National Apprentice and Industrial Training Authority – 2024

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Apprentice and Industrial Training Authority for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information , 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 and Finance Act No. 38 of 1971.My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 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 qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Authority 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 of the Authority.

1.4 Audit Scope

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- 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 scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Authority , and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Authority has complied with applicable written law, or other general or special directions issued by the governing body of the Authority*;*

- Whether the Authority has performed according to its powers, functions and duties; and

- Whether the resources of the Authority had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards

	Non Compliance with the reference to particular Standard	Management Comment	Recommendation
(a)	The same class of assets should be revalued when revaluation of property, plant and equipment items is required in accordance with paragraph 49 of Sri Lanka Public Sector Accounting Standards 07, when the Authority had 42 motor vehicles, only one motor vehicle with a net value of Rs.12 million had been revalued to Rs.16 million for insurance purposes as at 31 December 2024. As a result, the cost of the motor vehicle and the revaluation reserve were overstated by Rs.4 million in the financial statements. Furthermore, the net value of the motor vehicle and the surplus for the year were understated by Rs.250,000 due to the depreciation of the motor vehicle at that revalued value.	The valuation value of this vehicle for insurance purposes was adjusted to the accounts. However, since the expected life of the vehicle class is 4 years, the depreciation rate under the straight-line method is 25 percent. The entire vehicle class is to be revalued and adjusted to the books in 2025.	The revaluation must be carried out correctly and accounted for.
(b)	Due to the failure to review the useful lives of non-current assets annually in accordance with paragraph 65 of Sri Lanka Public Sector Accounting Standards 7, motor vehicles and	Actions will be taken to revalue the motor vehicle class and computer equipment items in the year 2025.	The useful lives of assets should be reviewed annually and appropriate adjustments made to the accounts accordingly.

	computer software costing Rs.94.17 million and Rs.3.84 million respectively had been fully depreciated but were still in use. Accordingly, the estimated error that had arisen had not been corrected in accordance with Sri Lanka Public Sector Accounting Standards 3.		
(c)	The expenditure incurred on the construction of the building used by the Authority for Rs.72.91 million had been accounted for under work in progress instead of capitalizing under buildings. Accordingly, the balance of buildings and the balance of work in progress account had been overstated and understated respectively by that amount. Due to non-depreciation in accordance with paragraph 69 of Sri Lanka Public Sector Accounting Standards 07, the surplus for the year and the depreciation of the building account had been overstated and understated respectively by Rs.3.64 million in the financial statements.	The final bill value paid to a private institution regarding the construction of the Katubedda Institute had not been submitted to the Finance Division in the year 2024. The final bill of Rs.12.74 million had been received by the Finance Division on 10 March 2025 and the cost of the relevant buildings cannot be calculated until the final bill is received and the relevant building costs will be capitalized in the year 2025.	If the building is used, the costs incurred for it should be capitalized in accordance with Sri Lanka Public Sector Accounting Standards.
(d)	As per paragraph 18 of Sri Lanka Public Sector Accounting Standards 08, a contingent liability is a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured reliably. Such obligations should not be recognized as liabilities in accordance with paragraph 35 of the standard and disclosure in the financial statements in accordance with paragraph 100 is sufficient. However, in violation of the requirements of the standard, Rs.11.47 million was allocated as contingent liabilities in the non-	This amount was presented as accrued expenses under current liabilities in the financial statements until 2023 and was recognized and accounted for as a provision every year except for 2022, but since this was not correct, it was accounted for as a contingent liability without making a provision in 2024.	The required disclosures should be made in the financial statements in accordance with Sri Lanka Public Sector Accounting Standards.

current liabilities of the statement of financial position for cases filed against the Authority.

1.5.2 Accounting Deficiencies

	Audit Observation	Management Comment	Recommendation
(a)	Due to the accounting of the course income of Rs.101.38 million as income, received for the upcoming years in the year under review, the surplus and deferred liabilities were overstated and understated by that amount respectively.	An amount of Rs.54.28 million has been recorded as income receivable in the year 2024 for the coming years. A nominal amount is charged for the courses (CBT Course) conducted by all national institutions and district offices. This amount is not charged for the purpose of making profit and is used to cover the minor expenses of the institution.	Income received during the accounting year but the income relating to future years should be accurately identified and accounted for.
(b)	The expenditure of Rs.29.07 million relating to the previous year's Nipunatha Sisu Saviya Scholarship was accounted for as an expense in the year under review, due to the fact the surplus and retained earnings were understated and overstated respectively.	This error has been corrected as at 31 December 2024 and the Nipunatha Sisu Saviya Expense has been debited and the Nipunatha Sisu Saviya payable (accrued) Expense has been credited for the Nipunatha Sisu Saviya Scholarship payable amount of Rs.23.21 million in the year 2024.	Expenses related to the year should be accurately identified and accounted for.
(c)	Performance allowances of Rs.12.85 million due from the Ministry for the year under review had not been accounted for.	This money is not received up to date and it has become difficult to accurately identify the amount received and to account for performance allowance receivable. In order to avoid delays in this process, an estimated amount will be applied to the receivables related to 2025 from the year 2025.	The income of the year under review must be accurately identified and accounted for.

(d)	A season ticket expenditure of Rs.1 million incurred for the year 2023 was shown as an expense for the year, Due to the fact the surplus and accumulated surplus for the year under review were shown in the financial statements under and over stated by that amount respectively.	Agreed with the facts of the report. Actions will be taken to prevent such mistakes happening in the future.	Expenses related to the year should be accurately identified and accounted for.
(e)	The land in Orugodawatta worth Rs.222.73 million, which had been acquired from the Urban Development Authority for a 99 year lease period in 1994 and 2002, had been overstated by Rs.2.20 million in annual depreciation, considering the lease period as 50 years. As a result, the surplus for the year and the value of the leased land had been understated by Rs.2.20 million.	The error of entering the lease period of the land located in Orugodawatte as 50 years in the asset system will be corrected in the future.	The annual depreciation for the year should be calculated and accounted for correctly.
(f)	The annual depreciation of the building where the Colombo District Office is located, which cost Rs.47.77 million, was Rs.2.39 million, but the Authority has accounted for Rs.199,047 as annual depreciation. Due to this the net building value and surplus for the year were overstated by Rs.2.19 million.	The error of under recording annual depreciation of Rs.2.19 million for the Colombo District Office building will be corrected in the future.	Depreciation for the year must be calculated and accounted for accurately.
(g)	The Authority has shown building rent payments of Rs.1.27 million as expenses, related to the year 2023 in the financial statements of the year under review. Due to this the surplus and retained earnings for the year were over and understated in the financial statements, respectively.	Since several months of rent payments were related to the year 2024 and the provisions for the year 2023 was not made, they were included in the expenses of the year 2024. Furthermore, payments have been made for this subject to the approval of Financial Regulation 115 and the Administration Division will be further informed to inform the Finance Division	Building rents for the year should be accurately accounted for.

		regarding such expenses in the future.	
(h)	During the year under review, Rs.10.20 million was removed from the Building Depreciation Provision Account with errors, considering it as correction of previous year errors. Due to this, The retained earnings and net value of the buildings were stated in the financial statements were understated by that value.	Agreed. it is an error to remove depreciation for the year 2022 in relation to the project building value of the Katunayake Engineering and Technical Institute, which accounted for Rs.102.22 million, as at 31 December 2023.	A system should be made to ensure that correct journal entries are used correctly when correcting errors and action should be taken accordingly.

1.5.3 Unreconciled Control Accounts or Records

Item	As per Financial Statements Rs. Million	As per corresponding Record Rs. Million	Difference Rs. Million	Management Comment	Recommendation
Balance payable to the Tertiary And Vocational Education Commission	5.55	9.30	3.74	The reason for this difference is that the Authority issues one certificate per package for the relevant profession, while TVEC issues separate certificates for each package in the relevant profession.	The Director (Finance) should ensure that the accuracy of the payable balances, had been confirmed before preparing the financial statements.

1.5.4 Documentary Evidences not made available for Audit

Item	Amount Rs. Million	Evidence not available	Management Comment	Recommendation
Consumer Training Equipment Stock	7.86	Goods issuing notes or other documents confirming the issuing of those goods.	A Consumable stock worth Rs.7.86 million have been used by the Katunayake Engineering Institutes.	Relevant information should be submitted to the audit to verify the value of the stock used.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Observation	Management Comment	Recommendation
The outstanding debtor balance of the financial statements was Rs.11.94 million as at 31 December 2024, of which the total outstanding balance of loans from a period ranging from 3 to 20 years was Rs.6.90 million. The Authority had not focused its attention on the settlement of those outstanding balances up to the end of the year under review.	Actions will be taken to settle these in the future or write them off from the books with the approval of the Board of Directors.	Necessary actions should be taken to recover the outstanding debtor balances.

1.6.2 Payables

	Audit Observation	Management Comment	Recommendation
(a)	The retained payments balance included in the financial statements of the year under review was Rs.12.06 million, of which the total balances for the period of 4 to 13 years was Rs.4.22 million. The management had not paid attention to the settlement of those balances until the end of the year under review.	These balances have come forward because the retained money in the past was not properly accounted for. Although the value of the retained money in the first bill was accounted for correctly, the total processing value of the retained money in the next bill has been accounted for. What should be done correctly is to account for only the difference between the money accounted for in the first bill and the retained money in the second bill. Thus, due to the accounting before the year 2019, the existing balances cannot be considered as correct balances and those should be corrected in a proper manner.	Attention should be paid to correcting the retained balance of payments.
(b)	The balance of creditors was Rs.9.43 million as at 31 December 2024, of which the total balance	These transactions recorded as Intercompany Transactions are not correct. All the transactions recorded in this way should be	Action should be taken to settle the creditors' balance.

for the period from 3 to 16 years was Rs.7.40 million. The Authority had not taken action to settle those balances up to the end of the year under review.	corrected by checking the accounting information of previous years. However, accounting work was being done manually (Manual System) before 2011 and it required a lot of time to do it and due to the current volume of work and shortage of staff, this has become a very difficult situation to do.	

1.6.3 Advances

Audit Observation	Management Comment	Recommendation
Advances totaling Rs.5.27 million given to 89 external parties for procurement and other purposes from 2011 to 2022 had not been settled as at 31 December of the year under review and detailed information relating to the balance of Rs.1.45 million included in that balance was not submitted to the audit.	Actions are being taken to settle the value of the advances by collecting necessary source documents for the settlement of advances.	The advances given should be settled immediately after the work is completed.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

	Reference to Laws, Rules Regulations etc.	Non-compliance Rs.	Management Comment	Recommendation
(a)	Section 15(1) of the Tertiary and Vocational Education Commission Act, No. 20 of 1990	None of the 37 part-time courses run by the national institutions of the Authority had been registered under the Tertiary and Vocational Education Commission.	Regarding course registration, arrangements are being made to obtain registration for 37 part-time courses in the future by contacting TVEC.	Actions should be taken to register unregistered part-time courses.
(b)	Financial Regulations 104(1)(a),104(3),104(4) of the Financial	The Authority had not taken action in accordance with financial regulations regarding 15 vehicle	02 separate preliminary investigation committees have been appointed for 02 years with the approval of the Chairman to conduct	Actions should be taken in accordance with the financial regulations.

	Regulations Code of the Democratic Socialist Republic of Sri Lanka	accidents that occurred in the years 2023 and 2024.	preliminary investigations into the vehicle accidents that occurred in the years 2023 and 2024. Accordingly, letters have been sent to the relevant committee on 04 March 2025, informing them to conduct preliminary investigations regarding the relevant accidents and submit their reports without delay.	
(c)	Financial regulation 454	Library books costing Rs.12.49 million had not been included in the fixed assets register.	Library books are not included in the fixed assets system but are updated (via Excel sheet).	Should be included into the fixed asset register.
(d)	Paragraph 3.2 of the Guidelines on Good Governance in State-Owned Enterprises dated 17 November 2021	The Authority is required to obtain the approval of the Director General of the Department of Public Enterprises as per the circular for the payment of welfare allowances However medical bills amounting to Rs.7.20 million had been reimbursed in the year 2024 alone without obtaining approval.	Payments for medical allowance bills through the Medical Assistance Scheme as welfare allowances are being made upon approval of the Governing Board and actions will be taken to obtain the approval of the Director General of the Department of Public Enterprises in the future.	Actions should be taken to obtain the necessary approval as per the circular.

1.8 Cash Management

Audit Observation	Management Comment	Recommendation
The total balance of 02 bank current accounts belonging to the Authority's head office, totaling Rs.744,778, remained dormant for a period of 01 to 02 years without any transactions being made.	Account numbers 174100280020785 and 7171696 are inactive and actions are being done to close them.	Actions should be taken to close inactive bank accounts.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs.178.30 million and the corresponding deficit in the preceding year amounted to Rs.81.59 million. Therefore, an improvement amounting to Rs.259.89 million of the financial result was observed. The reasons for the improvement are mainly caused due to an increase in treasury grants and an increase in course income.

2.2 Trend Analysis of major Income and Expenditure items

2.2.1 Increase or decrease in course income and expenses compared to 2023

Full-time course revenue had increased by 4 percent in 2024 compared to 2023, while part-time course revenue had increased by 138 percent in 2024 compared to 2023. Training course expenses had increased by 15 percent in 2024 compared to 2023.

2.3 Ratio Analysis

The liquidity ratios of the Authority for the year under review and the previous year are shown below.

Liquidity Ratio	2023	2024
Current ratio	2.87	3.90
Quick asset ratio	2.52	3.43

The current ratios for the previous year and the year under review were 2.87 and 3.90 respectively, while the current asset ratios were 2.52 and 3.43 respectively. Accordingly, the Authority's current ratio and quick asset ratio remained at an optimal level.

3. Operational Review

3.1 Management Inefficiencies

	Audit Observation	Management Comment	Recommendation
(a)	While a vehicle had been reserved for the Chairman of the Authority, a car was acquired on a monthly rental basis of Rs.297,500 and Rs.3.07 million was paid from May 2024 to March 2025.	Agreed. The budget estimates included provisions of Rs.14.6 million to purchase five vehicles under lease basis for the use of the Chairman, Vice Chairman and Directors, the vehicle obtained under lease system for the use of the Chairman only was used by the former Chairman and when he left the Authority, it was kept in the Authority. Therefore,	Vehicles should not be obtained on a rental basis while a vehicle has been reserved.

		since the vehicle was not used after the appointment of the new Chairman, the agreement was cancelled by mutual consent in March 2025 and the vehicle was returned to the leasing company.	
(b)	The Authority had spent Rs.16.51 million to clear the vehicle from the port in 2017, the PEUGEOT vehicle had not been used from that year until January 2024 and had only driven 7,028 kilometers during the year 2024. The vehicle was lying idle without use as at 30 April 2025.	This vehicle, which was given as a grant in 2016 and was parked at one place without being used, has been registered in 2023 and this vehicle was put into use in 2024. This vehicle is not being used at present as the cost of using it (Fuel cost, running repair cost) is high. In the last Ministry Management and Audit Committee meeting dated 30 April 2025, the Chairman has informed the Director (Administration) to take necessary actions to send these vehicles to the Ministry as per the opinion of the Ministry Secretary and that actions will be taken in the future.	Necessary actions must be taken to use the car.

3.2 Operational Inefficiencies

	Audit Observation	Management Comment	Recommendation
(a)	No research and development activities had been carried out on vocational training in the year 2024 as per Section 37(e) of Chapter VI of Part II of the Tertiary and Vocational Education Commission Act No. 20 of 1990.	No formal research has been conducted for the purpose of conducting development work on vocational training. It is planned to conduct research work in the future after the necessary staff is provided. However, it is stated that the institution officials contribute to the research, conducted for vocational education by the Vocational Education Commission.	In accordance with the Act, efforts should be made to carry out research and development work on vocational training.
(b)	Competitions for the development and promotion of various talents had not been held in accordance with Section 37(f) of the Act.	The Authority has not conducted competitions for the development and promotion of various talents. The line ministry is currently conducting competitions for the	In accordance with the Act, arrangements should be made to hold competitions

		promotion of the vocational training sector with the participation of all institutions.	to improve and promote various talents.
(c)	No activities had been carried out from 2020 to 2024 to develop the training capabilities of vocational training institutions and other institutions in accordance with Section 37(g) of the Act.	In order to develop the training capabilities of vocational training institutions and other institutions, the industrial training has been conducted for students of those institutions as well as university students.	Action should be taken to develop the training capabilities of vocational training institutions and other institutions in accordance with the Act.
(d)	No instructions were given to the Commission regarding vocational training as per Section 37(h) of the Act.	Although it is within the authority's powers to provide advice to the Commission regarding vocational training, such advice has never been provided and the Commission has never sought advice in this regard.	Actions should be taken to provide advice to the Commission regarding vocational training in accordance with the Act.
(e)	The Orugodawatta Training Center had enrolled 44 students as the second batch of the Nursing Diploma Course, which was scheduled to commence in July 2022 and end in June 2025, and by the end of the year under review, 21 students, or 48 percent, had left the course. A payment plan was presented without any basis, stating that Rs.300,000 should be paid in 12 installments of Rs.25,000 each for this course, and according to that plan, each student was supposed to pay Rs.250,000 to the Authority by the end of the year 2024. However, the 23 students currently studying the course had not paid Rs.4.97 million to the Authority by the end of the year under review. The	Although 44 trainees were registered during the recruitment of the nursing student group recruited on 12 July 2022, the trainees have since left the course due to personal reasons such as going abroad or seeking employment. A course fee of Rs.300,000 is charged and a parents meeting was held on 16 February 2024 to inform parents about the course fee. Necessary actions are being taken to recover the relevant outstanding amount and the students have expressed their willingness to pay the course fees.	Course fees should be determined on a proper basis, and actions should be taken to recover course fees and retain students in courses.

	recovery of fees was in an uncertain state due to the absence of any agreement between the Authority and the students regarding the recovery of fees.		
(f)	Due to the construction of the Colombo Outer Circular Highway in the Orugodawatte area, a part of the buildings of the Orugodawatte Motor Engineering Training Institute had been demolished in 2017 and the iron structures and other parts that were removed were stored only in the custody of security officers without proper procedures and supervision of a responsible officer. Rs.8.13 million had been paid as security expenses from 2018 to October 2024 for the security of this iron stock and although a valuation report was received from the Government Valuation Department on 21 March 2022 for the sale of the iron stock at a value of Rs.30 million, due to the not conducting of a proper bidding or auction, this iron stock had been decaying due to exposure to various natural environmental conditions for over 7 years.	The disposal process will be followed properly and actions are being taken to sell these iron structures and related stock in the future.	Iron structures and other parts should be kept in a proper manner under the supervision of a responsible officer, or they should be sold through a proper bidding process or auction.
(g)	The Civil Engineering Department, which had enrolled over 100 students annually from 2017 to 2020, had received inventory and non-inventory equipment worth Rs.286.33 million through the Austrian project, this high-value training equipment had not been utilized to its maximum benefit as the number of students enrolled for the years 2023 and 2024 had decreased to 18 and 12 respectively.	The Corona crisis, the political crisis that prevailed in 2021 and 2022, the decrease in job opportunities for diploma holders through these institutions, and the increase in demand for courses in the computer field due to online teaching, have all contributed to the decrease in the number of students.	The Authority should take actions to make maximum use of the goods received as foreign aid through the Austrian project.

(h)	The equipment worth Rs.661.11 million was received in 2021 for the Mechanical General Engineering course, which had enrolled 87 students in 2020, due to lack of planning for the effective utilization of this equipment, the number of students enrolled in 2023 and 2024 was 25 and 13 respectively. Accordingly, student enrollment in 2024 decreased by 85 percent compared to 2020.	- Do -	Action should be made to maximize the use of the goods received as foreign aid through the project by increasing the number of students enrolled.
(i)	The training equipment, which was included in the project value and paid for, worth Rs.13.73 million, had not been received to the Katunayake Institute of Engineering Technology until the audit date of 22 May 2025, and even though it had been over 3 years, the responsible officers had not taken any action regarding the acquisition of this equipment.	The Ministry was informed by the then Project Director. In addition, the sub-committee appointed by the Audit and Management Committee of the Line Ministry was informed about this at its meeting held in December 2024.	Necessary actions should be taken to obtain training equipment that has been paid for but has not been received by the institution.

3.3 Under -utilization of Funds

Audit Observation	Management Comment	Recommendation
The Motorcycle Fund of Rs.7.41 million as on 31 December of the year under review had not been utilized for the relevant purposes since 2017.	The changes in equity statement shows the opening balance of Rs.7.27 million in the Motorcycle Fund which is coming from the year 2011 is not available in monetary terms. This should be adjusted to the NAITA Fund. In terms of money, it is the income earned in the previous year.	Funds that have been lying idle for many years should be used for the purpose of raising funds.

3.4 Idle or underutilized Property, Plant and Equipment

	Audit Observation	Management Comment	Recommendation
(a)	A mobile bus was operated at the Katubedda Industrial Engineering Training Institute with the aim of implementing	Approval has been received from the Board of Directors to remove	Actions should be taken to effectively utilize

	promotional programs at the rural level to introduce the importance of providing vocational training to young people who have completed their school education. An expenditure of Rs.1.05 million was incurred for the revenue license, repairs and transportation board for that bus from 2019 to 2023, and 06 workstations with electrical and electronic equipment worth Rs.7.20 million were installed in this mobile bus. An expenditure of Rs.552,604 was incurred as insurance expenditure for the bus and electrical and electronic equipment in the years 2022 and 2023. The mobile bus was used for training purposes only in 2022 and 2023 and remained idle for over a year without any use.	electrical and electronic equipment from the bus, and actions are being taken to remove the equipment and hand them over to the Electrical and Electronic Division.	electrical and electronic devices for the training of students coming to the Electronics Department.
(b)	A product sales outlet had been constructed on the land where the Katubedda Industrial Engineering Training Institute was located at a cost of Rs.19.77 million and the work had been completed and handed over by 11 June 2016. However, this building had not been used for any purpose for more than 09 years from the date of completion of construction to the date of audit.	It has currently been proposed to improve the essential infrastructure and use it as a language center.	Arrangements should be made to use the building for the relevant purpose or for some other productive purpose.

3.5 Procurement Management

	Audit Observation	Management Comment	Recommendation
(a)	The Authority had taken actions to procure security services from the same company from January 2024 that provided the security services in 2023, without competitive bidding, outside the procurement process. The service agreement period had been extended three times and the service period was again extended to provide security services from 01 July 2024 to 30 June 2025 by the 6th Board of Directors decision dated 27 June 2024 and Rs.69.78 million had been paid to the security company for the period from January 2024 to December 2024. The	The security services for the Authority's head office, three national institutions, 25 district offices and training centers were procured from an external agency from 01 January 2023 to 31 December 2023 after a formal selection process. In accordance with the existing terms and conditions of service, The security services were extended for the first 06 months from 01 January 2024 to 30 June 2024 with the approval of the Chairman and from 01 July 2024	The Authority should follow the procurement process and select an institution to provide the security service.

	management had taken actions to procure security services from the same company while there were shortcomings such as the deployment of fewer security guards, the same officer signing the signature register using two names and the employment of elderly security guards.	to 30 June 2025 with the approval of the Governing Board. An agreement for the period from 01 July 2024 to 30 June 2025 had been prepared and signed. The total value of that agreement was Rs.71.33 million. Those prices were given based on the prices awarded in the bid in the year 2022.	
(b)	The Authority had procured 530 lecture chairs costing Rs.9.51 million through the shopping method, in deviation from the provisions of paragraph 3.4.1 of the Procurement Guidelines.200 chairs received by the Institute of Engineering Technology, Katunayake and 130 chairs received by the Institute of Automobile Engineering Training, Orugodawatte had remained unused in the warehouses since 30 November due to non-compliance with the bid specifications.200 lecture chairs provided to the Gampaha and Colombo District Offices had been provided to the students for use without checking that they were in proper standard. Accordingly, the acceptance of the lecture chairs procured by the Authority had been carried out without checking the standard of the chairs.	The specifications of the 200 lecture hall chairs supplied to the Colombo and Gampaha district offices by a private institution have been checked by the Technical Evaluation Committee and the Colombo and Gampaha district managers and reported as being of proper standard. Accordingly, the payment voucher for the 200 chairs was prepared and sent for payment. After supplying the lecture hall chairs to the Katunayake Institute of Engineering and Technology, the institution has sent a letter to the Administration Division informing that there are differences in the specifications of the chairs. Accordingly, all payments related to these lecture hall chairs have been temporarily stopped and further action will be taken in this regard after discussing with the supplier and the Technical Evaluation Committee.	The provisions of the Procurement Guidelines should be followed and arrangements should be made to purchase only the items that meet the specifications.

3.6 Human Resources Management

Audit Observation	Management Comment	Recommendation
No formal recruitment procedure had been prepared for external consultants and an expenditure of Rs.97.07 million	In order to make the recruitment of external consultants more systematic, applications will be invited island wide through the	External consultants should be recruited under a formal system and a monitoring

had been incurred as allowances for 307 external consultants during the year under review. Furthermore, no supervision had been carried out by the Head Office regarding these payments.	NAITA Face Book page for the external consultant vacancies that have been available since the latter half of 2024, interviews will be conducted for qualified applicants with the participation of the top management of the head office, the list of those selected will be approved by the Governing Board, and consultants will be recruited as needed. The details of the payments received by the district offices to update the external consultancy allowances will be monitored through the Training Division and payments will be made on the 10th of every month from April 2025 onwards, based on the superstation of the Accounts Division of the head office.	system for payments should be developed.