

## **Head 126 – Ministry of Education**

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### **1. Financial Statement**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Head 126 - Ministry of Education for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 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 May 2024 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Ministry was issued to the Chief Accounting Officer on 25 June 2024 in terms of Section 11 (2) of the Audit Act. This report will be 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 2023 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 on the matters described 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 evidences I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **1.3 Responsibilities of the Chief Accounting Officer on the 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 exercised 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 its internal control.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- 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.

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 following recommendations made by me regarding the financial statements of the preceding year had not been implemented.

<b>Reference to the paragraph of previous year report</b>	<b>Not implemented Recommendation</b>	<b>Reference to the paragraph of this report</b>
1.6.1 a (i)	Not making comparisons between the control account balance in the consolidated account reconciliation statement and the balance in the individual balance classification summary.	1.6.1 a (i)
1.6.1 a (ii)	Not making comparisons between the balance as per treasury books and the control account balance in the consolidated account reconciliation statement.	1.6.1 a (ii)
1.6.1 b (i)	Non reconciliation of the closing balance in non financial assets of the previous year with the opening balance of the year under review.	1.6.1 b (i)
1.6.1 b (ii)	Failure to accurately include the cost of acquisition of capital assets in the statement of non financial assets.	1.6.1 b (ii)
1.6.1 c (ii)	Non submission of written evidence required to verify balance.	1.6.1 c (iii)

## **1.6 Comments on the Financial Statement**

### **1.6.1 Accounting Deficiencies**

#### **(a) Reconciliation statement on advance account for public officers**

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(i) The corrected balance in the control account of the consolidated account reconciliation statement as at 31 <sup>st</sup> Decemer 2023 was Rs.2,819,896,075 and as per the individual balance classification summary, the balance was	Actions are being taken to rectify existing differences in loan balances.	Action should be taken to rectify the differences in the balance in the control account on the consolidated reconciliation statement of accounts and the

Rs.2,815,211,719. Accordingly, there was a difference of Rs.4,684,356 between the control account and the individual balance classification summary.

balance in the individual balance classification summary.

- (ii) According to the treasury books, the outstanding credit balance was Rs.2,880,435,658 at the end of the year under review but in the corrected control account, the balance was Rs.2,819,896,075. As such, there was a difference of Rs.60,539,583 between the treasury books and the corrected control account balance. This is an increase in the difference by Rs.4,268,597 compared to previous year.

That the information of all the officers will be called monthly and the loan balances will be summarized and compared and if there are amendments, necessary actions will be taken to correct them.

The balance in the control account should be reconciled with the balance of the treasury books.

- (iii) Although the difference of Rs.65,223,939 between the credit balance of the government officials as per departmental books and the summary of individual balance classification was due to the destruction of documents due to the disturbance in the year 1984 and the non-submission of the reconciliation statement of the year 1990, this figure in the year under review had increased by Rs.4,578,797 compared to the previous year. Furthermore, the differences in the comparison statement of the previous year had not been resolved even by the year under review.

That the information of all the officers will be called monthly and the loan balances will be summarized and compared and if there are amendments, necessary actions will be taken to correct them.

Action should be taken to rectify the differences in the loan balances.

**(b) Property, plant and equipment**

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(i) According to the treasury records, the balance of non-financial assets as on 31 December 2022 was Rs.176,407,862,390 and according to the treasury records on 01 January 2023 that balance was Rs.173,918,252,522 accordingly difference of Rs.2,489,609,868 was revealed.	That has been entered into the SIGAS software to identify differences and necessary information to correct them has been sent to the State Accounts Department.	Accounts should be properly prepared so that the closing and opening balances are equal.
(ii) The value of acquisition of capital assets in the year 2023 was Rs.7,845,829,505 and the expenditure of acquisition of capital assets under the expenditure subjects of the years 2101 to 2104 and the year 2106 included in the financial statements was Rs.20,502,458,615 As such, the difference was Rs.12,656,629,109 and accordingly, value of the un-capitalized assets was Rs.12,656,629,109 Due to the opening balance changes and non-capitalized of assets, the closing net asset balance included in the SA 82 report and the net asset balance included in the statement of financial position did not reflect the correct amount of assets owned by the Ministry of Education.	The information will be collected and compared at the end of every month in the future, and the relevant institutions will be informed and advised in this regard.	Capital assets acquired in the year under review, should be capitalized during the year.
(iii) The assessing value of the existing buildings and land which is being identified by the end of the year under review amounting to Rs.2,778,078,008 has not been included in the financial statements.	That the project units have accounted for and action will be taken to accounts for the unaccounted assets.	Assets assessed during the year should be accounted for in the same year.

(c) **Evidences not made available for Audit**

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(i) Answers for 17 audit queries submitted to the Ministry in the year under review had not been submitted even by 31 May 2024.	That answers will be submitted later.	According to Finance Regulation 155 and Finance Regulation 452(1), the Chief Counting Officer should rectify the deficiencies pointed out by the audit queries and submit the answers to the queries promptly.
(ii) The valuation reports worth of Rs.10,890,720 related to valuation of transport equipment and other machinery during the year under review were not submitted to the audit.	Action will be taken to collect the reports and compare at the end of every months in the future.	Action should be taken to submit the valuation reports for audit.
(iii) The schedules related to the amount of Rs.22,424,325 collected in connection with the settlement of the provincial council debt balances belonging to the period of 1990 of the Eastern Provincial Council in relation to the advance B account were not submitted. Further, the schedules for the amount of Rs.48,909,855 deducted as settlement of the provincial council debt balances through the treasury 7004 account were also not submitted for the audit.	Requests have been made from the Treasury to provide the treasury printouts since the year 1980 and the Eastern Province Education Department has also been informed to submit the relevant information.	The written evidence required to confirm the balances should be submitted.

## 2. Financial Review

### 2.1 Expenditure Management

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Out of total net allocation of Rs.228,723,738 in 14 capital votes and Rs.390,125,490 in 05 recurrent votes, more than 50 percent had been saved.	That action will be taken to provide explanations for this in the future.	The requirements should be accurately identified and estimates prepared.
(b) A total net provision of Rs.81,000,000 in 8 capital votes had been saved at the end of the year.	That provision has been saved due to expenditure has not been done as expected.	The requirements should be accurately identified and estimates prepared.
(c) Although the allocations required to implement the school health nutrition program have been completely handed over to the provincial councils, a provision of Rs.2,500,000,000 have been allocated for the school health nutrition program under subject No.126-01-02-001-1501, but 94 percent of the allocations had been saved by the end of the year.	That the funds allocated to the provincial councils during the implementation of the school meal program were used for all the national and provincial schools where the school meal program is implemented in the respective province, there was no requirement of allocating of funds for the national schools.	The requirements should be accurately identified and estimates prepared.
(d) Even though the estimated original provision had been saved, there were 02 expenditure votes that had been 100 percent saved after transferring the allocation under F.R.66. Further, allocations of Rs.241,300,000 had been transferred for 07 votes by F.R.66 and the allocations of Rs.230,928,516 or 96 percent had been saved.	That the relevant officials will be informed so that such situations do not occur in the future.	Action should be taken to prepare estimates and transfer provisions only for those subjects which are necessary considering the proper requirements.

## 2.2 Entering into Liabilities and Obligations

The following observations are made.

	<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(i)	Liabilities amounting to Rs.66,412,710 had been entered exceeding the allocations in relation to 17 expenditure subjects.	That the answer will be submitted later.	The liabilities beyond the savings of the allocation should not be obliged.
(ii)	Liabilities of higher education sector amounting to Rs.696,103,548 and the skill sector amounting to Rs.46,596,226 had not been included in the financial statements.	Action will be taken that this situation will not occur in the future.	Actions should be taken to include all the liabilities related to the year in the financial statements.

## 2.3 Certification to be done by the Chief Accounting Officer

According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, the Chief Accounting Officer should have certified the following matters, but it had not been done so.

	<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a)	As per the provisions of Section 38 of the National Audit Act No. 19 of 2018, although the Chief Accounting Officer and the Accounting Officer should ensure that all audit queries are answered within the specified time limits as required by the Auditor General, answers for the audit queries as per the paragraph 3.16 of the report were not submitted.	Action will be taken to provide the answers for all the audit queries promptly.	The provisions of Section 38 of the National Audit Act No. 19 of 2018 should be followed.
(b)	The Chief Accounting Officer and the Accounting Officer should certify that an effective system of internal control is introduced and maintained for the financial control of the Department and the periodically review should be carried out on the effectiveness of the system. Accordingly, the necessary changes should be made to maintain the system effectively, and those reviews should be done in	That the answer will be submitted later.	The provisions of Section 38 of the National Audit Act No. 19 of 2018 should be followed.



writing and a copy of the same should be submitted to the Auditor General, Statements that such reviews were conducted were not submitted to the audit.

## 2.4 Non-compliance to Laws, Rules, Regulations and Management Decisions

The following observations are made.

	Reference to laws, rules, regulations	Observation		Comments of the Chief Accounting Officer	Recommendation
		Value (Rs.)	Non compliance		
(a)	Financial Regulation 104(3)(4) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka		Action had not been taken to conduct inquiries and issue preliminary and final reports with regards the losses in vehicle accidents, misplacements, deficiencies and fires in 08 occasions.	No reply was made.	Financial regulations should be complied with.
(b)	Ministry of Public Administration Circulars. Circular No. 09/2009 dated 16 April 2009		It was informed that officers of government institutes should use fingerprint machines to mark their arrival and departure and if a register is maintained for arrival and departure, it should be done in addition to the method of using fingerprint machines. But 02 schools had not used fingerprint machines to confirm arrival and departure.	No reply was made.	Circular provisions should be complied with.
(c)	Ministry of Finance Circulars. Section 02 of Asset Management Circular No. 02/2017 dated 21 December 2017		i. The 04 vehicles worth of Rs.13 million which had been included in property and equipment of the skills division at the end of the year under review had been given to external parties for use from the year 2020. But action had	Action is being taken to hand over the vehicles.	Relevant circular provisions should be complied with.

not been taken to remove the value from the assets and assign those vehicles to the relevant institutions.

			ii. A vehicle worth Rs. 4.3 million owned by the Ministry of Economic Affairs is being used from the year 2020, but action had not been taken to take over the vehicle to the Ministry of Education.	That an inquiry has been made regarding the ownership of the vehicle as the Ministry has been liquidated.	Relevant circular provisions should be complied with.	
(d)	Director, Establishment's letter No. EST-EXAMS-05-1007-06 dated 27/4/2017	7,418,540	It has been recommended to pay resource personnel allowances subject to a maximum of 03 hours to the officers on duty and maximum of 6 hours to the retired officers. Contrary to the instructions of the letter, the officials who participated in non-lecture tasks such as preparation of various manuals, preparation of guidelines, preparation of circulars, and preparation of teacher training modules were paid as resource personnel allowances in the year 2023.	Since direct training was not practically possible, such structured programs were conducted. Those were could not be conducted in the form of Lectures and they were conducted in the form of workshops. The resource personnel payments have been made as per rules and regulations.	Letter of Establishment Director should be followed.	
(e)	Ministry of Education Circulars		Paragraph (c) of the Circular No. 17/2023 dated 25 April 2023 of the Secretary of the Education	The number of classes/parallel classes should not be changed without the decision of the Ministry of Education Structure Committee in the	The number of classrooms has been physically increased in some schools due to insufficient space	Relevant circular provisions should be complied with.

	<p>case of a national school and the Provincial Structure Committee in the case of a provincial school. But without the approval of the Structure Committee new classes had been started for intermediate classes.</p>	<p>in the classrooms of the schools, segregates students to teach them for results oriented, divide for teaching in dual medium classes, etc.</p>	
<p>Guideline 1.1 of the Code of Guidelines in Circular No. 21/2017 dated 21 June 2017</p>	<p>Anti-virus software related to the internet facilities provided to schools should be updated in time, but none of the schools had done those updates.</p>	<p>That Information Technology officers in schools and provincial and zonal have been informed to act according to the instructions.</p>	<p>Relevant circular provisions should be complied with.</p>
<p>Circular No. 40/2012 dated 30 November 2012</p>	<p>According to the curriculum revisions, the list of durable equipment, chemicals and volatile substances should be revised every 05 years, but the list has not been revised even after 09 years.</p>	<p>Since the subject cycle will be executed for 08 years and in the reformation of the subject in the year 2015, there has been no major changes in the science syllabus practical tests.</p>	<p>Relevant circular provisions should be complied with.</p>
<p>Circular No. 20/2007 dated 13 December 2007</p>	<p>Although the service period of a teacher in a school belonging to the category of more convenient schools should be maximum of 6 years, 113 teachers with more than 10 years of service were employed in the 04 more convenient schools which were inspected.</p>	<p>No reply was made.</p>	<p>As per the Annual Transfer Policy relating to National School Teachers, Teachers who have completed their tenure should be subjected to the transfers.</p>

Self Employment  
Promotion

Initiatives (SEPI)  
Scheme Phase II  
Agreement dated  
29 March 2016

Clause (f) of  
paragraph 3.2

Although the Central Bank should have the responsibility to submit the accounts to the Auditor General regarding the SEPI Loan Scheme – Phase 11 within three months after the end of the accounting year, it has not done so since 2016.

Action will be taken to submit the account reports to the Auditor General on 28 February in every year.

Action should be taken to send the accounts to the Auditor General on the due date.

Clause (b) of  
paragraph 2.2 of  
the Agreement

Although all applications related to providing loans should be submitted through the Skill Development Division, without the intervention of the Skill Division, out of 123 beneficiaries registered for the years 2022 and 2023, a sum of Rs.35,100,000 had been given as loans for 47 beneficiaries.

After conducting entrepreneurial training programs and confirming completion of those programs, the NVQ certificate will be monitored and loans will be given. It will be impractical for the Ministry to monitor applications directly.

Actions should be taken according to the conditions mentioned in the relevant agreement.

(f) Rules 165 and 166 of Chapter XII of the Public Service Commission Rules of Procedure 8,063,39 3

A teacher who performed his works in the teaching service of Matara Rahula Vidyalaya had been temporarily released to another service from 05 May 2006 without the recommendation of the principal and without the approval of the appointing authority. But he was paid salaries and allowances from 05 May 2006 to 31 July 2023.

No reply was made.

Releasement should be regularized and paid salaries should be reimbursed.

## 2.5 Transactions of Contentious Nature

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the Assisted Schools and Training Colleges (Supplementary Provisions) Act No 8 of 1961, when the Western Provincial Council had not been vested the legal power to lease the property of the government-acquired schools owned by the Ministry to another person, according to the decision of the Western Provincial Council of Ministers, the land and building of Co/Pinwatta Upananda School with extent of 40 perches had been leased to a person for a period of two years from 01 November 2008 to run an ancient puppetry art institute. Although the lease period has expired, action had not been taken to reclaim the property. As such, the opportunity to enjoy a government land which could be priced at a high value had been given to an external party without permission.	In the case filed by the Dehiwala Divisional Secretary in the Mount Lavinia Magistrate's Court, the court has ordered to evict the petitioner from the land and take back the possession.	The property should be taken over according to the court orders and the relevant parties should be informed by circulars about the necessary arrangements to prevent such situations from repeating in the future.
(b) The 3.7955 perches of the land of Matara Rahula Vidyalaya had been acquired under the land acquisition to the government for the Matara Godagama expressway access road. Accordingly, a sum of Rs.4,935,613 has been received as compensation and interest for that and had been credited to a bank account in the name of Abeygunasekara Trust and was remained idle till the date of audit..	No reply was made.	The necessary actions should be taken to bring the trust into active condition and the necessary arrangements should be made to use the funds for the benefit of the present and future students of the college.
(c) As per the paragraph 06 of the Memorandum of Understanding between the Principal and, the Treasurer of the Old Boys Association regarding the project of constructing a vehicle yard in Matara Rahula College, the project	No reply was made.	Action should be taken to recover the over payments.

should have been completed according to the approved plan and estimate of the Matara District Engineer (Buildings). But contrary to that, for carrying out 12 items of work in excess of the prices mentioned in the approved estimate, the sum of Rs.1,754,911 was overpaid to the contractor.

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| (d) | In the audit, it was not possible to measure the compressive strength of the interlocking blocks laid for the constructions of Matara Rahula Vidyalaya car yard and landscaping project as they were not the standard sized blocks used in government construction. Accordingly, without the laboratory quality test reports on the compressive strength shown in the estimate, hexagonal blocks of sizes that cannot be used for testing in the government laboratories had been laid and a sum of Rs.2,195,817 had been paid for that work item. | No reply was made. | Action should be taken to recover the over payments. |
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## 2.6 Deposit Balances

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The balances of 04 deposit accounts more than 5 years old which were not credited to the government revenue during the year under review, total amounting to Rs.85,770,479, were not dealt with in accordance with the Financial Regulation 571.	That reply will be made later.	In relation to deposit balances exceeded two years should be dealt with as per Financial Regulation 571.

### 3. Operational Review

#### 3.1 Vision and Mission

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) According to the functions, vision and mission of the Ministry of Education, it was unable to completely fulfill the function of creating a national education system that enables to approach the world competition with self-confidence and confidence of success.	That reply will be made later.	For the advancement of the student generation and the country, we should create a national education system that can achieve to the expected level that a student should have reached through the primary, secondary and tertiary levels of education that are suitable for the current world, in comparison with the indicators of world education at that level.
(b) The vision and mission of this ministry is to create a research society full of skills and create a friendly society full of knowledge, professional skills and create an ecosystem conducive to the promotion of research and innovation to create a regional innovation hub. But in examining the performance reports of the years 2020, 2021, 2022 and the draft performance report of the year 2023 of this ministry, the ministry has been continuously facing the same challenges for the last 4 years. But it had not prepared a plan with a formal permanent strategy to successfully overcome those challenges and implemented accordingly.	The vocational education sector suffered a direct setback in the period of the years 2020, 2021 and the first half of 2022 due to the Covid 19 epidemic situation and the economic crisis situation. As a result, actions have been taken to establish a national research management system at the ministerial level in order to successfully face the challenges faced by the research and invention sector. Through this, expect to reduce the challenges face by the research sector.	Action should be taken to prepare a permanent strategic plan.

### 3.2 Planning

The action plan prepared for the year 2023 had not included the details of the approved cadre and the currently employed cadre of the institution updated for the year.

### 3.3 Non Execution of Functions

The following observations are made.

	<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a)	According to the action plan, the total estimated cost for the expected activities in the year 2023 was Rs.29,954,974,900, but according to the progress report, the actual cost was Rs.10,915,445,500. Accordingly, it was not possible to reach the desired targets due to the Rs.19,039,529,400 or 64 percent of the total allocation was saved. Further, there was a difference of Rs.8,208,104,000 in the estimated cost between the action plan and the progress report.	That reply will be made later.	Actions should be taken to prepare the plans which can be practically implemented and to achieve the prepared plans.
(b)	There were about 57 activities belonging to 22 sectors which were planned to be completed in the year 2023 but no any progress was made, and the estimated value was Rs.437,427,000. There were also activities whose estimated value could not be identified.	That reply will be made later.	Actions should be taken to prepare the plans which can be practically implemented and to achieve the prepared plans.
(c)	A memorandum of understanding was signed between the State Ministry of Skill Development, Vocational Education, Research and Invention and the State Ministry of Foreign Employment Promotion and Market Diversification on 09 February 2021 with the aim of directing internationally recognized qualified skilled workers to various employment fields in the foreign market and the main objectives of this agreement were sent 100,000 skilled workers abroad. But information only for 1,606 trainees' had been forwarded to the Foreign Employment Bureau in 05 occasions until the date of audit and it was	The vocational training institutes under this ministry will continue to provide the information of the trainees to the Foreign Employment Bureau, and the said bureau will provide the information to the relevant employment agencies. Accordingly, through this information, actions will be taken by relevant agencies to send private trainees abroad.	Action should be taken to reach desired goals and efforts should be made to direct the trainees to employments which are in high demand in the field of foreign employment.



at a low level of about 2 percent. Actions had not been taken to send the trainees for 33,596 job opportunities received from the Foreign Employment Bureau in 02 occasions.

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| <p>(d) Under Self Employment Promotion Initiatives loans (SEPI) from the year 2016 to the year 2023, 1,362 beneficiaries were targeted to provide loans amounting to Rs.757 million. But, out of 1,418 beneficiaries, loans amounting to Rs.526 million had been given to 1,156 beneficiaries by the end of the year under review.</p> | <p>There had been a setback due to the Corona situation and the economic crisis in the years 2020, 2021, 2022 and 2023, but this situation has been overcome by the year 2024, and out of the 82 loan applications registered as at 31.03.2024, loans amounting to Rs.29.7 million have been disbursed for 35 applicants.</p> | <p>Action should be taken to increase the number of borrowers compared to the registered beneficiaries so that the desired objectives of this loan scheme are fulfilled.</p> |
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### 3.4 Non Achieving of Expected Outcome

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>(a) The Science Technology and Research Educational Training Program, which provides facilities for the production of solar panel prototype projects, was given in-principle approval on 06 April 2016 and the project started in the year 2017 with the contribution of local funds of Rs.240 million. The financial progress of this project at the end of the year under review was only 47 percent of the total allocation. Although the objective of this was to add 3,500 Solar Technicians in the field and produce 10 solar panels that can be used to generate electricity in universities, even though 07 years have passed,</p>	<p>Due to various obstacles to accomplishing the objectives of this project, it has not been possible to achieve all the desired objectives of the project and only a few objectives have been achieved.</p>	<p>Actions should be taken to achieve the objectives of the project without delay.</p>

only 04 Laboratory Scale Prototype Solar Panels have been produced.

- (b) You lead Phase II project was started for the period of 2021-2024 with the support of 06 million dollars by the United States government, expecting the results of the growth of ability of young employees and success of the tertiary vocational education and self-employment. The responsibility of guiding and monitoring it was assigned to the Skill Division, but no active intervention was observed in this regard. During the examination of the expenditure reports from January to August of the year under review, the total expenditure excluding taxes related to those 08 months was Rs.600,759,163, out of which 58 percent had been incurred for travelling expenses, direct expenses and other administrative expenses.
- You lead project is also running programs in connection with the Ministry and other public and private institutions and the direct intervention of the Ministry was possible only for the programs implemented through the institutions under the Ministry.
- The Ministry should be actively involved in project guidance and supervision activities.
- (c) 7865 and 5429 students were enrolled for NVQ and NNVQ courses respectively during the year under review, a total of 13294 people were under enrolled, which was a decrease of 24 percent from the expected enrollment.
- It is difficult to accurately determine the progress towards achieving the goals as the enrollment for vocational training courses is done till the end of the year.
- Action should be taken to enroll students to meet the targets for training courses.
- (d) Although Rs.326,155,114 had been paid for the three-storied new building and workshop building constructed under the Austrian project on improving the technical training activities of Katunayake Institute of Engineering Technology, the assessed value on 06 December 2021 was Rs.51,750,000. Accordingly, the value of the building had abnormally decreased by Rs.274,405,114 within a year of the building being in use. Also, training equipment worth Rs.13,730,656 to be received to
- NAITA was instructed to account the assets issued by the GRN issued by this project and to account for the relevant values in the preparation of accounts for the year 2023 according to the details given regarding the building values. That further progress inquiries
- Actions should be taken to utilize the resources with maximum efficiency and effectiveness.

Katunayake Institute of Engineering are being made by Technology under this project had the Ministry. not been received.

### 3.5 Projects Suspended without Completion

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The Next School Best School National Program that was implemented from the year 2016 to 2020 project was suspended incompletely despite having a liabilities amount of Rs.5,439,907,245 by 31 December 2020. Further, the program to establish 1000 National Schools was started and an amount of Rs.2285.2 million was spent, but only 23 schools were converted into National Schools and suspended in midway.	That reply will be made later.	The initiated projects should be completed as scheduled and work should be done to achieve the desired results.
(b) The construction of 45 industries worth of Rs.367,341,909 in the Central Province had been completed under the Nearest School Best School program and 32 industries worth of Rs.351,839,473 had been partially completed due to limited allocations by the end of the year under review.	That reply will be made later.	The initiated projects should be completed as scheduled and work should be done to achieve the desired results.
(c) Under the project of constructing technological laboratories in schools through the national program of developing 1000 secondary schools, a sum of Rs.24,689,403 had been spent and the work of 03 laboratories has been suspended midway.	That reply will be made later.	The initiated projects should be completed as scheduled and work should be done to achieve the desired results.
(d) The amounts of Rs.100 million and Rs.200 million had been allocated for the project of initiating 05 university cities identified under special priorities under the Gazette No. 2209/14 dated 04 January 2021 in the years 2021 and 2022 respectively. A building complex had been selected for this city university only in Kegalle area and a sum of Rs.16.738 million was spent for it in the year 2022. A provision of Rs.200 million had been	Government expenditure was limited by the National Budget Circular No. 03/2022 and dated 26.04.2022, accordingly, the planned activities could not be carried	Action should be taken to make the best use of available resources apart from new construction.

allocated in the year under review and a sum of out. Rs.1.202 million had been spent and the project had been suspended in the middle and the amount of Rs.18 million incurred had been an idle expenditure.

### 3.6 Delays in Execution of Projects

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The project of establishment of a professor unit at Karapitiya Hospital was awarded to a private company at a cost of Rs.1,138.5 million on 24 June 2019, based on several objectives including increasing the number of medical undergraduate candidates by 300 based on a 2018 budget proposal. According to the agreement, the activities were expected to be completed on 16 June 2022, but an extension had been obtained until 05 June 2024. But the physical progress of the project was only 64 percent even on 29 February 2024.	Although the progress of the project was slow at the beginning due to various reasons, actions are being taken to complete it successfully.	The concerned officials should take responsibility to complete the works of the project on the scheduled date as per the agreement so that the desired objectives of the project can be achieved.
(b) With the aim of increasing the number of students enroll to the Karapitiya Medical Faculty and increasing Research Capabilities, the Higher Education Division has awarded the contract for the construction of a 12-storey building for the Faculty of Medicine of the University of Ruhuna was awarded to the Central Engineering Consultancy Bureau on 01 June 2020. The contract value was Rs.1,092 million. According to the agreement, the work was expected to be completed on 06 September 2021, but an extension had been granted until 05 April 2024. The concrete slabs of up to 10th floor of this project had been laid and the internal structure constructed up to the 7th floor by 31 December 2023. The expenditure as at 31 December 2023 was Rs.1015.87 million, but the physical progress remained at the level of 50 percent.	Due to the increase in the price of construction materials and the shortage of construction materials in the market and the fact that the treasury funds were not released to pay the contractor as scheduled, although the construction work of this project was in a slow state, the work is being completed rapidly at present.	The relevant officials should plan to complete the project work on the scheduled date as per the agreement in order to achieve the objectives of the project.

- (c) The project to establish a Faculty of Allied Health Sciences at University of Ruhuna Action has been taken by the higher education department to start 4 new courses related to the health sector with the main objective of overcoming the shortage of medical laboratory trainees, thereby targeting of producing about 350 graduates per year. Furthermore, it has the objectives of providing artificial devices designed in accordance with modern techniques to those who have lost their limbs due to social activities and diseases etc. covering the entire island.
- The contract of establishment of the above faculty was awarded to a contractor on 03 December 2020 for an amount of Rs.1,501 million. Although this project was expected to be completed on 02 June 2023, the contractor had obtained an extension up to 10 April 2024, but the project had not been completed even by 31 December 2023. The expenditure as on 10 April 2024 was Rs.1398.07 million and the physical progress was 91 percent.
- Due to the Covid epidemic, the economic crisis in the country, the shortage of construction materials in the market and insufficient funds, it has not been possible to complete the work on the expected dates. At present, the final phase of the work is being carried out very quickly and the building complex will be handed over to the students very soon.
- The relevant officials should plan to complete the project work on the scheduled date as per the agreement in order to achieve the objectives of the project.
- (d) Establishment of a Unit on Naval Studies and Naval Affairs at University of Ruhuna
- The higher education department had started this project for conducting of basic marine engineering and naval architecture degree programs and naval studies, development of research and development facilities for boat and ship design industry and purchase of essential laboratory equipment and conduct of specialized engineering workshops required to facilitate existing degree programs. The project was awarded to Central Engineering Services Pvt. Ltd for a value of Rs.436.5 million on 28 May 2019, and according to the agreement, the project was supposed to be completed by 31 July 2021. The dates were extended on several occasions and finally the dates were extended till 26 November 2024. According to the agreement, the plants, machinery and equipment of the project should have been obtained by 29
- An amount of Rs.400 million had been allocated for the procurement activities, the provision of Rs.400 million cannot be fully utilized for this project in the year 2023 within the procurement time frame. Accordingly, the university has informed that Rs.232 million of that amount should be transferred to another project of the University of Ruhuna. As such, that amount was transferred to another project. Accordingly, all the allocations allocated for this project have been optimally utilized in the
- The works should be completed on the scheduled date as per the agreement to achieve the objectives of the project by utilizing the allocation optimally for the allocated purpose.

February 2024, but the allocation of Rs.05 million allocated in the year 2022 had remained at the end of that year. Also, only 42 percent of the allocation allocated for the project in 2023 had been utilized by the end of the year.

year 2023.

- (e) The project to construct a Building Complex for the Faculty of Health Care Sciences of the Eastern University of Sri Lanka Under loan agreement No. 940 signed by the Department of Higher Education with the Democratic Socialist Republic of Sri Lanka and the Kuwait Fund for Arab Economic Development (KFAED) on 24 March 2016, It had agreed to provide a loan of Kuwaiti Dinars 10 million. Although the construction of the faculty building complex had been completed at a cost of Rs.4,514 million, the remaining work contracts of the project were inactive and its physical progress remained at the level of 10 percent. The progress of purchasing the learning equipment to be purchased through the project had been at the level of 40 percent and the project activities have been temporarily stopped as the loan had been suspended from 08 June 2022.
- That the funds will not be released by the Kuwait Fund until the debt restructuring process is completed and the Government of Sri Lanka repays the outstanding loan installments to the foreign debt providers. After explaining the current situation of the project to the treasury, actions have been taken to allocate Rs.300 million from local funds for the year 2024 for the purchase of equipment.
- The relevant officials should plan to complete the project work on the scheduled date as per the agreement in order to achieve the objectives of the project.
- (f) Project for the construction of Faculty of Medicine at University of Moratuwa According to Cabinet Memorandum No.ED/HE/PL/2021/18 dated 22 March 2021, the Department of Higher Education had decided to establish this medical faculty based on the requirement of increasing the number of doctors available to improve the current national health standards. A Cabinet paper dated 20 April 2021 was directed to acquire the infrastructure and other resources of the South Asian Institute of Technology and Medicine (SAITM) and Dr. Neville Fernando Teaching Hospital (NFTH) to the Faculty of Medicine of the University of Moratuwa, but the approval had not been received till the date of the report. However, despite the recruitment of
- Action is currently being taken to provide training facilities at Dr. Neville Fernando Hospital for the currently enrolled student groups. Funds for the projects will not be released by them due to non-payment of loan installments and interest by the government. The amount of Rs.50 million has been allocated to carry out the necessary preliminary works if the loan amount becomes active, but the loan has not become active and
- Action should be taken to achieve the objectives of the project.

03 groups, due to the lack of necessary facilities for clinical training and a faculty complex, the amount of Rs.50 million allocated for the year 2023 could not be fully utilized by the end of the year under review.

Accordingly, it was not possible to use the provision.

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| (g) | The approval to establish a National Science Center had been granted in the cabinet paper dated 11 February 2016. Accordingly, a sum of Rs.280 million had been paid to the Urban Development Authority to acquire the related land portion but even by the end of the year under review, the ownership had not been transferred to the Ministry. | As fund has not been received for this project since the year 2021, as such, the construction work has not started and a Cabinet Memorandum has been submitted to start a Science and Technology Industrial Park. | Assets related to the ministry should be taken over and work should be done to achieve the desired objectives. |
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### 3.7 Project with no Progress though Funds were released

The following observations are made.

	<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a)	An allocation of Rs.41.33 million had been reserved to Sri Lanka Vocational Training Authority, National Apprenticeship and Technical Training Authority and Sagara University of Sri Lanka during the year under review for the development of infrastructure facilities of vocational training centers by the Skills Division to increase the enrollment of students for courses with high demand in the labour market. But achieved financial progress was Rs.2.85 million only.	That due to various reasons, the allocations of this subject item were not utilized and part of the allocations was transferred to other subjects with the approval of the Secretary.	The concerned authorities should take necessary actions to accomplish the planned tasks and develop the vocational training sector.
(b)	In order to attract the youth to vocational training, under the Tech Udana program, to develop technical colleges and technical universities under a unified architectural model a sum of Rs.300 million had been allocated in the year under review, but the expenditure at the end of the year was Rs.87.25 million. As such, financial progress was only 29 percent.	Due to the constant price variation of construction materials in the past period, the actions to obtain the necessary approval for the same have been problematic.	Actions should be taken to complete the desired projects without delay.

### 3.8 Others

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) A contract was signed with the Central Provincial Education Director and a private construction company for the construction of a retaining wall behind the aesthetic building of Maha/Dharmaraja Vidyalaya for Rs.3,215,887 on 06 September 2011. Although a sum of Rs.4,036,784 had been paid for the completion of the retaining wall, the retaining wall had become unstable condition by 08 November 2021.	Necessary actions have been taken to refer to a government institute to investigate the reasons for the instability of the retaining wall.	Corrective action should be taken as soon as possible.
(b) Based on the allocations received by the Central Provincial Education Department, the construction of the canteen of Maha/ Dharmaraja College had been carried out and an amount of Rs.4,400,000 was paid to the contractor for that by 18 September 2023. Although the work of this industry was stopped midway and the industry was terminated on 20 December 2022 on the basis of bilateral agreement, the constructed building has been used as a bodybuilding center at the end of the year under review. The recommendation of the National Building Research Institute was also not obtained for this building, which was built on a land risky to landslides.	That the report of the Building Research Institute has not been obtained and this industry has to be stopped due to the lack of funds although the allocation of government was given.	Action should be taken to obtain related reports before construction of buildings and provisions should be obtained and work should be completed and used purposefully.

### 3.9 Annual Performance Report

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) It was expected to prepare regulations for the regulation of	That the private school branch has informed that the	The existing legal barriers should be identified and



international schools and to prepare rules for government-approved private schools by the year 2019, but no action had been taken in this regard. The special performance report on the regulatory process for non-government schools issued by the National Audit Office had emphasized the requirement in this regard.

activities related to the regulation of international schools are not done under the Ministry of Education.

the existing regulations should be revised and criteria should be prepared so that the work related to education is regulated under the Ministry of Education. A system should be prepared and monitored to schools so that an annual license should be obtained under the regulation of the Ministry of Education.

(b) Three programs namely the National Program for Developing 1000 Secondary Schools, Nearest School Best School National Program, and the Program for Establishing 1000 National Schools have been started since the year 2011, but before achieving total progress in one program, another program had been started. Although it was only stated that the programs has been introduced and a part of them fulfilled within the relevant period, no information regarding the completion of those programs had been included in any performance report.

Action will be taken to submit the reply later.

After completing the started program within the prescribed period, new programs should be started and follow-up action should be taken by reviewing the progress of each program.

### 3.10 Foreign Funded Projects

The following observations are made.

	<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a)	Audit inspection on Secondary Education Sector Development Program (SESIP)		
(i)	Although 98.93 million dollars had been allocated for 22 sub disbursement link indicators under the 07 major disbursement link indicators for the year 2023, but those 22 sub	As the implementation had to be delayed, the financial grant of Rs.98.93 million related to the year 2023 had to	Action should be taken to ensure that the targeted Disbursement Link Indicators are achieved within the

<p>disbursement link indicators included 12 sub disbursement link indicators that were not achieved in 2021 and 2022. It was not possible to get the above total amount allocated for the 2023 program, as none of these disbursement link indicators had been reached during the year.</p>	<p>be postponed to the year 2024 on the agreement of the Asian Development Bank.</p>	<p>specified time frames.</p>
<p>(ii) Although the financial target given by the Asian Development Bank was 381.88 million dollars till the year under review, only 216.27 million dollars or 57 percent had been achieved.</p>	<p>That the National Education Policy has not been approved so far, as such, the performance was lower than the expected target due to not being able to reach the set goals in the year 2023.</p>	<p>Necessary actions should be taken to achieve the desired goals within the prescribed time frames.</p>
<p>(iii) In accordance with sub-sections 2.02/2.03 of the 02 section of the loan agreement with the Asian Development Bank, the government of Sri Lanka is required to pay a binding fee of 0.15% on the undischarged loan amount. This is in addition to the interest rate at the variable interest rate. Due to the delay in the implementation of the disbursement link indicators by the Ministry, a binding fee of Rs.103,350,603 had been paid and it was an idle expenditure. Action had not been taken by the ministry to inform the Asian Development Bank in writing through the treasury about the covid disaster, economic crisis and political instability in the country in the years 2021 and 2022 and get release on the binding fees.</p>	<p>As per the loan agreement, binding charges will have to be paid on the unreleased amount and interest on the loan amount taken.</p>	<p>The ministry should inform the Asian Development Bank in writing about the disasters facing the country through the Treasury and action should be taken to remove the binding fees.</p>
<p>(iv) According to the reports of the operating committee, this program has already suffered setbacks due to various reasons. Accordingly, it is very important to conduct training programs to implement the new education reforms</p>	<p>That the time of completion of the program will be determined.</p>	<p>The program should be implemented within the stipulated time frame.</p>

according to the national education policy framework, to revise the already prepared curricula accordingly, and to build credibility in the society about the new education reforms. The Ministry of Education (MOE), the National Institute of Education (NIE) and the Department of Examinations (DOE) had jointly decided that this new program should be extended to the year 2027 as it takes a long time to conduct training programs. But no agreement had been reached with the Asian Development Bank in this regard even as on the date of audit.

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| (v)  | According to the Cabinet Decision No.23/0103/604/010 dated 14 February 2023, for the review of the Project Offices and Project Management Units the approval had been given to reduce the staff of the SESIP project to 10. But officers had been employed in 19 positions as at 31 December 2023, including 09 Provincial Evaluation and Regulatory Officers and 06 Provincial Coordination Officers. Even though no disbursement link indicator had been achieved in the year under review, the allowances of Rs.6,300,000 paid for these provincial representatives had been an idle expenditure. | On the approval of the Cabinet, it has been arranged to maintain a staff of 12 from 12 February 2024.                             | According to the decision of the Cabinet, action should be taken to reduce the staff.         |
| (vi) | An amount of Rs.16,000,000 was credited to School Development Society accounts for 285 selected schools on 10 November 2023 for the practical activities of the Bio Systems Technology subject in the G.C.E (A/L) stream. According to the information received on 31 March 2024, only an amount of Rs.421,980 had been used by 08 schools and the period of use had been further extended until 31 May 2024.  | As the period of utilization of money has been extended till 31 May 2024, actions are being taken to obtain the progress reports. | The officials in charge of the related tasks should be responsible to achieve the objectives. |

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| (vii)  | <p>Covering all the 09 provinces, for the purchase of laboratory equipment and chemicals for 233 schools selected from among the SESIP program schools and other schools in need of chemicals and laboratory equipment, a financial allocation of Rs. 200,000 for each school of Rs. 46,600,000 Provincial Education Departments was issued on 31 July 2023. According to the letter dated 21 September 2023 issued by the Director of Education (Science), the above money should be spent before 10 November, but according to the progress reports submitted by only 73 schools on 31 March 2024, only sum of Rs. 13,021,754 had been spent and it was only 28 percent of the total allocation value.</p> | <p>That actions are being taken to obtain the relevant information from the schools.</p>                                    | <p>The relevant authorities should take responsibility to achieve the performance by purchasing the relevant equipment for the selected schools and making the students use it.</p>  |
| (viii) | <p>An allocation of Rs.295,000,000 had been given to upgrade the achievement level of 13 targeted subjects in selected 750 schools to improve the quality of secondary education in the year 2022. Out of that, Rs.270,000,000 or 91 percent had been given in the last quarter of the year and the work was postponed to the year 2023. As such, the closing date to spend the money was extended to 30 April 2024. But the progress on the way of the money had been used had not been called to the Education Quality Development Branch even by 31 March 2024.</p>   | <p>At present, action is being taken to get the progress as at 31 March 2024 from the Provincial Coordinating Officers.</p> | <p>Should be Introduced an optimal program based on previous experience in order to achieve the desired goals of giving provisions. Accordingly, along with the physical and financial progress, the concerned authorities should ensure that the utilization progress is also achieved and the performance is achieved.</p> |
| (ix)   | <p>A grant of Rs.209,027,000 had been given to 171 national schools and 579 provincial schools for the year 2023 without studying the progress of the year 2022 related to achieving the annual disbursement link index targets. The period of use of the grants given in the year 2022 had been extended from time to time, while grants for the year 2023 had also been given on 26 September 2023. The period of</p>  | <p>Accepted that the date of utilization of money has been extended.</p>  | <p>Should be Introduced an optimal program based on previous experience in order to achieve the desired goals of giving provisions. Accordingly, along with the physical and financial progress, the concerned authorities</p>   |

	utilization of the money had been also extended from time to time and last revised date had been 30 April 2024. Accordingly, the desired targets could not be achieved within the specified year.		should ensure that the utilization progress is also achieved and the performance is achieved.
(x)	Purchase of 328 laptops to divisional education offices under allocation link indicators 07, establishment of NEMIS data system in 09 provinces, publication of all performance reports and sector indicators in the education sector on the official website of the Ministry of Education by the year 2025 was planned. In order to achieve those goals, it was planned to implement sub disbursement link index numbers 53, 55 and 56 in the years 2021, 2022 and 2023, and 7 million USD had been allocated for that. But due to not achieving these goals even by 31 December 2023, it had not been possible to get the 7 million Dollars from the Asian Development Bank.	Action has been taken to obtain the information from the information system and action will be taken to obtain the related disbursement link indicators in the year 2024.	The concerned authorities should take action to achieve the desired goals within the stipulated time.
(xi)	The procurement for the purchase of 328 laptops had been started on July 2023 and had been awarded to a private company for a bid amount of Rs.79,548,000 on 15 December 2023. The laptops had been handed over to the central stores of the Ministry of Education on 08 March 2024 without verifying that the conformity to the specifications. It was observed that all 328 laptops had not complied with the relevant specifications.	No reply was made.	Goods should be accepted only after verification of compliance with the specifications.
(xii)	Out of the estimated provisions of Rs.97,000,000, only Rs.5,662,072 had been spent for 05 activities of the Examination Department under the SESIP program in the year under review. Accordingly, the progress not achieved in the year 2023 was 94 percent.	As only activities related to disbursement link indicators were implemented, it is accepted that the progress achieved was only about 6 percent.	The concerned authorities should ensure that the physical and financial progress of the disbursement link indicators along with the policy decisions should be reached the desired level.

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| (xiii) | <p>Although a provision of Rs.50,000,000 was allocated to the National Institute of Education for the Secondary Education Sector Development Program in the year 2023, none of the disbursement link indicator target for the year under review had been achieved due to the temporary suspension of curriculum development.</p>   | Accepted.   | <p>Actions should be taken to prompt implementation of disbursement link indicators with policy decisions.</p>   |
| (b)    | <p><b>Establishment of Information Technology Center for Secondary Education.</b></p> <p>A loan agreement of USD 35,663,773 has been entered for the construction of three information technology centers with the financial contribution of Korean Exim Bank On 05 November 2019. But the loan agreement could not be implemented. The loan agreement expired on 10 May 2023 and the Cabinet approval has been received to extend the project period by another 33 months. But the revised loan agreement was not signed even by 31 March 2024.</p>                                     | <p>The Korean EXIM Bank has informed that the amendment to the loan agreement related to this project will be delayed due to debt restructuring negotiations.</p> | <p>Action should be taken to follow the agreement and establish the necessary centers to fulfill the project objectives and work to complete the project successfully.</p> |
| (c)    | <p>The building construction works of Pussellawa Saraswathi Madhya Maha Vidyalaya was completed in the year 2019 under the assistance of the Government of India. A provision of Rs.6,658,405 has been allocated for the purchase of computer equipment and furniture for this school, procurement activities had not been completed even by the date of audit of 20 March 2023. Accordingly, even though it has been more than 04 years since the construction work was completed in 2019, the management had unable to complete the purchase of equipment related to this project.</p> | <p>Agreed. It has been informed that the related procurement work will be done by the Ministry of Education in the future.</p>                                    | <p>Necessary facilities should be provided to receive benefits to the children through the physical development of the schools.</p>  |

(d) **Construction of National College of Education for Technology.**

To introduce the subject of technology under the A-level curriculum in 2013, the Ministry of Education was supposed to receive US\$14.95 million aid and local funds from the Republic of Korea for the construction of a National College of Education in the Kuliyaipitiya area. It will be constructed with support of the Korean government. Due to the delay in the implementation of the project until the year 2021, according to the Amendment to the record of discussion the Korea International Cooperation Agency (KOICA) affiliated to the Republic of Korea had assigned the responsibility of this project to the Ministry and an amount of US\$ 800,000 had been given to the Treasury in December 2021 for the construction works. This project has been delayed due to various reasons since the year 2016, and although the contract was given to the Central Engineering Consulting Bureau (CECB) for speedy execution, it was observed that the construction work had been started in December 2022. Accordingly, the physical progress of the construction works as on 31 January 2024 was about 47 percent.

With the start of constructions in the year 2022, the overall physical progress of the construction has been achieved at about 55 percent.

Through contract administration, the relevant authorities should manage the contract properly, and the construction works should be completed as per the agreement and the desired objectives are achieved.

(e) **Construction of a new national school with multiracial and trilingual education in Polonnaruwa district**

The Phase 1 of the construction of a new national school with multiracial and trilingual education in Polonnaruwa district Under the aid of the Republic of India, was approved by the Cabinet on 07 December 2016 and was scheduled to be completed on 09 January 2019. After 11 months beyond the project period, the Government of India had canceled the agreement and

The scope has been reduced and an estimate has been obtained and an addendum (agreement) to the second contractor has been signed on 29 April 2024 with the agreement of the Ministry of Education and the work has been started and this situation has arisen due to the insecure situation in the country. That after the

Action should be taken to complete the work as per the agreement and achieve the desired objectives.

had paid an amount of Rs.11,881,577 to CECB as consultancy fees in 3 stages for 42 percent of the construction works. The total consultancy fee requested by the said institution for the delay which occurred without completion of the construction works was Rs.6,367,091. Due to the withdrawal of the new contractor, the Central Engineering Services Private Company was given a new contract for an amount of Rs.200,664,128 and the cost had increased by Rs.13,863,566 compared to the previous price. The scope of this was reduced by the Indian High Commission on 31 August 2023. As such, there was a risk of not being able to use the building for its intended purpose.

completion of that work by the High Commission of India, the Government has to provide provision for the completion of the balance.

### 3.11 Project Executed from Local Funds

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Out of the allocation given by the Ministry to the Uva Provincial Education Department for the Child Friend Program, an amount of Rs.3,223,210 had saved and this money had been kept in the tender deposit account without sending it to the treasury by 31 December.	That the deposits related to the year 2021 that have exceeded two years will be sent to the Treasury.	The cash balances as on 31 December of each year should be transferred to the Treasury as per circular provisions.

### 3.12 Procurement Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to 144 substandard chemicals valued for Rs.1,804,834 had been given to 83 schools, the relevant conclusions had not received as expected. Further, a sum of Rs.767,543 had been spent in the	It has been observed that the staff of some schools are not using the chemical in the correct way. That the chemicals included in	Quality materials match with the requirements should be purchased.



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|     | <p>year 2021 to provide the chemicals removed from the present syllabus to the schools.</p>  | <p>the requests made by the schools have been provided.</p>  |  |
| (b) | <p>Expired, unlabeled chemicals which should be removed and radioactive materials were also remained in the schools for a long time and the school community had become insecure because no formal program had been prepared for the remove of those chemicals into the environment. The schools had informed the Zonel education offices in this regard and although the Prince of Wales College, Moratuwa planned to remove the chemicals through a private institute, it has been stopped midway due to the high cost. Although it was discussed in the Audit and Management Committee meeting about 07 times about these old chemicals in the schools but no formal program has been prepared for the disposal process of those materials. The matter has not been resolved and it has been removed from the agenda of the Audit and Management Committee meeting held on 06 September 2023.</p> | <p>A formal legal program for the disposal of chemicals should be made and it is being discussed with the Central Environment Authority. That it has been verbally informed that it has now been submitted for Cabinet approval.</p> | <p>A legal and formal program should be prepared and the disposal activities should be finished promptly.</p>                      |
| (c) | <p>1,185,614 packets of school uniforms remained in surplus in the zone education offices, schools and in Paththalagedara stores where the sample audits were conducted due to not correctly identifying the requirement of school uniforms for the year 2023.</p>   | <p>Agreed. The fact that the quantity of cloth received from the Chinese government more than the requirement has also led to excess stock of cloth.</p>   | <p>An updated formal database on students should be maintained and the correct requirement should be identified and purchased.</p> |
| (d) | <p>The Past Pupils Association had spent a total of Rs.3,185,111 to purchase various goods and services at unusual prices for the Rahula Centenary Vidyabhimani Educational Exhibition and the Festival held at Matara Rahula Vidyalaya.</p>   | <p>Reply had not been made.</p>  | <p>The provisions of the National Procurement Guidelines Code should be complied with.</p>   |

### 3.13 Assets Management

The following observations are made

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Action had been taken to purchase 96,919 tab computers and 2639 charging racks under the program of providing tab computers to advance level students and teachers teaching the subject, which was implemented according to the 92 budget proposals of the year 2017. But the objective had been changed as providing these tab computers for the students from 6th to 11th year. Although 18,973 tab computers worth of Rs.589,035,758 and 535 charging racks worth of Rs.88,275,000 were given to 256 schools in the western region, most of them had been remained idle and under-utilized.	Integrating technology into the learning and teaching process can be done in many ways in any lesson. That teachers will be further informed about this.	Actions should be taken to provide the necessary instructional guidelines so that the students can use the tab computers and get their benefits.
(b) A database was not maintained in the Ministry of Education or the provincial offices regarding their name, location, size of building, size of land, and especially from whom they were taken over regarding schools and teacher colleges gazetted under the Assisted Schools and Training Colleges Act.	That the first phase of installation of a complete database has been completed on the recommendations of the COPE Committee.	The Ministry should maintain an accurate and timely information system.
(c) According to the gazette related to the Assisted Schools and Training Colleges Act, the number of schools belonging to the Western Province was 782 The legal department of the Western Province Ministry of Education had prepared a report on 31 January 2014 on the schools currently operating in the Western Province which had been handed over to the government, under the Assisted Schools and Vocational Colleges (Additional Provisions) Act. The number of schools mentioned there was 489. Accordingly, a difference of 293 schools were observed, of which 9 schools have	It is further informed that the arrangements have already been started to get the information related to all the Assisted Schools located all over the island through the Provincial Education Directors.	An internal control system necessary to properly maintain the asset management of the ministry should be established and actions should be taken to maintain accurate information.

been transferred to the original owners, and the ministry had not available information about 284 schools.

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| (d) | 140 vehicles registered in the name of the Secretary of the Ministry of Education were not available in the Ministry of Education.   | As the information about the 141 missing vehicles cannot be found precisely at this time, no action has been taken in this regard.   | The vehicles registered in the name of the Ministry Secretary should be properly identified and further action should be taken and an internal control system should be established. |
| (e) | According to paragraph 13 of the letter of the Secretary of the Ministry of Education No. ED/08/26/05/3/01 dated 30 November 2022, tab computers should not be taken out of the school for any reason, but during the sample inspection conducted by the auditor, 39 tab computers in 10 schools had been taken out of school. | That schools and provincial and zonal Information Technology officials have been informed to act according to the instructions.  | The letter of the Secretary of the Ministry of Education should be followed.   |
| (f) | Two vehicles total cost of Rs.8,800,000 of skill sector has been remained idle from 10 October 2019 and 14 March 2022 till the end of the year under review.   | Estimates have been called for the repair of vehicles and since it will incur high costs, arrangements are being made to give them to other institutions under the division. | Assets should be properly managed and utilized.  |

### 3.14 Losses and Damages

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) The opening balance in relation to 08 damages of the statement of writing off from the books in the financial statements of the year under review was Rs.16,552,184 but the action had not been taken to recover or write off from the books during the year under review. The said balance had reduced to Rs.16,527,317 by 30 April 2024.	No reply was made.	In accordance with the provisions of the Financial Regulations, investigations should be conducted and the losses should be recovered or removed from the books.

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| (b) | A sum of Rs.1,384,225 received to the School Development Society of Negombo Harischandra Vidyalaya was misused by an officer of the Government Management Assistant Service without being banked, although almost 05 years had passed, action had not been taken to recover the amount.  | No reply was made. | The authorities should take actions according to the provisions of the Financial Regulations and Establishment Code and take necessary further action against the officer. |
| (c) | It has been recommended that the supplier who supplied computer equipment and installed internal electrical systems to the relevant premises should be held responsible for the estimated loss of Rs.12,517,406 due to the sudden fire caused by the Mahindodaya Technological Science Faculty of Kotahena Madhya Maha Vidyalaya. However, the total loss amounting to Rs.16,116,160, including the department fees of 28.75 percent had not been recovered or writeoff from the supplier company. | No reply was made. | The entire loss should be recovered from the supplier.   |

### 3.15 Uneconomical Transactions

The following observation is made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
The Higher Education Division had paid a sum of Rs.3.9 million to 17 universities as rollout costs to get a cloud based management information system for public universities and had submitted bills of Rs.110 million for data maintenance by July 2018. When the number of students for this system increases, the amount to be paid for it increases, because of the entering in to the contract without considering the ability to pay the money, action had been taken to abandon these projects and the relevant service agency had taken legal actions.	It is correct that payments increase depending on the number of students absorbed into the system. Since this system is a cloud-based data system, the number of students who can be admitted to this system is unlimited. Accordingly, there was no requirement to conduct a preliminary study on the number of students who can be admitted to the system and the University Grant Commission had done it annually. That the	Before entering into an agreement with the external organization, the authorities should make sure to carry out a proper evaluation of the relevant transaction and system, also requirements and the capacity should be properly identified, take further action and achieve the objectives.

Technical Evaluation Committee report dated 01 October 2013 regarding the expected number of students has focused on recommendation No. 03.

### 3.16 No Replies for Audit Queries

Answers for 17 audit queries issued to the Chief Accounts Officer During the year under review had not been given despite a lapse of 1 to 6 months.

### 3.17 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The government had lost a rental amount of Rs.1,446,000 from January 2018 to December 2022 due to non-approval of the economic rent assessed in the year 2018 for 29 government quarters of Pulastipura National Collage of Education.	No reply was made.	The concerned authorities should take necessary actions to collect the revenues belonging to the government properly.
(b) It was revealed to the audit that, contrary to Circular No. 2008/37 dated 19 September 2008, without starting a new class for the 6th year, new classes had been started for intermediate other classes. As such, the students who could have entered those schools on the basis of scholarship cut-off marks had lost their opportunity. Further, due to availability of vacancies in the classes, the principals of the schools had the ability to admit children in an informal way, and for that, the approval of the structure committee was not obtained according to the instruction code on school structure activities.	Action will be taken to reply later on.	Provisions in the circular should be complied with.
(c) After admitting children from the scholarship cut-off for the 6th year class, some schools had enrolled significantly new students for the 7th year class and	Action will be taken to reply later on.	A formal program should be established to properly identify the capacity to start 6th

this had deprived them of the opportunity to admit the children who passed the scholarship cut-off to those schools. Accordingly, the new admissions for grade 7th from 2016 to 2022 were 470, 503, 718, 829, 382, 707 and 889 respectively.

grade classes in schools and action should be taken to keep that information up to date. Also, the relevant authorities should ensure that new classes are started and students who pass the 5th year scholarship examination have all the opportunities as per the circular provisions.

(d) According to the Cabinet of Ministers decision No. 22/1960/607/079 dated 02 January 2022 and Circular No. 13/2021 dated 28 May 2021, the number of students in a class from year 1 to year 5 should be 40 and the number of students in a class from year 6 to year 11 should be 45. Further, it is possible to admit 5 more children per class through scholarship, but, exceeding limit of 40 children had been enrolled in the classes by the 5th grade. 548 children in 25 schools out of the 70 schools which were inspected had been admitted beyond this limit. Hence, there were no vacancies in the classes by the 6th year, so the children had lost the ability to enter those classes through the scholarship cutoff.

No reply has been made.

The relevant authorities should ensure that, establish a formal program to properly identify the capacity of starting 6th year classes in schools and maintaining that information up to date, to start new classes according to the circular provisions. Also, make all the opportunities should be provided to the students who passed the 5th year scholarship examination.

(e) The total loan receivable from officers who were transferred, deceased, retired, suspended and vacated the post was Rs.170,296,262 and receivable amount even by 30 April 2024 was Rs.164,077,248. Out of that, an amount of Rs.16,592,173 was outstanding for more than 20 years, Rs.30,899,811 for between 10 and 20 years, Rs.22,264,959 for between 5 and 10 years and Rs.94,320,305 for less than 5 years.

All Provincial Education Departments, Zonal Education Offices, National Colleges of Education and all related units have been informed to settle the loan balances and loan balances of more than 5 years and those accounting units are currently doing the work.

Actions should be taken to recover the due loan balances.

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| (f) | The balance of loans to be recovered on overpayments from transferees and officials as on 31 December 2023 was Rs.41,563,841 and the balance to be recovered as on 30 April 2024 was Rs.39,950,191. Out of that, an amount of Rs. 9,597,722 was outstanding for more than 20 years, Rs.9,144,756 for between 10 to 20 years, Rs.4,903,471 for between 5 to 10 years and Rs.16,304,242 for less than 5 years.  | All Provincial Education Departments, Zonal Education Offices, National Colleges of Education and all related units have been informed to settle the loan balances and loan balances of more than 5 years and those accounting units are currently doing the work. | Actions should be taken immediately to recover the outstanding balance by following the circular provisions.   |
| (g) | Although within the premises of the Ministry of Education has 06 numbers of auditoriums and committee meeting halls with a capacity of 25 to 320 seats, a large number of workshops had been conducted by the Ministry of Education using the lecture halls of external institutions. As such, a sum of Rs.10,587,237 had been spent in this regard.  | No reply has been made.  | Actions should be taken to utilize the resources of the government to the maximum and take decisions in order to provide economic benefits.  |
| (h) | In order to protect the 50 points given on the basis of close to the school for the admission of students to the grade 1 in the popular schools, the lease agreement had been made at an address closest to the school. Accordingly, the permanently residence children in that area had lost the opportunity to enter the school for a long time.  | No reply has been made.  | Circular provisions should be introduced based on logical criteria, taking into consideration the existing problematic situations so that the correctness and truthfulness can be confirmed. |
| (i) | A five members committee with the participation of the Additional Secretary (Establishment) of the Ministry of Education had conducted an investigation regarding the submission of false documents along with the children's applications to prove that they are nearby residents during the admission of students to the grade one of D.S. Senanayake Vidyalaya, Colombo. According to the interim report No. ED/05/91/30/08-2024 dated 22 March 2024 related to that investigation, out of 57 applicants selected for the school under the category of children of close residents, 47 | No reply has been made.  | Investigations should be completed without delay and necessary disciplinary action should be taken.  |

applicants had submitted false documents. It was confirmed by the concerned Grama Niladhari that there were 43 applicants who submitted fake Grama Niladhari certificates.

- (j) In the evaluation conducted regarding the referral to professional employment, which was one of the main objectives of the skills sector, there were no follow-up programs regarding the engage in employment of the trainees who completed the vocational training in one department and 20 established institutions. Further, there was no database on the engage employment of the trainees. Therefore, out of the estimated allocation of Rs.11,963,000,000 for the year 2023, at a cost of Rs.9,737,862,020, it was not possible to evaluate the quantity of professional training workforce provided to the country. Further, it was not possible to evaluate the performance achieved for the expenditure incurred by the government.
- According to the information presented by the vocational training institutes, measures such as introducing follow-up excerpts/data collection sheets and conducting surveys have been taken at the regional level to collect/follow up the information about the employment of the students/trainees who have completed the courses and leave those institutions.
- An evaluation should also be conducted on whether the benefits have been achieved in relation to the money spent by maintaining a database analytically. The authorities should ensure to contribute it to future planning.
- (k) 317 and 58 Skill Development Assistant Officers were assigned to 474 Divisional Secretariats and District Secretariats across the island to fulfill the task of gathering a skilled workforce in the industry and service sectors for the economic growth of Sri Lanka. However, in the performance evaluation of the year 2023, the progress of the year in 18 of the 22 main tasks assigned to those officials was remained lower from 0 percent to 35 percent.
- Instructions and directions have been given to the field officers to avoid this situation. Accordingly, action has been taken to monitor the progress of these officers on a quarterly basis and to give them the desired targets.
- Action should be taken to get the contribution of skill development assistant officers by carrying out proper supervision and follow-up in order to fulfill the main objectives of creating a talented young generation.



#### 4. Human Resources Management

The following observations are made.

	<b>Audit Observation</b>	<b>Audit Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a)	<p>The vacancies of 1,623 in senior and tertiary level officers and other vaccines were existed, as such, there had been obstacles in the activities of the ministry. A sum of Rs.710,054,051 has been paid for the personal emoluments of the officers engaged in the Higher Education Division, Skill Development and Vocational Education, Planetarium and Vidata Program under the Ministry in the year 2023.</p> <p>But the data about the above number of employees had not been included in the above figures. Further, the principals of national schools under the ministry, teachers, staff in other education divisions and of the private sector of were not included and the ministry had not available that information as at 31 December 2023.</p>	No reply was made.	Human resources should be managed by establishing and maintaining a database on human resources so that all staff information of the ministry is included.
(b)	<p>According to Management Services Circular No. 4/2017 dated 20 September 2017 The updated staff information should be forwarded to the Management Services Department within one month of the end of each quarter in accordance with staff changes due to recruitment, resignation, vacating the posts, dismissal, retirement, and death. But the Ministry had submitted the relevant report for the year 2023 semi-annually in the months of January and March of the year 2024.</p> <p>In submitting information on staff to the Management Services Department as at 31 December 2023, information of the National School Academic Staff of the ministry, Higher Education Staff and Staff of the Welfare Sector had not been submitted.</p>	No reply was made.	The human resources management should be maintained in accordance with the circular.