

Head - 215 Department of Technical Education and Training – 2024

1. Financial Statements

1.1 Qualified Opinion

Head 215 - The audit of the financial statements of the Department of Technical Education and Training for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 Department of Technical Education and Training was issued to the Accounting Officer on 28 May 2025 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Department was issued to the Accounting Officer on 27 May 2025 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a fair view in all the material aspects of the financial position of the Department of Technical Education and Training as at 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report.

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

1.3 Emphasis of Matter - Basis of Preparation of Financial Statements

I draw attention to Note 1 of the financial statements, which describes the basis of preparation of these financial statements. The financial statements had been prepared for the requirement of the Department of Technical Education and Training, the Treasury and the Parliament in accordance with Financial Regulations 150 and 151 of the Government and State Accounts Guideline No. 06/2024 dated 16 December 2024, as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Department of Technical Education and Training, the Treasury and the Parliament of Sri Lanka. My opinion in this regard is not modified.

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

The Accounting Officer is responsible to prepare financial statements that give a true and fair view in all material aspects and to determine such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error in accordance with Government Finance Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025.

As per 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 the preparation of annual and periodic financial statements.

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Department 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.

1.5 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 Accounting Officer is made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.6 Comments on Financial Statements

1.6.1 Non-compliance with the Provisions of the Financial Statement Circular

Audit Issue	Comments of the Accounting Officer	Recommendation
<p>If there are non-financial assets to be reported, although they should be properly identified and accounted for at cost or, where cost cannot be determined at an estimated value in accordance with Section 8.2 of the State Accounts Guideline No. 06/2024 dated 16 December 2024, actions had not been taken to assess the value of 329 vehicle items received over several years as donations from foreign loan projects and local institutions for the use of students in the academic activities of 07 colleges of technology and 23 technical colleges and to include them in the financial statements as per the information provided to the audit.</p>	<p>Training equipment used for students' educational activities and vehicle items donated for training activities whatsoever have also not been reported under non-financial assets. If there are donations received in other forms than training materials, they will be assessed and accounted for after verifying the standardization of the goods.</p>	<p>Non-financial assets should be properly identified and accounted for as per the circular.</p>

1.6.2 Accounting Deficiencies

(a) Property Plant and Equipment

Audit Issue	Comments of the Accounting Officer	Recommendation
Transport equipment and vehicle expenses (9152) in recurrent nature valued at Rs. 3.196 million during the year under review had been accounted for as a capital expenditure under capital expenditure object 2003 in the year under review.	The maintenance engineer determines whether equipment and vehicle expenses are recurrent or capital in nature, and the Accounting Division accounts for those expenses accordingly.	Capital expenditures should be accurately identified and accounted for.

(b) Failure to Maintain Records and Books

Audit Issue	Comments of the Accounting Officer	Recommendation
(i) Appropriation (Standard Vote) Ledger		
The Departmental Appropriation Ledger had not been maintained up to date in accordance with Financial Regulation 447.	It has been advised to maintain it up to date.	The appropriation (standard vote) ledger should be updated and maintained.
(ii) Register of Damages		
An up-to-date Register of Damages had not been maintained in accordance with Financial Regulation 110.	It has been advised to maintain it up to date.	Register of Losses and damages should be updated and maintained.
(iii) Vehicle Log Books		
Seventeen vehicle Log Books had not been maintained up to date in terms Financial Regulation 1645(a).	It has been advised to maintain it up to date	Vehicle logbooks should be updated and maintained.

2. Report on Other Legal Requirements

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

- (a) The financial statements are consistent with those of the preceding year.
- (b) The following recommendation made by me on the financial statements of the preceding year had not been implemented.

Paragraph Reference of the Report for the Previous Year	Recommendation not Implemented	Reference to Paragraph in this Report
1.6.1 (a)	The value of vehicles received from foreign loan projects and donations from local institutions for the study of students at colleges of technology and technical colleges should be assessed and included in the financial statements in accordance with Section 8.2 of the State Accounts Guideline No. 05/2023 dated 30 November 2023.	1.6.1 (a)

3. Financial Review

3.1 Expenditure Management

The audit observations revealed in respect of the preparation of Annual Budget Estimates, transferring of provisions, utilization of provisions and, savings are as follows:

Audit Issue	Comments of the Accounting Officer	Recommendation
(a) Stating reasons such as proper management of expenses and cutting unnecessary expenses, the total provisions for 10 expenditure objects had been saved at Rs. 46.275 million and the saved allocation had ranged between 51 per cent and 76 per cent of the approved provision.	Expenditures were generated as expected.	Estimates should be prepared with proper prediction and a logical basis.

- (b) Although estimates should be prepared considering that all reasonably foreseeable services are included in the estimates and that the Department has the capacity to perform them during the financial year as per Financial Regulation 50, due to not doing so, a sum of Rs. 9.462 million had been transferred from 14 expenditure items following the Virement Procedure (F.R. 66/69) and if the allocations were not transferred in this way, compared to the annual budgeted allocation, the balance of provision of those expenditure items had ranged between 21 per cent and 100 per cent. Similarly, provisions of Rs. 55.222 million had been transferred under Programs 1 and 2 in relation to 10 expenditure items by following the Virement Procedure and the transferred allocations had ranged between 15 per cent and 68 per cent compared to the provisions of annual budget estimate.
- (c) The savings of provisions under Program 1, Program 2-2 and Program 2-3 for the domestic travelling expenditure item in the year under review were 21 per cent, 26 per cent and 32 per cent respectively and non-generating of expenses as expected due to holding meetings online had been stated as the reason for this. Nevertheless, although it had been continuously stated that the
- The saved provisions were transferred to required expenditure objects and due to insufficient provisions to meet essential expenses related to certain expenditure items, provisions were made under F.R.66.
- Expenditures were not generated as expected due to holding of meetings online.
- Actions should be taken in terms of the National Budget Circular.

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meetings should be held using online methods as much as possible as per National Budget Circulars Nos. 01/2023 and 01/2024, provisions had been made without any concern about it.

- (d) A total net provision of Rs.134.2 million had been allocated for 8 expenditure items under Programmes 1 and 2 in the year under review and the savings amounted to Rs. 46.656 million. The savings as a percentage of the total net provision had ranged from 13 per cent to 61 per cent and the reason for the savings was given as the provision had saved due to bills not being submitted as expected. Nevertheless, it should consider to the need of paying all monies to be paid in a financial year before the end of that year, as far as possible as stated in Financial Regulation 217 and the provisions made for the aforementioned utility services had saved due to failure to do so.
- Provisions had saved due to bills were not submitted as expected.
- Estimates should be prepared with proper forecast and a logical basis.
- (e) Although procurement activities should be carried out by obtaining annual provisions according to the approved Procurement Plan, out of the budgeted provision of Rs. 22 million received under the acquisition of capital assets in 4 expenditure objects of Programmes 1 and 2, a sum of Rs.11.1 million had saved due to failure of doing so. It had ranged between 30 per cent and 58 per cent as a percentage of the estimated provisions.
- The provisions had saved due to making only essential new purchases as per the priority.
- Attention should be drawn to allocate provisions and to act accordingly as per the Procurement Plan.

3.2 Entering into Liabilities and Commitments

Audit Issue	Comments of the Accounting Officer	Recommendation
There was a difference of Rs. 18.25 million between the balances of commitments and liabilities for the year under review and the balances relating to 39 expenditure items in the Treasury computer printout (SA 92) .	Due to a mistake made by the subject clerks, the CIGAS web application and the Register of Liabilities have not been updated regarding certain liabilities.	It should not act so that there are differences between the documents and accurate accounting should be carried out.

3.3 Non-compliance with Laws, Rules and Regulations

Reference to Non-compliance Laws, Rules and Regulations	Comments of the Accounting Officer	Recommendation
(i) Section 756 (6) (1) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Although the appointment of the Board of Survey should be made before 15 th December of the relevant financial year, the appointment of the Board of Survey for the year 2024 of the Department of Technical Education and Training and for the years 2023 and 2024 of 07 Technical Colleges and a College of Technology under the Department and the Head Office had not been done on due date.	The Board of Survey will submit their recommendations without delay in the future and accordingly, steps will be taken to grant approval before the due date. Actions should be taken to appoint the Board of Survey before the deadline in terms of Financial Regulations.

- (ii) Paragraph 3.1 of Public Administration Circular No. 30/2016 dated 29 December 2016
- Even though the fuel combustion test needs to be done again after each fuel test, after a period of 12 months or after 25,000 kilometers or after a major engine repair, whichever comes first, actions had not been taken to conduct fuel combustion tests on 72 vehicles owned by the institution from 2022.
- Since it is difficult and impractical to conduct a fuel combustion test again 12 months after the fuel combustion test has been conducted on all vehicles of the Department and it would incur high fuel costs, vehicles were grouped and each vehicle in each group was randomly selected and a fuel combustion test was conducted, and the coefficient was recommended to be applied to other vehicles in that group.
- Fuel combustion tests for vehicles should be done based on timely basis or distance.

3.4 Improper transactions

Unauthorized Transactions

Audit Issue	Comments of the Accounting Officer	Recommendation
<p>It is the responsibility of the Secretary to the Ministry, who is the Chief Accounting Officer, to supervise the financial affairs of the Department subject to the directions of the Treasury in terms of the amended Financial Regulations 124 (2) (a) and (b) and the Secretary to the Ministry should, prepare a short-term, medium-term and long-term plan in consultation with the Director General of National Planning to implement the recommendations of the said committee according to the Decision of Cabinet of Ministers No. 23/0256/604/030. Nevertheless, the third floor of the Technical Vocational Training Institute (TITP) building owned by the Department of</p>	<p>An agreement has been entered into with a private institution in terms of National Budget Circular No. 04/2023 and Decision of Cabinet of Ministers No. 2023/23/0256/604/30.</p>	<p>The approval of the Secretary of the Ministry should be obtained and the Treasury should be informed and consulted regarding this Memorandum of Understanding.</p>

Technical Education and Training had been leased to a private company for a period of 15 years from 19 October 2023 in contrary to that , on the basis of a Memorandum of Understanding with the approval of the Director General of the Department, and no steps had been taken to obtain the approval of the Secretary to the Line Ministry for that.

3.5 Issuance of Advances and Settlement

Audit Issue	Comments of the Accounting Officer	Recommendation
Although the staff officer who receives the ad hoc sub imprest should settle the ad hoc sub imprest immediately after completing the task, in terms of Finance Regulation 371(2)(b) as amended by Section 9.1 of Public Finance Circular No. 01/2020 dated 28 August 2020, it had taken between 12 and 104 days by the Department and the KOICA Project to settle ad hoc sub imprest totalled to Rs.3.18 million provided at 54 cases.	Due to various reasons in the current market, there is no possibility in practical to purchase and complete the relevant materials and equipment as soon as the initial order is received. Therefore, since it takes some extra time, efforts have been made to re-cover all the relevant details after obtaining them properly, and this is an inevitable situation that occurs in a technical process.	Actions should be taken to settle the ad hoc sub imprest just after the task is done.

4. Operational Review

4.1 Losses and Damages

Audit Issue	Comments of the Accounting Officer	Recommendation
(a) Even though a period of between 7-14 years had passed since the loss occurred for 08 loss items valued at Rs. 2.28 million included in the financial statements by the date of the audit, it had remained as a	Actions are being taken to recover losses.	Actions should be taken to recover losses or, when they cannot be recovered, to take appropriate measures and write them off from the books.

balance that was carried forward for many years without taking steps to recover those losses or write them off from the books.

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| <p>(b) Although it is stated that a preliminary report should be sent immediately if it is expected that there will be a delay of more than seven days in submitting a complete report in terms of Financial Regulations 104(3) of the Democratic Socialist Republic of Sri Lanka, the delay in preparing preliminary reports regarding 8 vehicle accidents involving losses of Rs. 286,378 during the 2-year period from 2023 to 2024 had ranged from 47 days to 225 days.</p> | <p>Instructions were given to the relevant officers to prepare the preliminary reports without delay.</p> | <p>Preliminary reports should be prepared and submitted without delay.</p> |
| <p>(c) Although a full report should be submitted within 3 months of any loss or damage occurring as per Financial Regulation 104(4), 18 cases where the institution did not do so were observed and the delay in providing the final report had ranged from 4 months to 64 months.</p> | <p>Staff officers were made aware to expedite the submission of final reports.</p> | <p>Final reports should be prepared and submitted without delay.</p> |

4.2 Management Inefficiencies

Audit Issue	Comments of the Accounting Officer	Recommendation
<p>(a) A loan balance of Rs. 2.086 million remained outstanding at the end of the year under review, from the 32 officers who deceased, retired, were suspended, terminated, left the service, and were dismissed from the Department.</p>	<p>Actions are being taken by now to collect and settle debt balances.</p>	<p>Actions should be promptly taken to collect and settle debt balances.</p>

- (b) The number of applications received for courses at the Galle College of Technology decreased by 56 per cent in the year 2023 compared to 2019 and the number of enrolled students also decreased by 45 per cent in 2023 compared to 2019.
- The dropout rate had remained high due to the severe recessions in the economy in 2021 and 2022 and also dropping out of students from their courses and took jobs.
- A proper programme should be implemented to attract students to the courses.
- (c) In the examinations conducted in the 2023 academic year and the inspection of results releases pertaining to the Galle, Ratnapura, and Bandarawela Colleges of Technology, it took between 3 and 13 months to release the results in 68 cases.
- There was a delay in conducting the exams due to reasons such as paying a low amount of Rs. 30/40 for the evaluation of answer sheets, economic crisis etc..
- The release of examination results should be expedited considering that the delay in results is causing injustice to students.