

Head 215-Department of Technical Education and Training

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Head-215 Department of Technical Education and Training for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 25 May 2023 in terms of Sub-section 11 (1) of the National Audit Act No. 19 of 2018. The Detailed Annual Management Audit Report relevant to the Department in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 06 June 2023. 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 financial statements give a true and fair view of the financial position of the Department of Technical Education and Training as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 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.

1.3 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 alteration 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 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) The financial statements are consistent with the preceding year.

(b) The recommendations made by me on the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Advance Account Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
The total loan balances of Rs.4,595,847 receivables from 59 officers who have been transferred from the department to other ministries, departments and local government institutions, died, retired, suspended, vacation of post and terminated from the service had not been collected even during the year under review.	The loan balances of 90 officers were settled during the year and the number of officers remaining to be settled as on 31 December 2022 was 59.	Action should be taken to recover the receivable loan balances.

2.2 Obligation in Liabilities and Commitments

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Variations ranged from Rs.882 to Rs.32,943,562 were observed in the balances of 29 subjects in the statement of obligations and liabilities of the financial statement of the year under review while comparing with the balances shown in the Treasury computer printout.	That the liabilities reported to the Accounts Department after the final date for reporting liabilities had been included in the financial statements, but not included in the CIGAS program.	All liabilities should be reported to the treasury on due date.
(b) Total liabilities worth Rs.706,952 relevant to the period from the year 2016 to the year 2021 had not been settled even by 31 December 2022.	These liabilities remain due to deficiencies in vouchers and non-availability of funds.	Action should be taken to settle the liabilities.

2.3 Deposit Balances

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Action had not been taken in terms of Financial Regulation 571(3) of the Democratic Socialist Republic of Sri Lanka regarding the balances of the 03 deposit accounts maintained by the department amounting to Rs.21,513,909 which exceeded 2 years as end of the year under review.	The relevant divisions have been informed for settlement.	should be dealt with according to Financial Regulations.
(b) A sum of Rs.2,382,541 received from the Ministry of Skill Development in the year 2020 for the implementation of phase ii of the 13 years Continuing Education Program was retained in the general deposit account without performing the relevant tasks.	The balance amount is retained in the deposit account for providing of further services.	The related work should be done promptly.
(c) As per Financial Regulation 396(d)(iii), value of 05 cheques amounting to Rs.628,626, which had exceeded 6 months from the date of issue of the cheques, were transferred to the general deposit account instead of being recorded as a payable to the creditor.	That the balance of Rs.628,626 will be settled in the future.	Financial Regulation 396 should be followed.

2.4 Operation of Bank Accounts

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) 35 cheques total amounting to Rs.254,619 which was not presented to the bank for payment even after lapses of 6 months from the date of issue in 12 bank accounts of technology/technical colleges and the bank account of the department had not been act in accordance with the Financial Regulation 396 (d).	Action is being taken to settle the remaining balance.	Financial Regulations should be followed.

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| <p>(b) Action had not been taken to identify the unrecognized receipts of Rs.116,175 in 46 occasions since August 2021 in the bank reconciliation statements as of 31 December 2022, related to the department account and the bank accounts belonging to 03 Technology and Technical Colleges.</p> | <p>Action is being taken to identify the relevant amounts.</p> | <p>That the identifications should be done promptly and accounted for in the respective accounts.</p> |
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3. Operational Review

3.1 Foreign Grant Projects

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) Consumables including syringes and medicines with pictures of small children worth of Dollars 7,373 were given to Gampaha Technical College in the year 2019 on the basis of Korean loan assistance had expired due action had not been taken to use them by the project officials more effectively and efficiently by 28 November 2022. Further, although a server system was established at a cost of 8 million to create a centralized control by networking computers in lab 1 and lab 2 under the above project, , the objectives of the establishment were not fulfilled due to server was not functioning properly.</p>	<p>That all the work of this project has been done by the Ministry of Skills.</p>	<p>Although Ministry of Skills had done the work, the items should have been rejected even if there was no requirement. The officials responsible for the loss related to this should be identified and necessary action should be taken.</p>
<p>(b) 77 items in 03 categories had been procured for Ratmalana Technical College in December 2020 at a cost of Rs.295,520 under the project for the rapid development of 25 vocational training centers implemented by the Ministry, but no arrangements were made to use those items even by the end of the year under review.</p>	<p>That all the work of this project has been done by the Ministry of Skills.</p>	<p>An investigation should be carried out on unnecessary procurement and delivery of items and appropriation action should be taken.</p>

3.2 Security of Public Officers

Audit Observation	Comments of the Accounting Officer	Recommendation
Although officials who are required to keep security in the Department of Technical Education and Training and Technology/Technical Colleges were required to keep security within 2 months from the date of their appointment, none of the officers had kept security.	Since no departmental circular has been issued, letters have been sent to the Ministry seeking necessary instructions.	Arrangement should be made to keep security.

3.3 Losses and Damage

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Damages and losses with a total value of Rs.4,438,909 remaining from the year 2012 had been carried forward to 31 December 2022 without taking proper action.	Final orders have not been received to write off the losses and damages and after receiving the instructions, action will be taken accordingly in the future.	Losses and damages should be dealt with according to Financial Regulations.
(b) The Director of Ampara Hardi College of Technology met an accident on 27 September 2012 while driving a van belonging to the college, causing a loss of Rs.1,047,899. According to the investigations conducted in this regard, it was concluded that only a compensation of Rs.327,468 should be recovered from the Director. However, instead of recovering the same and crediting it to the government revenue until the year 2023, an amount of Rs. 1,000,000 was shown as un-writeoff losses and damage in the accounts as at the end of the year under review.	The concerned officer had made a request to the Ministry Secretary and based on that and considering the facts he has given recommendations to pay a certain percentage of the loss fixed to be paid in the audit enquiry. That it will be writeoff from the books as soon as F.R. orders are received.	Action should be taken to recover the loss to the government due to this accident.

3.4 Uneconomical Transactions

Audit Observation	Comment of the Accounting Officer	Recommendation
A Vehicle Pit had been constructed at a cost of Rs.365,204 in the year 2016 without soil testing of the land of the college is located for the installation of a Wheel Alignment device for the practical training of the students studying the motor mechanics course of Homagama Technical College under the Sectoral Skill Development Project (SSDP). But the students were unable to conduct practical training due to groundwater seepage and it was closed from 16 August 2022.	That the Vehicle Pit were closed due to the leakage of underground water into the Vehicles Pit, even though it was repaired again but unsuccessful.	A feasibility study should be conducted and efforts should be made to use the government money sparingly.

3.5 Management Inefficiencies

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Although it had been requested from the Tertiary and Vocational Education Commission to accreditation of 04 and 07 courses whose accreditation ends in August and September of the year 2022 in Ratmalana Technical College, accreditation had not been done even by 15 November 2022.	No answer was made.	Arrangements should be made to obtain accreditation certificates for the courses conducted.
(b) The percentage of hours covered by 15 external lecturers in Homagama Technical College in 2021 ranged from 5 percent to 75 percent.	No answer was made.	The duties of external lecturers should be monitored.
(c) In examination of the conduct of courses in 11 colleges during the period from the year 2017 to the year 2021 it was revealed that, there had been a steady decline in the number of students enrolled in colleges, courses dropout rates ranged was in high percentage	No answer was made.	Necessary action should be taken to improve the existing level of performance in the colleges.

from 25 percent to 46 percent. the number of students appearing for the exams had been gradually decreasing by more than 75 percent compared to the number of enrolled students, in some occasions the percentage of the number of students who appeared for the exams and the number of students who passed the exams was decreased by more than 70 percent, and has taken more than 03 months to release the results.

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| (d) | It was observed that remaining of 780 vacancies in the academic department in the 39 Technology/Technical Colleges for a long period of time it was leading to decrease in the number of registered students, decrease in the number of students appearing for exams, decrease in the number of students passing the exams, increase in the number of students dropping out of courses, leading to reduced delivery capacity of produce a skilled workforce for the labour market. | No answer was made. | Necessary action should be taken to improve the existing level of performance in the colleges. |
| (e) | Lecture hall No. 07 on the second floor of a building located in the department has been used as a store of the administrative department for many years and 02 rooms of about 450 square feet reserved for an office remained idle without being used for any purpose. | Lecture Hall No. 07 is stored with many items that are used when needed. | The available resources should be effectively utilized to achieve the respective objectives. |
| (f) | In the written examination for one subject held for 90 students in August 2022 in relation to the semester 1 of the NVQ Level 05 – Diploma in Food technology course was given a question paper related to a subject held in the previous day. Later, the correct question paper was given by the | As the NVQ 5/6 written examinations are held four times a year and involve the printing of papers for around 450 subjects, there has been a lapse in supervision and care will be taken to ensure that such | Duties of examination department should be done with proper supervision and confidentiality. |

examination department through email. The audit revealed that the confidentiality and credibility of the examinations will be severely damaged by such incidents caused by careless handling as a department which works with the vision of being the leader in providing technical education and training with international high recognition.

- (g) It was observed in the audit that 91 officers were working at the same workplace due to the properly non-implementation of the 04 annual transfer policies in the department.
- That these officers have been given the opportunity to stay in the department after sympathetic consideration of the requests made by the officers based on their personal difficulties.
- Provision in the transfer policies and circulars should be followed.

4. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>There were 1599 vacancies in 51 posts and 42 excess in 02 posts in the cadre approved by the Department of Management Services for the Department and the Technology/Technical Colleges operating under it as at the end of the year under review.</p>	<p>In accordance with the rules, regulations and policies of the government, the vacancies will be filled in the future and the existing human resources have been managed to meet the relevant services in the best possible way.</p>	<p>Recruitment for vacancies should be done under a proper system and the officers in excess positions should be directed to the institutions where there are vacancies.</p>