</p>	<p>Had to incur essential expenses.</p>

2.2 Deposit Balances

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>At the end of the year under review, the value of overdue deposits under 2 deposit accounts in respect of 38 occasions was Rs. 4,327,064.</p>	<p>Should act in accordance with the provisions of Financial Regulation 571 regarding deposits exceeding 2 years.</p>	<p>No reply was made.</p>

3. Operational Review

3.1 Assets Management

Audit Observation	Recommendation	Comment of the Accounting Officer
Board of surveys had not been conducted on fixed assets acquired from the Technical Professionals Training Institute (TITP) since 2018 and reports had not been submitted to the Auditor General.	Board of survey should be carried out covering all sectors and reports should be submitted to the Auditor General.	No reply was made.

3.2 Performance

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Details of the results of the examinations released in relation to the examinations conducted in the years 2018 and 2019 were not submitted for audit.	An updated information system should be maintained.	No reply was made.
(b) The total number of students enrolled for the 18 free of charge courses and fee-based courses during the year under review was 30,724, and 4875 respectively and out of that 7,240 and 1832 had left the courses respectively and the dropout rate was 24 percent and 37 percent respectively.	The reason for Students dropping out should be identified and action should be taken to minimize it.	No reply was made.

3.4 Management Inefficiencies

Audit Observation	Recommendation	Comment of the Accounting Officer
According to the advance account "B" for public officers submitted as on 31st December 2019, the total recovery arrears outstanding balance of the individual loan was Rs. 5,036,988 except the total balance of Rs. 11,986,353 due from the officers employed in the department and out of that loan balances amounted to Rs. 1,958,828 was older than 5 years.	Should act in accordance with financial regulations and circular provisions to recover and settle the loan balances.	Action will be taken to recover, write off or proceed with legal action.

5. Human Resources Management

Following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The approved cadre of the department office was 350 and out of that 109 vacancies in 23 posts including the Additional Director General, Director, Technical officer, and Management Assistant were remained vacant which are necessary to carry out general administration.	Action should be taken to fill the essential vacancies.	No reply was made.
(b) The academic and non-academic approved permanent cadre of 39 technology/technical colleges was 1347 and 2130 respectively, and the actual staff was 651 and 1415 respectively, and the vacancies were 696 and 859 respectively.	Action should be taken to fill the vacancies in essential posts.	No reply was made.