

Head 126 – Ministry of Education - 2020

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Ministry of Education for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 June 2021 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 31 August 2021 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 prepared give a true and fair view of the financial position of the Ministry of Education as at 31 December 2020 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 based on the matters appear 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 evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the 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

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 furthermore;

- 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 the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- 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 recommendations made by me regarding the financial statements of the preceding year had been implemented .

1.6 Comments on Financial Statements

1.6.1 Non- Financial Assets

The following deficiencies were observed in accounting for the non-financial assets relating to financial statements.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) There was a difference of Rs.23,306,870,589 in the purchase value of non-financial assets in the year 2020 by the Ministry in between statement of non-financial assets and the expenditure statement .	Because of the schools are owned by the Ministry of Education, the non-financial assets have not yet been transferred.	The value of financial purchases related to financial statements should be equal to the ACA 6 and ACA 2 (i).
(b) There was a difference of Rs.6,713,956,365 observed when accounting for the closing balances of 08 non-financial asset items of the preceding year as opening balances of the under review .	The assets computed for the year 2020 have been added to the balance on 01.01.2020.	The computed values of assets should be submitted to audit and the opening and closing balances should be matched during the year.

1.6.2 Non-revenue Receipts

The following deficiencies were observed in the accounting of non-revenue receipts relating to financial statements.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The value of 6 deposit accounts which had elapsed 02 years but not credited to government revenue in contrary to the Financial Regulation 571 was Rs. 392,352,040 and a sum of Rs. 15,362,919 for more than 5 years had also consisted in it.	Provincial Departments and education faculties have been informed to settle these balances.	Actions should be taken in respect of the deposit balances lapsed for more than two years.

1.6.3 Advances to Public Officers' Account

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The sum of the individual balance classification summary and the final balance of the control account have been inconsistent for many years and it had not matched with Rs. 26,487,385 at the end of the year under review. Actions had not been taken to identify and rectify the balance.	Destruction of salary records and other documents in 1977 and non-submission of reconciliation statements of North- East in 1990 .	It should identify the inconsistencies and take steps to correct them.

2. Financial Review

2.1 Imprest Management

Audit Observation

The approved imprest limit of the Ministry for the year under review was Rs. 103,695,711,000 and thus the total value of imprests received was Rs.71,256,548,034, a sum of Rs. 33,216,716,161 or 33 per cent had not been received.

Comments of the Chief Accounting Officer

Agree

Recommendation

Actions should be taken with the Treasury to obtain the imprests within the approved imprest limits.

2.2 Expenditure Management

The following observations are made.

Audit Observation

- (a) The entire capital provisions in 06 expenditure objects amounting to Rs. 528,175,050 had been saved and out of the capital provision of Rs. 223,170,000 for 07 expenditure objects, an amount ranging from 52 per cent to 86 per cent had been saved.

Comments of the Chief Accounting Officer

Budget allocations had saved in the situation of the Covid 19 epidemic .

Recommendation

Actions should be taken to make plans that can be implemented to achieve the objectives of the Ministry and to utilize as per the plans.

(b) There was a saving in the provisions of 19 recurrent and capital expenditure objects relating to the higher education sector totalled to Rs.131,643,575 and it had ranged from 30 per cent to 98 per cent.

Due to the epidemic situation of Covid 19 in the year 2020, the matters such as the office activities were not functioning properly, there was no maintenance cost in the use of vehicles and machinery, the expected development work was not being carried out as expected and the staff was not traveling abroad had affected not to utilize the provisions.

Arrangements should be made to direct the activities in such a manner as to achieve the objectives and the goals of the Ministry.

2.3 Reconciliation Statement on Advances to Public Officers' Accounts

Audit Observation

As per the reconciliation statement, the balance due from transferred, retired, interdicted, dismissed and other officers at the end of the year under review was Rs. 168,315,305 . Out of that, the balance for more than 05 years was Rs. 71,453,543 and actions had not been taken to recover those balances.

Comments of the Chief Accounting Officer

Most of the debt balances have been recovered and the remaining debt balances will be settled in future.

Recommendation

Actions should be taken to recover the outstanding loan balances and to release the officers after recovering the balances recoverable in future.

2.4 Entered into Liabilities and Commitments

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The liabilities amounting to Rs. 4,623,823,814 and commitments amounting to Rs. 4,746,913,047 had been entered into as per the financial statements of the year under review in contrary to provisions 2 (a) and (d) of State Accounts Circular No. 255/2017 dated 27 April 2017.</p>	<p>The liabilities amounting to Rs. 4,623,823,814 and the commitments amounting to Rs. 4,746,913,047 has been entered into in the financial statements for the year 2020 .</p>	<p>Any liability should not be carried forward with the intention of settling within the next year as per the circular.</p>
<p>(b) Without taking actions to settle, the liabilities amounting to Rs.4,222,967,796 for the years 2018 and 2019 had been entered in the liabilities of the year under review.</p>	<p>That the accounting units have been instructed to rectify this.</p>	<p>Arrangements should be made to proper maintenance of registers of commitments and liabilities.</p>
<p>(c) Liabilities amounting to Rs. 289,600 has not been included in the statement of liabilities at the end of the year 2020 .</p>	<p>Enter into the register of liabilities has been omitted by a mistake. Relevant officers have been instructed to take actions to prevent occurring such an offense in future.</p>	<p>All the liabilities relevant to the year should be included in the statement of liabilities.</p>

2.5 Non-compliance with Laws, Rules and Regulations

The instances of non – compliance with the provisions of the Laws, Rules and Regulations observed in audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Observation Non - compliance	Comments of the Accounting Officer	Recommendation
(a) Section 25 of Assisted Schools and Training Colleges (Supplementary Provision) Act No. 08 of 1961	Although the private sector cannot commence schools to provide general education for students aged 5 to 14 years, in contrary to that, schools have been started as businesses under the Companies Act.	The Ministry has not been able to regulate, supervise and monitor these schools which are not registered with the Ministry.	Actions should be taken in accordance with the Act.
(b) Educational Faculties Act No. 30 of 1986	There were 18 powers, tasks and functions had been assigned to the Educational Faculties which are referred to as the "Board" . The evidences were not observed in audit whether there was such a Board had been active from 2008 to the date of this report.	Report of the Board Meeting for the year 2008 exists in the file No. ED / 03/19/05/02/05 of the Educational Faculty Branch and the files related to other records could not be found.	Relevant records should be kept safe and take necessary actions in accordance with the Act.

(ii) Section 7

Although the Chief Commissioner of the Board should supervise the administrative activities of the institutes, control the staff and execute the powers, functions and tasks, the establishment of the Boards as well as the implementation of these activities had not been carried out in an optimal manner.

The Faculty Board Meetings cannot be held since the approval has not been obtained for payment of allowances.

Establishing the relevant Boards as per the Act as well as implementing those activities should be carried out..

(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) Financial Regulation No. 104 (3) and 104 (4)

As a result of the delays from 11 days to 310 days to submit preliminary reports on 39 vehicle accidents and the delays from 88 days to 3,498 days to submit full reports on 36 vehicle accidents, taking further actions had also delayed. Similarly, preliminary reports of theft of goods and 03 losses and damages had been delayed up to 2,675 days and full reports up to 7,869 days.

Actions will be taken in future.

Necessary actions should be taken without delay in terms of Financial Regulations.

<p>(ii) Financial Regulation 571 (2)</p>	<p>Actions had not been taken to credit the contract retention amounting to Rs. 26,602,335 remained at the end of the year under review to the government revenue in accordance with the relevant Financial Regulation .</p>	<p>The officers have been instructed to obtain the relevant recommendations and take necessary action to make payments to the contractors or credit them to the government revenue.</p>	<p>Arrangements should be made in respect of lapsed deposits in accordance with Financial Regulations.</p>
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(d) Ministry of Education Circular No. 37/2008 dated 19 September 2008

<p>(i) Paragraph 2.1</p>	<p>Although the number of students in Grade 2 to 5 should be limited to the maximum number of students admitted to that class at the time of admission to the Grade one , the number of students who had exceeded the prescribed limit was 03 to 04 for 09 classes relevant to the above Grades of Mahamaya Balika Vidyalaya, Kandy . Further, even though it had been stated that the number of students in a class from Grade 6 to Grade 11 should be limited to 45, the number of students enrolled exceeding the limit of 08 classes, had ranged from 05 to 16 .</p>	<p>Answers have not been given.</p>	<p>Actions should be taken in accordance with the circular instructions.</p>
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<p>(ii) Paragraphs 3.1, 3.2, 3.3 and 3.4</p>	<p>Without following the circular provisions for the admission of new students to the vacant classes from Grade 2 to Grade 11, there were 21 instances of</p>	<p>Answers have not been given.</p>	<p>-do-</p>
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enrollment of students from Grade 2 to 4 in Mahamaya Balika Vidyalaya, Kandy during the years 2019 and 2020 as per the notices issued by the Secretary to the Ministry of Education .

(e) Ministry of Education Circular No. 2009/35 dated 17 November 2009

(i)	Paragraph 3	A formal and continuous regulation had not been functioned to check whether the government approved private schools are following the relevant circular instructions and provisions.	It is anticipated to make aware of this in future.	-do-
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(ii)	Paragraph 4 (a) (i)	Even though it should prepare a time table for each year to carry out the learning and teaching process properly in every government approved private schools and the approval of the Zonal, Provincial or Private School Director should be obtained before 31 December of the previous year, most schools had not done so.	No attention has been paid so far.. It is expected to draw attention in future.	-do-
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(f)	Paragraph 7.3 of the Ministry of Education Circular No. 01/2016 dated 07 January 2016	Due to the Provincial Secretary of Education has not obtained the approval of the Department of Management Services for the academic staff required for the provincial schools,	Agree with the audit query. Actually 21 persons were recruited for the vacancies of Special Education Teachers on 15.02.2021 and accordingly, there are	-do-
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there were 651 teacher vacancies in the informal and special education units as per the Provincial Education Teacher Vacancy List. 676 vacancies at present.

- (g) Paragraph 12 of the Guidelines and of the Ministry of Education Circular No. 37/2020 dated 03 December 2020 Teachers who have been appointed as teachers in the field of special education should work full time in the same field. Nevertheless, it was observed that 207 teachers who had been appointed as teachers in the field of special education in the island were not engaged in teaching activities in that field as per the information submitted to the audit. Instructions have been given for deployment in the field of special education in future. -do-

3. Operating Review

3.1 Failure to Perform Duties

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The task of creating a national education system that enables to enter world competition with confidence and confidence on success could not be fully accomplished as per the role of the Ministry of Education.	Answers have not been given.	It is needed to formulate an unchanging national policy for education in Sri Lanka in line with the present.

<p>(b) Even though the recommendations were made by the National Education Commission in 1992, 2003 and 2016 to formulate National Education Policies in terms of the provisions of the National Education Commission Act No. 19 of 1991 dated 19 April 1991, a national education policy had not been formulated even by the end of 2020 .</p>	<p>Answers have not been given.</p>	<p>A national education policy should be formulated.</p>
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<p>(c) The right to supervise and manage pre-schools had been handed over to the Ministry of Education as per the Article 2 of the Appendix III of the 13th Amendment to the Constitution relating to education a national policy for pre-schools, which had been identified as a major function of the Ministry of Education, had not been formulated and implemented .</p>	<p>Answers have not been given.</p>	<p>A national policy for pre-schools should be formulated and implemented.</p>
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3.2 Delays in Execution of Projects

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Approval had been given to the Cabinet Memorandum No. ୧୦୧ / 16/2647/742 / 036-1 dated 18 January 2017 for the construction of a National Faculty of Education based on the</p>	<p>Further decisions are being taken to build the National Educational Faculty of Technology.</p>	<p>Actions should be taken for the construction of the National Educational Faculty with the approval of the Cabinet of Ministers.</p>

matters such as minimizing the shortage of technology teachers in G.C.E (O/L) and G.C.E (Advanced Level) classes, providing opportunities for students studying technology to pursue higher education as recipients of teacher technology, and providing teacher training in technology related subjects to technology teachers for their professional development.

Only the ownership of a land in the Narangolla area in the Kuliyaipitiya West Divisional Secretariat Division for the relevant construction had been taken over by the Secretary of Education by the notice mentioned in Order No. 93 of 2017 published in the Extraordinary Gazette Notification dated 19 April 2017 . Even though a sum of Rs. 15,366,316 had been spent by the nearest school is the best school project for the expenses including laying the foundation stone in the years 2019 and 2020 for this project, which was planned to be built with the assistance of the Korean Government, the works on the project has been stopped by now.

(b) The project to establish a Professor Unit at Karapitiya Hospital was supposed to

As the land proposed for construction work had to be taken over by the

Arrangements should be made to complete the project within the stipulated

commence in 2018 and to be completed by 31 May 2022 with an estimated cost of Rs. 1300 million. An advance of Rs. 131.7 million had been paid to the contractor after bidding in 2019. Only the structural works had been begun by the end of the year under review.

Ministry of Health, it was possible to complete the work by 28 October 2019. The site was handed over to the contractor on 17 December 2019 for the commencement of work on the project and only the land preparation and other activities were carried out in the year 2020 and about 20 per cent of physical progress had been accomplished by July 2021.

time.

- (c) The project to set up a Naval Studies and a Maritime Unit at the University of Ruhuna was to be completed in 36 months at an estimated cost of Rs. 943 million under the budget proposals for the year 2018. Nevertheless, only the preliminary work on the project had commenced in 2019. Similarly, although an allocation of Rs. 146.9 million had been made available by the end of the year under review, incurring a Rs. 90.9 million out of which, only structural work had been commenced and the physical progress was as low as 29 per cent.

The handing over of the Magalla site to the contractor for the construction of a four storied building of this project, which is in operation at Hapugala and Magalla was delayed. Even though a provision of Rs. 146.9 million has been made available for the year 2019, only Rs. 90.9 million could be spent on the basic construction work at Hapugala out of this. A physical progress of 55 per cent of the 04 storied building which is being constructed on Magalla land has achieved (by June 2021).

Actions should be taken to complete the construction projects without delay.

- (d) The construction project of the 12 storied Medical Faculty Building of the University of Ruhuna with

Even though the project was supposed to be completed by 10 January 2020, due to the lack of

When selecting contractors for project execution, there should be a proper understanding of the success

an estimated value of Rs. 1,180 million was scheduled to be commenced in the first quarter of 2018 and be completed by 10 January 2020 and a mobilization advance of Rs. 195.5 million was paid to the contractor on 17 January 2018 for the commencement of work. Due to the lack of progress in carrying out this project, the contract agreement was terminated on 23 December 2019 and the reconstruction contract had been awarded to another construction company with the approval of the Cabinet of Ministers. Due to the termination of the contract and as a result of the delay in notifying the bank to pay the relevant bank security, the opportunity to recover the mobilization advances balance of Rs. 155.3 million which had to be charged further from the contractor had also deprived.

progress in carrying out the project, the contract agreement was cancelled on 23 December 2019 and the contract was awarded to Central Engineering Consultancy Bureau on 06.05.2020. Even though the advance security was sent to the Bank of Ceylon on 30.12.2019 for payment, the Colombo Commercial High Court had issued an interim injunction against obtaining the advance guarantee and the performance guarantee. Accordingly, the Bank of Ceylon had stated on 16 January 2020 that the request made by the University could not be granted. The University of Ruhuna has filed an objection in this regard before the Commercial High Court on 10.06.2020 on the instructions of the Attorney General's Department.

of their performance in previous contracts and appropriate actions should be taken without delay to recover the advances paid from the advance security.

- (e) Even though the project to renovate and rebuild the universities in the tsunami affected areas with the assistance of the Government of Sri Lanka and the Government of Kuwait was scheduled to be completed in December

It was possible to record the expenditure of Rs. 57.35 million although the project which was stipulated to be finished but could not be entirely completed by 31 December 2020 due to

The Management should draw attention on completion of projects on time.

2019, the deadline was extended to 31 December 2020 . Although a sum of Rs. 93.20 million has been allocated for this project for the year under review, the amount utilized for the project was Rs. 57.3 million and the physical progress of the project was as low as 65 per cent at that time.

- (f) Although nearly 03½ years had elapsed by the end of the year under review after commencing the North Western University Urban Development Project in August 2017 with the assistance of the Government of Sri Lanka and the Government of Saudi Arabia, the physical progress achieved utilizing of Rs. 11 million was as low as 5 per cent.

the situation of Covid epidemic, which interrupted the proper implementation of the project.

It had delayed by 10 months due to unavoidable reasons in the year 2020 and also time taken to get the relevant approval. This work was completed in early 2020 and subsequently, the works had further delayed due to the Corona epidemic. Actions are being taken to obtain the approval of the Cabinet of Ministers to select contractors for construction of buildings by now.

It should conduct a feasibility study on the project prior to entering into agreements and attention should be drawn to complete projects expeditiously ensuring the ability to implement the project and start the project so that its objectives and goals can be achieved.

3.3 Other Observations

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Even though the UNESCO National Commission for Sri Lanka had been established, as per the Decision of the Cabinet of Ministers No.අමප/ 08/1742/316/086 dated 24 September 2008 at the Meeting of Cabinet of Ministers and though the relevant Draft Bill was submitted to the Legal Draftsman's Department on 29 October 2008 the activities on Bill had not been finalized even by the end of the year under review.</p>	<p>A written request has been submitted to the Legal Draftsman's Department to expedite this work.</p>	<p>The recommendations should be obtained from of the Legal Draftsman's Department for the Draft Bill expeditiously.</p>
<p>(b) Although the appointing of staff and making payments of the UNESCO Commission of Sri Lanka shall be made in accordance with this Act, despite the Act was not approved, a staff was appointed to the Commission and payments were made with the approval of the Cabinet of Ministers dated 24 September 2008 No. අමප / 08/1742/316/086 . Further, attaching a Coordinating Officer to the UNESCO Permanent Mission in Paris, France and</p>	<p>Agree with the audit query.</p>	<p>The act should be passed and acted upon as consisted of therein.</p>

a total of Rs. 45.85 million had been released to the Foreign Ministry as remuneration by the Ministry of Education by the end of the year under review.

- (c) A sum of Rs.5,200,000 deposited by those institutions during the period from 2013 to 2018 to be utilized for institutional and subject review activities of non-governmental higher education institutions had remained inactive without utilization for the relevant purposes.

Crediting of the recovered funds to the government revenue by taking into consideration the observations of the Auditor General and the Treasury has been requested to provide the necessary instructions to make annual provisions available through budget estimates under an expenditure object to incur the expenses for the review of activities of non-governmental higher education institutions.

The money in the deposits should be utilized to achieve the relevant objectives.

3.4 Procurements

Audit Observation

Although it is required to complete the supply of equipment to the relevant Teacher Centers and National Colleges of Education before 10 March 2020 as per the agreement with the supplier for the procurement of smart classroom equipment for National Educational

Comments of the Chief Accounting Officer

Although, the supplier has to complete the supply of goods before 10.03.2020 as per the agreement, it is also accepted that the supplying of goods has been completed on 23.09.2020.

Recommendation

Delay charges should be levied as per the agreement.

Faculties and Teacher Centers, the supplier had delayed delivery of the goods for more than 20 weeks. Accordingly, the supplier had paid without levying the late fee of 10 per cent of the contract value amounting to Rs. 3,844,872 .

3.5 Assets Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) The Ministry had used 11 vehicles belonging to other Ministries and Departments and 22 vehicles belonging to the Ministry had been transferred to other Ministries and Departments. Arrangements had not been made to take over 11 vehicles used by the Ministry without the original copy of the vehicle registration certificate or to hand over to the entities which bears the legal ownership.</p>	<p>Arrangements will be made to take over and hand over.</p>	<p>Actions should be taken to legally take over or transfer the vehicles owned by other institutions used by the Ministry and Ministry vehicles used by other institutions.</p>
<p>(b) Although 40 vehicles out of the non-financial assets of the Ministry had been temporarily transferred to the State Ministry, Other non-financial assets proposed to</p>	<p>Necessary arrangements are being made to transfer the assets.</p>	<p>The assets given by Ministry of Education to the State Ministries should be transferred.</p>

be provided to State Ministries were being identified furthermore, those assets had not been transferred even by the date of the audit.

3.6 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Although all the losses and omissions should be stated in the financial statements in accordance with Financial Regulation 109, the losses and omissions in respect of 33 accidents valued at Rs. 3,034,778 had not been shown in the financial statements.</p>	<p>Officers were instructed to prepare reports in future.</p>	<p>All losses and omissions should be stated in the financial statements.</p>
<p>(b) Forty instances of the losses and omissions occurred during 08 years from the year 2011 the year 2019 valued at Rs. 4,742,030 had not been specified under the opening unwritten off balance.</p>	<p>Officers were instructed to prepare reports in future.</p>	<p>Losses and omissions should be included in the financial statements for the year in which they occurred.</p>

3.7 Uneconomic Transactions

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Twenty Toyota Hilux Double Cabs had been obtained on rent to National Educational Faculties on 11 December 2017 and even though a sum of Rs. 137,219,886 had been paid as rent from that date till 24 November 2020, the vehicles did not cover the minimum mileage of 3,000km per month according to the lease agreement.</p>	<p>Even though the vehicle has not covered the minimum number of kilometers required to drive monthly, a significant distance has been driven.</p>	<p>Entering into lease agreements that are more advantageous to the institution.</p>
<p>(b) The gross annual cost per vehicle including fuel, repairs and driver overtime for vehicles owned by the Ministry in 2017, 2018 and 2019 were Rs. 639,480, Rs. 703,045 and Rs. 625,770 . Seven vehicles had been obtained on two occasions on a rental basis and the annual cost of one vehicle had been Rs. 5,844,300 . The annual cost for one vehicle out of the other six vehicles had been Rs. 2,649,600 . The rental cost of a vehicle was 400 per cent of the Ministry's vehicle maintenance costs and obtaining of vehicles on rent</p>	<p>Measures have been taken to obtain vehicles on rental basis without purchasing vehicles as per National Budget Circular 1/2016 .</p>	<p>Utilization of vehicles should be done economically and effectively.</p>

basis was not observed during the audit as an economically viable transaction.

3.8 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Although a Code of Educational Faculties should be issued as a formal Guideline, to ensure greater transparency and accountability of the Faculties in decision making, planning and financial management for the quantitative and qualitative development of the National Educational Faculties system for optimization of resource utilization through efficient and accurate practical implementation with transparency.</p>	<p>Because there is a proposal to upgrade to a university degree, the draft Code of Educational Faculties has not been finalized as changes are expected to take place in the Code of Educational Faculties.</p>	<p>A Code of Educational Faculties Should issue as a Guideline.</p>
<p>(b) Although the training activities had failed due to the matters such as lack of telephone and internet facilities for teacher development centers, lack of lecturers and resource persons, lack of technical knowledge, receiving instructions to conduct training programmes in those centers online without carrying out proper study on</p>	<p>Actions will be taken to obtain the approval of the Department of Public Finance and to provide the necessary facilities.</p>	<p>Provide necessary instructions to solve the problems that exist in the Teachers' Career Development Centers.</p>

cost reimbursement delays, the Ministry had not provided solutions to the problems existing in those centers.

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| <p>(c) Nineteen Educational Faculties had been established to train teacher trainees and more than Rs. 2,500 Million is spent annually from the Consolidated Fund for this purpose. Nevertheless, nearly 3 years had elapsed since the G.C.E Advanced Level Examination was held for the annual admission of trainees to the Educational Faculties and actions had not been taken to enroll trainees from the examinations held in 2018 and 2019 up to the date of this report.</p> | <p>The relevant recruitment period has changed due to judicial actions taken on issues arising in determining the Z score.</p> | <p>Action should be taken to admit teacher trainees to Faculties without delay.</p> |
| <p>(d) Due to the disciplinary inquiries of two teachers of the Mulatiyana Zonal Education Office, Southern Province, the committed pension amounting to Rs. 453,642 and Rs.321,390 had been retained since 2014 and although 06 years had elapsed, actions had not been taken to complete the disciplinary inquiry and provide a solution.</p> | <p>Actions will be taken to settle the balances immediately after completion of investigations.</p> | <p>Actions should be taken to complete the disciplinary inquiries and provide a solution as soon as possible.</p> |
| <p>(e) The scholarships provided in the Western, North Central and Sabaragamuwa Provinces amounting to Rs. 80,000 and Rs. 248,777 and</p> | <p>Further actions are being taken to settle the balances.</p> | <p>Actions should be taken to settle the withheld scholarships.</p> |

Rs. 23,500 had been returned due to an error in the account numbers and kept in the general deposit account for more than 2 years. Actions had been taken to find out the reasons for this and to settle.

<p>(f) There was a Rs.128,900 remained unresolved from the Rs.540,500 deposited from 2012 to 2015 as per the general deposit age analysis report of Uva National Educational Faculty of Bandarawela . As a result of inability to settle the deposits until the Diploma Ceremony, even if the deposits remained for more than 05 years , the reason to settle deposits for a part and not for a part of students was not clear to the audit.</p>	<p>That the balance will be settled immediately.</p>	<p>Deposit balances should be settled immediately.</p>
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4. Identification of Sustainable Development Goals

Audit Observation

Although the National Education Commission was aware of the United Nations 2030 Agenda for Sustainable Development, actions had not been taken to include the Sustainable Development Goals in the plans associated with its activities and the programme to achieve those goals and to identify

Comments of the Chief Accounting Officer

Answers have not been given.

Recommendation

The Sustainable Development Goals should be identified and the targets should be achieved .

milestones to be reached and also indicators for measuring achievement on targets.

5. Human Resources Management

Audit Observation

As a result of existing of 1,664 vacancies for senior and secondary level officers, it was observed that there would also be a possibility of rising of obstructions in management decision making and in other matters due to vacancies in the affairs of the Ministry

Comments of the Chief Accounting Officer

Necessary steps are being taken to fill the vacancies in the Teacher Educator Services and the Education Administrative Service.

Recommendation

Necessary arrangements should be made taking into consideration the service requirements to fill the vacancies.