

Technological Education Development Programme - 2020

The audit of financial statements of the Technological Education Development Programme for the year ended 31 December 2020 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 in the section 10 to the Aide Memoire dated 20 October 2017 entered into between the Democratic Socialist Republic of Sri Lanka and the OPEC fund for International Development. My comments and observations which I consider should be reported to Parliament appear in this report.

1.2 Implementation, Objectives, Funding and Duration of the Programme

According to the Loan Agreement, the Ministry of Education is the Executing Agency and the Implementing Agency of the Programme. The objective of the Programme is to strengthen the capacity of the existing secondary education system in Sri Lanka. The activities of the Project are namely Civil works, Equipment, Furniture, Capacity development. As per the Loan Agreement, the estimated total cost of the Programme was US\$ 60.70 million equivalent to Rs 9287.1 million and out of that US\$ 50 million equivalent to Rs 7,650 million was agreed to be financed by OPEC fund for International Development. The balance amount of Rs 1637.1 million is expected to be financed by the Government of Sri Lanka. The Project had commenced its activities in 2019 and scheduled to be completed by 30 September 2022. However, the date of completion of the activities of the Project had been extended up to 30 March 2024.

1.3 Opinion

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Programme as at 31 December 2020, statement of financial position, statement of expenditure and its cash flow statement for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.4 Basis for 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

1.5 Responsibilities of management and those charged with governance for the Financial Statements

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

Those charged with governance are responsible for overseeing the Project's financial reporting process.

1.6 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 scepticism throughout the audit.

I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Project.
- 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 those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Comments on Financial Statements

2.1 Accounting Deficiencies

Accounting Deficiency / Audit Issue	Amount Rs. million	Response of the Management	Auditor's Recommendations
The liabilities payable from the year 2020 had not been disclosed even in the financial statements of the year under review.	43	It had been noted to take action to disclose these liabilities separately in the financial statements in preparing the financial statements for the forthcoming year. Moreover, the Registers of Liabilities has been presented to be included in the financial statements of the Ministry of the year 2023.	All liabilities should be disclosed in the financial statement.

2.2 Non Compliance with Laws, Rules and Regulations

No	Reference to the Laws Rules and Regulations	Non Compliance/Audit Issue	Response of the Management	Auditor's Recommendations
a	According to Paragraph 9.3 of the Management Services Circular No 01/2019 dated 15 March 2019 and Paragraph 12 of the Aide memoire	The project steering committee meeting should be held at least once in 02 month. However only one committee meeting had been held during year under review.	The Steering Committee Meetings had been restricted to only one meeting on the lockdown prevailed in the country due to the covid-19 pandemic situation, remained in the year 2020. Instructions had been given to the staff to take action according to the relevant Circular in the forthcoming years.	Action should be taken to comply with the Circular and Project Operational Manual instruction.
b	As per the Paragraph 10 of the Monitoring Plan of the Aide Memoire.	Even though the Financial Statement prepared including the expenses incurred on behalf of the program should be submitted for audit on an annual basis, however the Financial statements for the year 2020 had been submitted for audit on 07 December 2023.	The project was implemented through a Unit under a staff recruited externally in the year 2020 and it was entrusted to the staff operating under the officers of the Ministry by winding up the Unit in the year 2021. As such, preparing of the Final Accounts Reports was carried out under the new staff in the years 2019 and 2020. The Officers of the new staff carry out the activities of the project in addition to their main duty and the delay had occurred due to the fact that the information relating to the preparation	Financial Statement should be submitted for the audit on an annual basis.

of the Final Accounts Reports had to be collected and analysed in the years 2019 and 2020.

3. Physical Performance

3.1 Physical progress of the activities of the Project

Activity	As at 31 December 2020		Delay/ Audit Issue	Reasons for delays	Response of the Management	Auditor's Recommendations
	Expected physical performance	Performance achieved				
	Units/ Percentage	Units/ Percentage				
civil work, machinery and equipment, Furniture, Capacity development , consultancy service, project management	06	01	Six tasks named civil work, machinery and equipment, Furniture, Capacity development, consultancy service, Project management had been included in the action plan for the year 2020. However only the planning of school selection activities had been done in the year 2020 and a progress had not been achieved in the other 05 main activities of the programme.	Due to the Easter attack in April 2019 and the Covid lockdown in January 2020, other activities have not been able to be carried out as planned.	Due to the Easter attack in April 2019 and the Covid lockdown in January 2020, other activities have not been able to be carried out as planned.	Project activities should be carried out within the given time period.

3.2 Idle Resources

Audit Issue	Response of the Management	Auditor's Recommendation
The local fund amounting to Rs. 49 million and foreign fund amounting to Rs. 204 million allocated for the year 2020 had not been fully utilized.	In view of the lockdown in the country in 2020 and the restriction of arrival to duty, failure to achieve the expected progress the related local and foreign funds were left behind.	Loan funds should be disbursed and utilized in the prescribed periods.

3.3 Systems and Controls

Audit Issue	Response of the Management	Auditor's Recommendation
The overtime allowance had been paid for the concerned officer by the relevant authority based the vouchers prepared without confirming the arrival and departure times.	It is observed that payments have been made without confirming the relevant arrival and departure times of the project management unit consisting of externally recruited officials. Instructions were given to check whether all the requirements have been fulfilled while certifying the vouchers presented for payment.	The vouchers presented for payment should be checked to see if all the requirement are met.