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இளைஞர் அலுவல்கள் மற்றும் திறன்கள் அபிவிருத்தி அமைச்சு  
MINISTRY OF YOUTH AFFAIRS & SKILLS DEVELOPMENT

ශ්‍රී ලංකා වෘත්තීය පුහුණු අධිකාරිය  
இலங்கை தொழிற்பயிற்சி அதிகாரசபை  
Vocational Training Authority of Sri Lanka

වාර්ෂික වාර්තාව  
வருடாந்த அறிக்கை  
**ANNUAL REPORT**  
**2013**



''නිපුණතා පියස''  
අංක 354/2, ඇල්විගල මාවත,  
නාරාහේන්පිට, කොළඹ

"நிபுணதா பியசு,"  
இல.354/2 எல்விட்டிகல மாவத்தை.  
நாராஹேன்பிட, கொழும்பு .05

"Nipunatha Piyasa"  
No. 354/2, Elvitigala Mawatha  
Narahenpita Colombo 05.

# ***ANNUAL REPORT***

## ***2013***



**Vocational Training Authority of Sri Lanka**  
**MINISTRY OF YOUTH AFFAIRS & SKILLS DEVELOPMENT**



Institution	-	Vocational Training Authority of Sri Lanka
Ministry	-	Ministry of Youth Affairs and skills Development
Address	-	"Nipunata Piyasa" No.354/2 Elvitigala Mawatha, Narahenpita Colombo 05.
E mail address	-	info@vtasl.gov.lk
Web site	-	<a href="http://www.vtasl.gov.lk">www.vtasl.gov.lk</a>
Auditors	-	Auditor General Auditor General's Department
Bankers	-	People's Bank Bank of Ceylon Commercial Bank



## **OUR VISION**

**To become the leader of providing  
technical,  
Vocational education and training  
to the nation**

## **OUR MISSION**

**To function as an organization that  
produces skilled personnel to the  
skills standards.**



## FUNCTIONS

- ❖ Offering Vocational training to youths by way of arranging Vocational training programs and making arrangement for them to obtain the Vocational skill directly or through other Institutions.
- ❖ Skill based final evaluations, issue of National Vocational qualification certificates, holding trade tests and issue reports.
- ❖ Obtain the National Vocational test & final test. issue the National Vocational qualification certificates.
- ❖ Researches relating to Vocational qualifications and conducting Development programs.
- ❖ Implementation of Career Guidance programs and counseling.
- ❖ Giving further training to youths who have achieved

# PRESENTATION

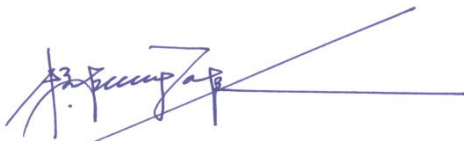
Hon. Minister Dallas Alahapperuma,  
Ministry of Youth Affairs and Skills Development  
"Nipunatha Piyasa"  
No, 354/2, Elvitigala Mawatha,  
Narahenpita,  
Colombo 05,

Hon. Minister,

Annual Report - 2013  
Vocational Training Authority of Sri Lanka

I submit the Annual Report of the Vocational Training Authority of Sri Lanka for the year 2013 an terms of Sri Lanka Vocational Training Authority Act No 12 of 1995 and sec.14 (2)C of the Finance Act No.38 of 1971

Yours faithfully



Col: S.R.P. Rathnayake (RWP , RSP)  
Chairman  
Vocational Training Authority of Sri Lanka  
15.02.2013

## INTRODUCTION

Vocational Training Authority of Sri Lanka was established under the Vocational Training Authority Act No.12 of 1995

### Structure of the Vocational Training Authority of Sri Lanka

Vocational Training Authority of Sri Lanka consisted of 12 members including and Chairman, Vice Chairman Appointed as per section 5 of the Vocational Training Authority of Sri Lanka Act No.12 of 1995.

The Following Board of control Operated from 01.01.2013 to 31.12.2013

<b>01.</b>	<b>Colonel S.R.P.Rathnayake (RWP , RSP)</b> <b>Vocational Training Authority of Sri Lanka</b>	<b>Chairman</b>
<b>02.</b>	Mr. P.K.Pathirana Vocational Training Authority of Sri Lanka	Vice Chairman
<b>03.</b>	Mr. K.C.A.Arunadeva Silva Chairman, National Apprenticeship and Technical Training Authority	Member
<b>04.</b>	Mr. H.U.Premathileka Additional secretary (Quality Development ) Ministry of Education	Member
<b>05.</b>	Mrs.M.C.D.Amarathunge Additional Commissioner General, Labor secretariat, Labor Department	Member
<b>06.</b>	Mr. W.A.Jayawickrame Additional Secretary (Finance and Administration) Ministry of Youth Affairs and Skills Development	Member
<b>07.</b>	Mrs. Geetha Senarathne Additional Secretary (Commercial ) Ministry of Industries and Commerce	Member
<b>08.</b>	Mr. T.A.N.N.Premarathne Director National Planning Department	Member
<b>09.</b>	Dr. Isantha Siribaddana Chairman, Director of Management Java Institute Technology	Member
<b>10.</b>	Mr. Sena Gamage Co-ordination Division	Member
<b>11.</b>	Miss. M.F.K.Nissa Asst. Director, Budget Department Ministry of Finance and Planning	Member
<b>12.</b>	Mr. C.A.Niroshana Nadun	Member



## **REPORT OF THE BOARD OF DIRECTORS**

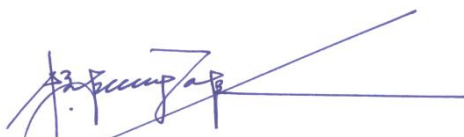
Vocational Training Authority of Sri Lanka Established under the Vocational Training Authority of Sri Lanka Act No.12 of 1995 is Providing Skill training to youths through a network comprising 08 National Vocational Training center establishments, 22 District Vocational Training centers and 232 Rural Vocational Training centers. This Establishment implemented under the Ministry of Youth Affairs and Skills Development had acted in relation to its objectives and had achieved the following successes.

- Full time Vocational Training Given to 25,928 Youths who had ended their school education in 262 training centers throughout the country.
- Offering Vocational Training to 2152 persons through 183 part time Training Programs for apprentices for their professional development and for the Apprentices who hope to approach the professions they wish.
- To offer further the training (OJT) to 10,214 trainees who had completed the full time Institutional training at the end of 2012 and at the end of the first half year in 2013.
- To Provide 4316 local employment opportunities to those trainees who have completed their training, 103 foreign job opportunists and 555 self-employments thereby finding jobs to 4974 trainees.
- Issue of National Vocational qualifications Training certificates to 4684 qualified apprentices and also certificate to 6361 apprentices who have fulfilled qualifications by way of non-National Vocational qualification Courses.
- Making aware 103,441 persons regarding Vocational training by conducting 2178 awareness programs and career Guidance to school children, parents, Youth corps, and Youth societies and teachers throughout the country.
- Obtaining the approval of the Tertiary and Vocational Education commission too the 152 courses operated under the National Vocational Educational frame work.
- According to memorandum of understanding entered in to between the Indian for Government and the Government of Sri Lanka, develop the Helboda Vocational Training center in collaboration with Hindustan Machine Tool International (HMT) and Commence Training Courses.
- With the view of starting Diploma Course on National Vocational Qualifications (NVQ) 05 Level directing 07 Instructors undergo to NVQ 5/6 level full time course.
- Establishment of a center to training the staff.

- In order to run the Training Courses on construction field with a qualitative standard enter into a Memorandum of Understanding with construction and Development Institutions and to training 20 construction machine operators as its first step.
- Under the skill Development programs of the officers of the Samurdi Authority Training of 223 persons a basic Computer training and 195 for computer hardware Training.
- In order to implement Technology stream school children on going 188 Instructors to 160 schools on part time basic.
- Under the skill Development programs of basic for Instructors with the participating of resource persons in the Industrial sector local training was given to 146 Instructors by 05 short term courses and overseas Training to 15persons by 02 courses.
- Training of 41 master Trainers and 75 Instructors by in way of 09 Training programs on "Trained Technology"
- In accordance with the Memorandum of Understanding entered in to between Republic polytechnic institutes of Singapore training of 30 persons by way of the skill Development program of trainers.
- Offering Vocational training to 436 detainees joining with the prisons Department for the welfare of the detainees.
- Signing Memorandum of Understanding with Natures Beauti Creation Institute for the development of the skills of beauty culture Instructors and giving an overseas training to 11 Instructors as its first step with the patronage of that company.
- Holding Entrepreneurship Development programs with the aim of encouraging Trainees for self employment and offering approximately a sum of Rupees 31 million by state banks to 149 persons.
- Holding 02 skills development programs of 3 days to Career Guidance Officers.
- Promotion of Entrepreneurship Development trainers with the patronage of Start and Improve your Business (SIYB) Institute.
- 13 Researches 01 experiment for the development of construction sector, and 01 search study was conducted for the Vocational Training Program Development by the Institutional Research.
- Establishment of a life Insurance scheme covering all employers for the welfare of employees.

## **Programs and target for the year 2014**

- Providing full time Vocational training to 28705 youths.
- Providing part time Vocational training to those employed and 2980 job seekers.
- Obtaining approval of the Tertiary Vocational Education commission for 150 courses conducted under the National Vocational qualification frame work.
- To do the following under Asian Development Bank project. Development of 06 Training centers to ensure that in each center the number of courses conducted are more than 10
- Establishment of 07 Business Development centers to provide more self-employment opportunities to trainees.
- Establishment of 02 new Training centers.
- Provide training equipment worth Rupees 116 million
- Purchase 02 vehicles worth Rupees 14 million to get Vocational training work done efficiently.
- To provide Rupees 159 million salary Allowances for Academic Staff.
- To improve Information Technology system worth Rs. 5 million
- To give Industrial Training with uninterrupted Vocational Development programs to at least 300 Instructors.
- Establishment of Research Development cells in National centers to improve the product and services to those who are engaged in Industrial sector and self-employment.
- Making aware 500 youths by way of Entrepreneurship awareness programs.
- Improvement of a Training center vavuniya district with the patronage of India HMTI project in accordance with the memorandum of understanding entered in to between the Government of India and the Government of Sri Lanka.



Col. S.R.P. Rarthnayke,  
Chairman / Chief Executive officer  
Vocational Training Institute of Sri Lanka

## HIGH LEVEL AND SENIOR MANAGEMENT STAFF

Chairman	:	Col. S.R.P.Rathnayake (RWP, RSP)
Vice chairman	:	Mr. P.K.Pathirana (from 06.11.2013)
Director General	:	Mr. K.G.Koralage (Actg) (from 06.11.2013)
Directors	:	Mr. W.D.Fernando(Actg)  Mr. W.A.Ranaweera (Actg)  Mr. C.P.Lokugalappaththi (Actg)  Miss.L.P.Manoj S.Pathirana(on secondment )  Mr. N.S.D.Nawarathna (Actg) ( from 16.05.2013)
Chief Internal Auditor	:	Mr. H.U.Kariyawasam
Deputy Director	:	1.Mr.K.Sarath Ananda  2. Mr. N.K.Ileshingha(Actg)  3. Mr. U.K.Nanda (Actg) (from 08.04.2013)
Consultants	:	1. Mr. D.L.Randunu Premajayantha  2. Mr. K.V.Perera
Assistant Director	:	1. Mr. N.D.P.Dammika  2. Mr. D.R.S.L.Dasanayaka  3. Mr. P.M.Perera  4. Mr. T.D.S.Sangadasa  5. Mr. A.K.Arachchige  6. Mr. W.G.Vijerathne



7. Mr. T.Vinodaraja
8. Mr. E.A.D.S.Senarathne
9. Mr. G.V.P.N.Perera
- 10.Mr. A.A.Jabeer
- 11.Mr. A.M.A.Jayathissa
- 12.Mr. G.D. Jayasinghe
13. Mr. R.N.K.M.Senavirathna
14. Mr. H.T.P.R.S.Wijeshinha (Actg)
15. Mrs. G.R.M.C.Kulathunge
16. Mr. H.P.Manamperi
17. Mr. E.T.S.Athugala
18. Mr. Indika Bandara Weganthale
19. Mr. K.A.Lalithadeera
20. Mr. H.P.W.Rohan Priyanthe
21. Mr. D.A.S.Athukorala
22. Mr. V.G.Nimalsiri
23. Mr.P.N.Abeshinghe
24. Mr. R.M.R.Rathnayake
25. Mr. G.L.A.Peris
26. Mr. Radakrishnan Mayurathan
27. Mr. K.Niranjan
28. Mr. A.A.W.G.R.R.Bandara
29. Mr. R.M.R.Rathnayake
30. Mr. B.H.A.Nelson
31. Mr. S.Meddagoda
32. Ms. S.M.Edirishinghe
33. Mr. C.J.Vinadanapathirana
- 34.Mr. H.A.P.Gunawardhana
35. Mr. M.G.G.Samantha
36. Mr. K.D.N.De silva
37. Mr. D.A.Jayarathna
- 38.Mrs.G.H.P.Damayanthi
39. Mr. R.Sunil
40. Mrs. H.M.V.K.Herath
41. Mrs. P.J.Jayawardana
42. Mr. S.L.A.Fernando
- 43.Mr.V.Knagasundaram
44. Mr. K.M.B.Jayathilaka
- 45.Mr.H.M.Jayantha
- 46.Mr.M.B.Naleem
47. Mrs. R.Pathirage
48. Mr. M.M.N.B.Madurashinghe

## DETAILS OF THE STAFF

Approved cadre for the Vocational Training Authority for the year 2013 is 2256 According to the allocations of the Department of Management Services the number in service as at 31.12.2013 was 1775.

	Post	Staff Approved	Staff as at the end of the year	No. of Vacancies/ Surplus at the end of the year
01	Director General	1	1	0
02	Director	6	5	1
03	Chief Internal Auditor	1	1	0
04	Deputy / Assistant Director	85	53	32
05	Legal Officer	1	1	0
06	Internal Auditor	1	0	1
07	Engineer	1	0	1
08	Administrative Office	2	1	1
09	Testing & Evaluation Officer	12	0	12
10	Investigation Officer	1	1	0
11	Transport Officer	1	0	1
12	Supplies Officer	1	1	0
13	Printing Officer	1	1	0
14	Internal Auditing Officer	1	1	0
15	System Analyst	1	0	1
16	Welfare Officer	1	0	1
17	Finance Officer	33	27	6
18	Senior Program Officer	10	0	10
19	Training Officer	64	23	41

20	Research Officer	2	2	0
21	Planning Officer	2	2	0
22	Personal Assistant to Chairman	1	0	1
23	Personal Assistant	7	6	0 *
24	Senior Instructor	126	23	103
25	Programming Officer	69	53	16
26	Audit Assistant	3	3	0 *
27	Project Assistant	34	33	0 *
28	Technical Assistant	3	0	3
29	Instructor	1345	1152	193
30	Management Assistant	154	153	1
31	Assistant Advisor	38	38	0 *
32	Compositors (Printing)	3	1	2
33	Hostel Keepers	2	1	1
34	Supervisor (Printing)	1	0	1
35	Supervisor (Building)	1	0	1
36	Driver	64	32	32
37	Store Keeper	2	2	0 *
38	Printing Assistant	3	2	1
39	Book Binder (Printing)	2	1	1
40	Machine Operator (Printing)	2	1	1
41	Office Assistant	8	4	4
42	Watchers	65	60	0 *
43	Labor	95	90	5
	Total	2256	1775	474

- This post is has been approved personal to them.



## **Training of the Staff**

Training work has been started at the Academy of staff Development which has been established giving high priority for the training of staff in the year 2013. 1591 officers for local training programs and 44 for overseas training programs were engaged from the training programs organized with the objective of improving knowledge, attitudes and skills of the staff.

Officers of each group participated for more than two local programs and out of these officers 1125 were from academic staff with 466 were from nonacademic staff.





## Overseas Training - 2013

	Scholarship	Country	No. Participated
01	Program on Vocational Training Center development under HMTI project.	India	07
02	Trainer Trainee program.	Singapore	12
03	Computer Networking Workshop	Indonesia	02
04	Program on Instructing skills development	South Korea	05
05	Sri Lanka Australia consolidated Program	Australia	01
06	Workshop on Beauticulture	Thailand	11
07	Program relating to exchange of Entrepreneurship	India	02
08	Small scale Business Development Program	India	01
09	Asia leadership foundation program	Singapore	01
10	Training course on use of quality Household Equipment	China	01
11	International Seminar on productivity of the school system.	Indonesia	01
	<b>Total</b>		<b>44</b>

## Local Training (Non - Academic Staff 2013)

Training Program		No. Participated
01	Training program of the management Information system officer	28
02	Counseling skill Development program	136
03	Program to minimize the Audit Queries and to enhance the responsibility with regard to Government Account.	10
04	Program for a proud Government service.	23
05	Creative employment policies	04
06	Business awareness programs	15
07	Programs to make use of researches for the development of human resources.	05
08	Transport Management	01
09	Disciplinary procedure	01
10	Office Management	82
11	Training for self-Employment and obtaining credit facility.	30
12	Inducement Program	30
13	Program on gender	27
14	Management procedure	25
15	Workshop an Salary conversion	02
16	Management Assistant Training Program.	24
17	Executive stores Management	22
18	Use of Generators and their maintenance	01
<b>Total</b>		<b>466</b>

## Local Training (Academic Staff - 2013)

Training Program		No. Participated
01	Instructor Training Program	60
02	Role of a trainer	237
03	Program for the awareness improvement of Instructors	121
04	Program on skill development	69
05	Program for the grading of Instructor	55
06	Instructor Training Program on Aluminum Processing	28
07	Program on Trainer Training	59
08	Program on Research Procedure	36
09	Program on Skill Development	155
10	Instruction of Training Methodology	73
11	Program on Gender	76
12	Training Program on the Preparation of the List of Equipment	156
<b>Total</b>		<b>1125</b>



# NATIONAL VOCATIONAL TRAINING INSTITUTE NARAHENPITA



No 354  
Elvitigala Mawatha

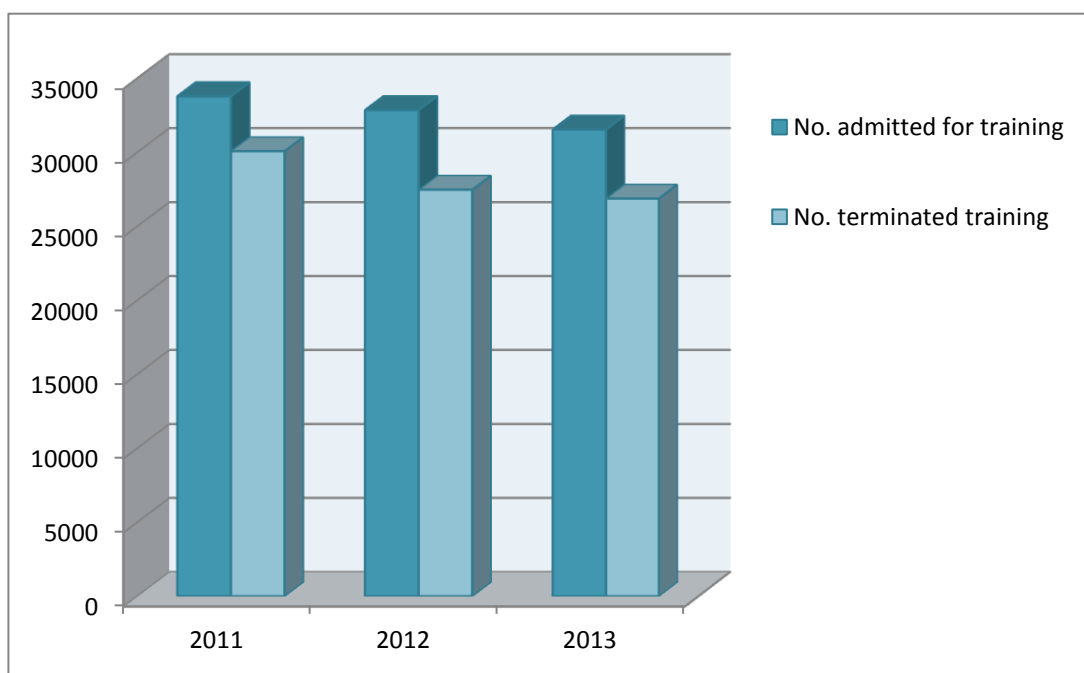


## Vocational Training to Youths By way of implementing Vocational Training

By way of 1938 training programs implemented under 116 training programs of 18 different fields 28,446 Trainees were admitted for Institutional training. In addition 2434 members for skill development programs and 1027 for Entrepreneurship Development programs were admitted for Vocational training Accordingly 31541 Trainees were admitted for Vocational Training.

### Entry / Exit for Vocational Training

Year	2011	2012	2013
<b>No. admitted for training</b>	33,792	32,855	31,541
<b>No. terminated training</b>	30,077	27,469	26,869

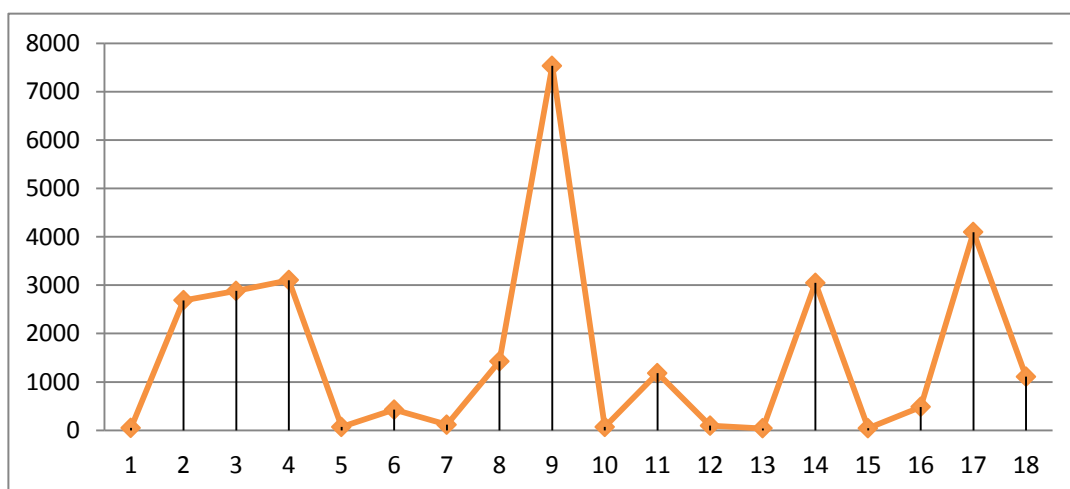




## Demand in the field - 2013

field		No. of Trainees admitted
<b>1</b>	Agriculture, Plantation and Live stock	50
<b>2</b>	Motor vehicle repair and maintenance	2686
<b>3</b>	Buildings and Construction	2880
<b>4</b>	Electrical, Electronic and telecommunication	3101
<b>5</b>	Fisheries, Aqua cultivation	70
<b>6</b>	Food Technology	425
<b>7</b>	Germ & Jewelers	116
<b>8</b>	Hotel & Tourism	1425
<b>9</b>	Information Technology and mass media technology	7532
<b>10</b>	Leather Products	70
<b>11</b>	Metal and small Industries	1181
<b>12</b>	Office Management	96
<b>13</b>	Others	40
<b>14</b>	Individual & Social	3047
<b>15</b>	Printing & packing	42
<b>16</b>	Refrigeration & Air conditioning	483
<b>17</b>	Textiles or Garments	4095
<b>18</b>	Timber & Associated	1107
<b>Total</b>		<b>28,446</b>

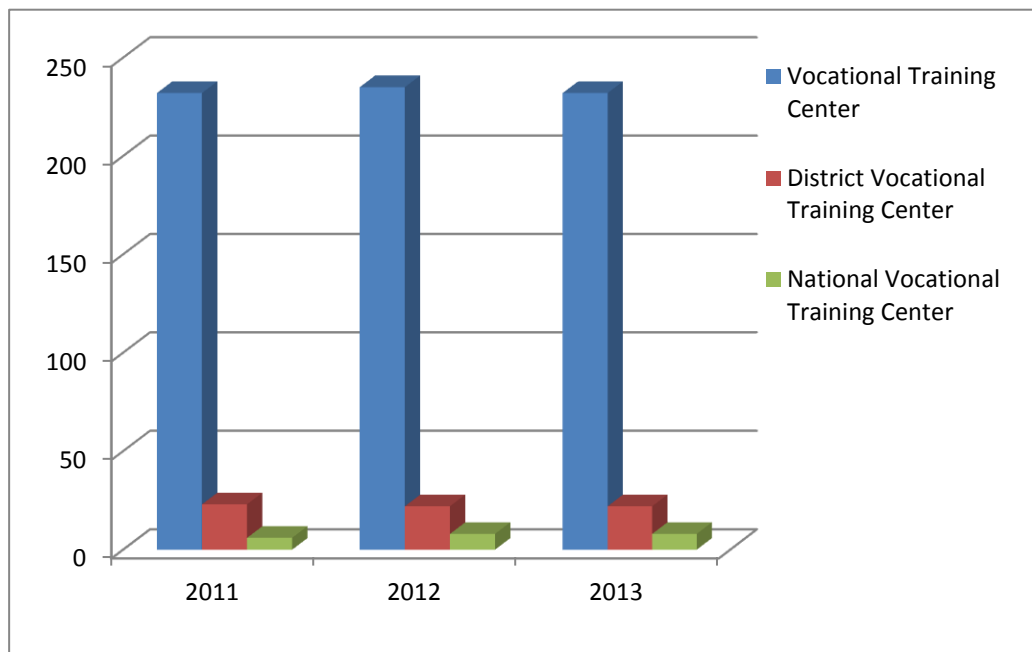
## Demand for the Field - 2013



## Information relating to Centers

Training centers belonging to the Vocational Training Authority of Sri Lanka are as Follows In addition Training courses were conducted in 13 prisons, 06 Youth Brigades and 03 Rehabilitation Center attached to each Training Center.

Year	2011	2012	2013
<b>Vocational Training Centers</b>	232	235	232
<b>District Vocational Training Centers</b>	23	22	22
<b>National Vocational Training Institutions</b>	06	08	08
<b>Total</b>	<b>261</b>	<b>265</b>	<b>262</b>





## **Conducting of Vocational Guidance and Counseling Programs**

Vocational Training Authority of Sri Lanka shows the way to select fields of Vocational according to their choice and qualifications through career guidance and counseling unit established through and Island.

According to these Programs in the year 2013, 2178 programs could he implemented as to school children, school leavers and trainees and 103,441 persons could be made aware.

### **Implementation of Career; Guidance Program - 2013**

Target Group	No. of programs held	No. Participate
<b>School Children</b>	528	33,053
<b>School Leavers</b>	386	17,505
<b>Trainers</b>	337	12,192
<b>Others</b>	927	40,691
<b>Total</b>	2475	103,441

<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>No. Participate</b>	108,607	121,452	103,441

## Vocational Guidance and Counseling



## Placement of Employment

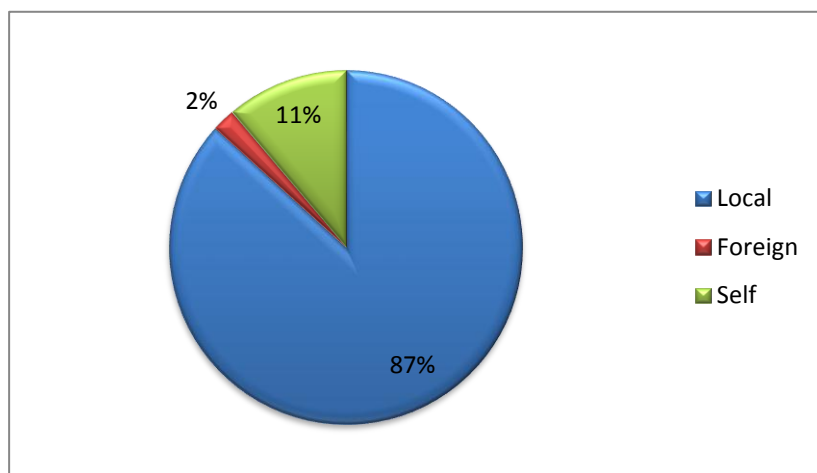
Under the job placement program implementer an District Basis 4974 trainees were found employment by registered local and foreign employment agencies out of them 4316 were referrers to local employment 103 for waves employment and 555 for sell employment In order to employment these programs 40 local and oversee employment Agencies were registered By way of such productive for placements Vocational Training Institute of Sri Lanka was able to make a Contribution an a sum of rupees 376 Million to the National economy.

### Details relating to Job Placements

Serial No.	District/ National Vocational Training Institute	Local	Foreign	Self	Total
01	Head office	62	2	0	64
02	Colombo	288	3	21	312
03	Gampaha	117	0	0	117
04	Kaluthara	183	10	7	200
05	Kandy	297	9	40	346
06	Matale	131	3	22	156
07	Nuwara Eliya	131	6	9	146
08	Galle	243	13	43	299
09	Matara	242	0	0	242
10	Hambanthota	181	2	43	226
11	Jaffna	0	0	0	0
12	Vauniya	0	0	0	0
13	Trincomalee	49	0	3	52
14	Batticalo	132	0	0	132
15	Ampara	73	0	13	86
16	Kurunegala	207	4	64	275
17	Puttalama	153	8	45	206
18	Anuradapura	191	0	52	243
19	Polonnaruwa	56	6	0	62



20	Badulla	73	2	3	78
21	Monaragale	164	1	68	233
22	Kegalla	352	8	25	385
23	Ratnapure	155	3	39	197
24	N.V.T.I.Narahenpita	333	12	9	354
25	N.V.T.I.- Ratmalana	157	2	7	166
26	Orugodawaththa	0	0	0	0
27	N.V.T.I.-Niyagama	122	8	8	138
28	N.V.T.I.-Baddegama	71	0	9	80
29	N.V.T.I. – Talalla	65	1	6	72
30	N.V.T.I.- Mirijjawila	44	0	0	44
31	N.V.T.I.- Batticaloa	44	0	19	63
	<b>Total</b>	<b>4316</b>	<b>103</b>	<b>555</b>	<b>4974</b>



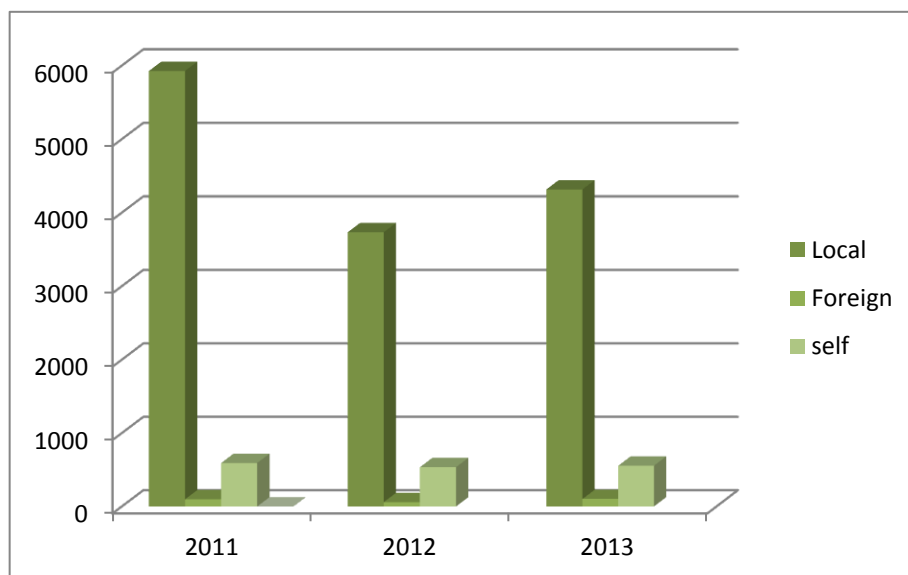
## Contribution to National Economy Through Job Placement

Category	No.06 Placements	Contribution to National Economy (Rs) Million
Local Jobs	4316	652.52
Foreign Jobs	103	62.25
Self Employment	555	21.84
<b>Total</b>	<b>4974</b>	<b>736.61</b>

- (Prepared estimating approximately the income by the trainees who were found employment in the year 2013)

	Local	Foreign	Self	Total
<b>2011</b>	5297	98	593	6618
<b>2012</b>	3733	60	535	4328
<b>2013</b>	4316	103	555	4974

(Only the information relating to finding Jobs by the Sri Lanka vocational training Authority)



## Building up of relationship with government and private institutions

These Programmers are being implemented with the view of developing the knowledge and merits of those who are engaged in the field of vocational training and to give the modern technical knowledge.

Accordingly in the year 2013, 31 such programmers could be conducted in 06 fields with the assistance of government and public sector institution in the year 2013 and 2434 persons were able to improve their skills

	Program	Number of program	No. Participated	Sponsoring institution
01	Beauty culture	15	1692	Nature Creation (pvt)Co
02	Tiling	11	463	Lanka Jiles Co
03	Electrician	01	110	ACL Cable Company
04	Plumber	01	55	Phoenix Industries
05	Three Wheel/ Motor Cycle Mechanic	01	37	David Pieris Co.
06	Aluminum Fabricator	02	77	Lanka Jiles Co/ Swisstech Aluminum Co
	<b>Total</b>	<b>31</b>	<b>2434</b>	



## Signing of Memorandums of Understanding

With a view of accomplishing the 06 festive of increasing the vocational Training opportunities memorandums of government and private sector institutions in the year 2013

	Memorandum of understanding	Institution
01	Contribution of the development of skill in the tertiary and vocational education field.	Ministry of youth affairs and skill development and singe pore polytechnic international Co
02	When serving in the service of employers, in the institution is closed down with and any prior notice to providing than with vocational training Entrepreneurship training by supplying with monetary and other o and to prepare than for employment.	Sharma Wasana Fund and vocational training Authority
03	Paving path for the school children who do not get the university entrance privilege to get a prestigious employment in the vocational trading field.	Ananda collage Colombo and vocational training authority of Sri Lanka
04	Building up a co-ordinate between the job gealevs and employers.	EDEX Vocative tray Authority in Sri Lanka
05	On order to fulfill the man power requirements in the foreign and local construction field taking action to issue NVQ certificate to construction machine and heavy vehicle operator employees.	Ravi Construction training institute and Sri Lanka vocational training authority
06	Training of construction engines and heavy vehicle machine operators.	Construction training development institution and vocational training authority of Sri Lanka







## Conducting of Entrepreneurship Development programs

Entrepreneurship Development programs as conducted as a guidance to start small and middle scale businesses. In the year 2013 by way of 42 programs conducted through and the country service could be given to 872 persons. Further, when undergoing training to selected courses business knowledge and skills could be given to 155 persons by way of “ Know about business” program.

Vocational training authority of Sri Lanka could strengthen young businessman by making arrangements too 149 apprentices who got the vocational training in 2013 to an amount of approximately rupees 31 million as loans from state banks such as public bank, Bank of Ceylon.



## **CHALLENGES**

- Scarcity of instructors capable of doing training using modern technology and inability to pay them a high salary.
- Minimize the disparity between the training field and job opportunities.
- Inadequacy of capital and recurrent allocations reserved by the government as a service providing institution
- Inability to provide similar facilities to all vocational training centers through and the country.
- Non availability of sufficient monetary facilities to provide infrastructure facilities to the vocational training center.
- Need to launch a wide propaganda program to make the society aware of the importance of vocational training.
- Has to work competitively with the private sector institutions that provides vocational training.
- Due to the increase of facilities provided by non governmental organizations and other institutions providing vocational training difficulty to provide facilities in the same manner.
- A great effort has to be made to attract youths towards vocational training
- Youths do not have much tendency to follow converses technical level.

**Sri Lanka Vocational Training Authority**  
**Audit and Management Committee**  
**Performance 2013**

**1. Members of the Committee**

1)	Mrs. M.F.K. Nizar	- Chairperson	}	Up to August 2013
2)	Mr. W.R.A.N.S. Wijesinghe	- Member		
3)	Mr. C.A. Nirosha Nadun	- Member		
4)	Mrs. M.F.K. Nizar	- Chairperson		
5)	Mr. W.R.A.N.S. Wijesinghe	- Member		
6)	Mr. C.A. Nirosha Nadun	- Member		
7)	Mr. Sena Gamage	- Member		
8)	Mrs. M.F.K. Nizar	- Chairperson		
9)	Mr. Sena Gamage	- Member		
10)	Mr. Ishantha Siribaddana	- Member		
11)	Mr. T.A.D.D. Premarathne	- Chairperson	}	After 2013
12)	Mr. Sena Gamage	- Committee		
13)	Mr. Ishantha Siribaddana	- Member		

**2. Decisions**

- ❖ Overcoming the shortcomings in the existing practices and systems pointed out by audit reports and strengthening practices and systems
- ❖ Regularizing the methodology adopted for responding to government audit queries and preparation of draft responses.
- ❖ Providing the guidance necessary to review and implement the audit plan and audit program.
- ❖ Providing the guidance necessary to maintain the accounting policy and other functions of the Authority at an optimum level.

**FORWARD**  
**FINANCAIAL STATEMENT FOR THE YEAR ENDED**  
**31<sup>ST</sup> DECEMBER 2013**  
**Vocational Training Authority of Sri Lanka**

During the year under review a total grant of Rs. 976,619,780.24 was released to the Authority by the Treasury, Ministry, other institution and Local and foreign donors, the given below.

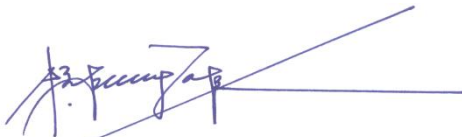
<b>1.1 Government Grant</b>	<b>Allocation (Rs)</b>	<b>Amount Released (Rs)</b>
Treasury Grant - Recurrent	875,000,000.00	836,596,383.50
Treasury Grant – Capital	185,000,000.00	135,000,000.00
Ministry – Grant Recurrent	2,893,190.50	2,893,190.50
UNICEF	697,500.00	697,500.00
HMTI	813,255.74	813,255.74
Regional Fisheries Live hood Programme	619,450.50	619,450.50
<b>Total</b>	<b>1,065,023,396.74</b>	<b>976,619,780.24</b>

<b>1.2 Income</b>	<b>Budgeted (Rs)</b>	<b>Income Earned Net(Rs)</b>
Income	<b>107,000,000.00</b>	<b>123,869,066.88</b>

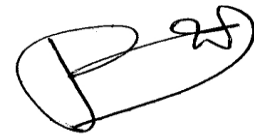
The Financial Statements for the year ended 31<sup>st</sup> December 2013 are presented herewith for the approval of the Board of Directors.

The following documents are included:

01. Statement of Financial Position as at 31<sup>st</sup> December 2013
02. Statement of Financial Performance for the year ended 31<sup>st</sup> Dec.2013
03. Cash flow statement for the year ended 31<sup>st</sup> December 2013
04. Statement of changes in Net Assets for the year ended 31<sup>st</sup> December 2013
05. Notes to the Financial Statement



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Colonel S.R.P. Rathnayake (RWP,RSP)  
Chairman/CEO



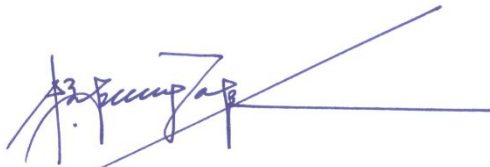
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C.P. Lokugalappaththi  
Director (Finance)

**STATEMENT OF THE CHARIMAN ON BEHALF OF THE BOARD**  
**THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2013**

**VOCATIONAL TRAINING AUTHORITY OF SRI LANKA**

The Financial Statements of the Vocational Training Authority of Sri Lanka for the financial year ended 31<sup>st</sup> December 2013 have been prepared in accordance with the Sri Lanka Accounting Standards and in the form and manner specified by the Vocational Training Authority of Sri Lanka Act No. 12 of 1995 and the Finance Act. No. 38 of 1971.

Financial rules and procedures prescribed by the Vocational Training Authority of Sri Lanka have been complied with, and the systems of controls have been maintained as far as practicable to ensure & safeguard the assets and effectiveness and efficiency of the transactions. To best of knowledge, the Financial Statements for the year ended 31<sup>st</sup> December 2013 have been prepared satisfactorily and exhibits a true and fair view of the financial position of the Vocational Training Authority of Sri Lanka.



Chairman /CEO  
On behalf of the Board of Directors  
Vocational Training Authority of Sri Lanka

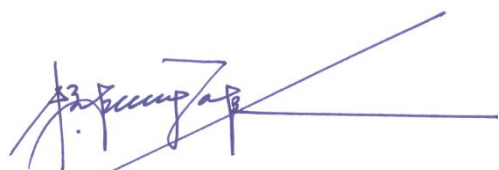


Director of the Board

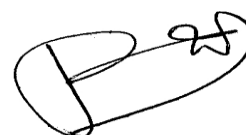


**VOCATIONAL TRAINING AUTHORITY OF SRI LANKA**  
**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER 2013**

	Note	2013 (Rs.)		2012 (Rs.)	
<b><u>ASSETS</u></b>					
<b><u>Non - Current Assets</u></b>					
Property Plant and Equipment	2	5,351,498,639.89		5,602,691,247.11	
Capital Work in progress	3	31,684,035.26		42,515,103.96	
<b><u>Other Financial Assets</u></b>					
Fixed Deposit		25,000.00	5,383,207,675.15	25,000.00	5,645,231,351.07
<b><u>Current Assets</u></b>					
Inventories	4	25,557,687.92		27,743,984.66	
Receivables	5	26,464,591.94		27,004,876.03	
Staff Loans	6	40,197,375.20		39,915,619.33	
Cash and Cash equivalent	7	58,099,799.84	150,319,454.90	85,636,160.92	180,300,640.94
<b>TOTAL ASSETS</b>			<b>5,533,527,130.05</b>		<b>5,825,531,992.01</b>
<b><u>EQUITY &amp; LIABILITIES</u></b>					
Accumulated Surplus (Deficit)		(595,665,207.92)		(517,566,571.16)	
Revaluation Surplus		2,319,991,544.97		2,319,991,544.97	
Gov. Grant – Capital	8	18,807,318.76	1,743,133,655.81	31,920,731.38	1,834,345,705.19
<b><u>Non - Current Liabilities</u></b>					
Differed Income Grant	9	3,451,139,440.87		3,713,191,882.99	
Provision for Gratuity	10	232,261,463.95	3,683,400,904.82	200,517,827.18	3,913,709,710.17
<b><u>Current Liabilities</u></b>					
Payables	11	82,314,599.15		62,204,040.29	
Accrued expenses	12	24,677,970.27	106,992,569.42	15,272,536.36	77,476,576.65
<b>TOTAL EQUITY &amp; LIABILITIES</b>			<b>5,533,527,130.05</b>		<b>5,825,531,992.01</b>



Colonel S.R.P. Rathnayake (RWP,RSP)  
Chairman/CEO



C.P. Lokugalappaththi  
Director

**VOCATIONAL TRAINING AUTHORITY OF SRI LANKA**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER 2013**

(ILLUSTRATING THE CLASSIFICATION OF EXPENSES BY NATURE)

Description	note	2013 (Rs.)	2012 (Rs.)
<b><u>Operating Revenue</u></b>			
Recurrent Grant – Treasury		836,596,383.50	850,000,000.00
Recurrent Grant – Ministry		500,000.00	25,074,000.00
Differed Income Grant		423,968,294.89	479,812,995.76
<b><u>Other Income</u></b>			
Other Income	13	106,917,360.60	107,921,111.72
Production Unit Income (Net)	14	16,951,706.28	18,030,081.49
Fund Received For Special projects	15	4,523,396.74	8,428,127.65
		<b>1,389,457,142.01</b>	<b>1,489,266,316.62</b>
<b><u>Operating Expenses</u></b>			
Staff Cost	16	652,405,649.15	648,243,805.20
Travelling	17	13,530,671.76	10,672,082.97
Supplies and consumable used	18	30,931,792.35	27,483,115.97
Maintenance	19	28,227,751.88	27,248,877.41
Contractual services	20	124,061,410.31	111,039,274.14
Staff Training		6,753,779.56	2,179,196.87
Promotional & Career Guidance		13,713,290.98	32,206,844.62
Job placement, Research & Entrepreneurship	21	8,295,399.24	2,641,071.25
Depreciation		423,968,294.89	479,812,995.76
Other operating expenses	22	132,087,372.53	122,819,399.07
Expenditure on Special projects	23	4,523,396.74	8,428,127.65
Finance Cost	24	190,226.74	460,665.95
<b>Total operating expenses</b>		<b>1,438,683,036.13</b>	<b>1,473,235,456.86</b>
<b>Net Surplus /(Deficit) for the period</b>		<b>(49,225,894.12)</b>	<b>16,030,859.76</b>
<b>Statements of Accumulated Surplus/Deficit</b>			
<b>Balance as at 1st January</b>		<b>(517,566,571.16)</b>	<b>(517,459,890.91)</b>
<b>Prior Year Adjustment</b>	25	<b>(28,872,742.64)</b>	<b>(16,137,540.01)</b>
<b>As Restated</b>		<b>(546,439,313.80)</b>	<b>(533,597,430.92)</b>
<b>Net surplus/(deficit) for the period</b>		<b>(49,225,894.12)</b>	<b>16,030,859.76</b>
<b>Balance as at 31st December</b>		<b>(517,566,571.16)</b>	<b>(517,459,890.91)</b>



VOCATIONAL TRAINING AUTHORITY OF SRI LANKA

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2013

	2013 (Rs.)	2012 (Rs.)
<b><u>Operating Activities</u></b>		
Surplus /(deficit)for the period	(49,225,894.12)	16,030,859.76
Prior year adjustment		
Adjustmebt for:		
Depreciation	423,968,294.89	479,812,995.76
Amortization of differed income grant	(423,968,294.89)	(479,812,995.76)
Gratuity provision	36,661,214.03	36,206,831.95
Gratuity paid	(4,917,577.26)	(8,263,962.65)
Prior year adjustment	(28,872,742.64)	(16,137,540.01)
(Increase) /Decrease in receivables	540,284.09	5,427,118.48
(Increase)/Decrease in Staff Loans	(281,755.87)	(1,044,012.01)
Increase/(Decrease) in payable	20,110,558.86	(31,051,659.97)
Increase/(Decrease)inaccrued expenditure	9,405,433.91	5,236,571.24
(Increase)/Decrease in inventories	2,186,296.74	(5,277,801.84)
	<b>34,831,711.86</b>	<b>(14,904,454.81)</b>
Net cash flow from operating activities	(14,394,182.26)	1,126,404.95
<b><u>Investing Activities</u></b>		
Purchases of property plant & Equipment	(173,101,494.83)	(1,126,694,194.55)
Work in Progress	<u>10,831,068.70</u>	<u>28,430,037.61</u>
Net cash flows from investing activities	(162,270,426.13)	(1,098,264,156.94)
<b><u>Financing Activities</u></b>		
Government Grant Capital	135,000,000.00	475,900,000.00
Other Income Grant	<u>14,128,247.33</u>	<u>617,692,338.21</u>
Net cash flow from Financing Activities	149,128,247.33	1,093,592,338.21
Net increase/decrease in cash & cash Equivalents	(27,536,361.08)	(3,545,413.78)
Cash & cash equivalents at beginning of period	85,636,160.92	89,181,574.70
Cash & cash equivalents at end of period	58,099,799.84	85,636,160.92

**VOCATIONAL TRAINING AUTHORITY OF SRI LANKA**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31st DECEMBER 2013**

Description	Accumulated Fund	Government Grant Capital	Differed Grant	Income	Revaluation Surplus	Gratuity Provision	Total
Balance as at 1st January 2012	<u>(517,459,890.91)</u>	<u>36,642,549.71</u>	<u>3,094,396,681.23</u>		<u>2,319,991,544.97</u>	<u>172,574,957.88</u>	<u>5,106,145,842.88</u>
Prior year Adjustmet	(16,137,540.01)						(16,137,540.01)
Grant received during the year		475,900,000.00				36,206,831.95	512,106,831.95
Amount transferred to differed income Grants		(480,621,818.33)	1,098,314,156.54				617,692,338.21
Amortization for the year			(479,812,995.76)				(479,812,995.76)
Surplus / ( Deficit ) for the year	16,030,859.76						16,030,859.76
Payment for the year						(8,263,962.65)	(8,263,962.65)
Accrued for the year							
Balance as at 31st December 2012	<u>(517,566,571.16)</u>	<u>31,920,731.38</u>	<u>3,712,897,842.01</u>		<u>2,319,991,544.97</u>	<u>200,517,827.18</u>	<u>5,747,761,374.38</u>
Balance as at 1st January 2013	<u>(517,566,571.16)</u>	<u>31,920,731.38</u>	<u>3,712,897,842.01</u>		<u>2,319,991,544.97</u>	<u>200,517,827.18</u>	<u>5,747,761,374.38</u>
Opening balance Adjustments	(28,872,742.64)		294,040.98				(28,578,701.66)
Adjusted Opening balance			3,713,191,882.99				3,713,191,882.99
Grant received during the year		135,000,000.00				36,661,214.03	171,661,214.03
Amount transferred to differed income Grants		(148,113,412.62)	161,915,852.77				13,802,440.15
Amortization for the year			(423,968,294.89)				(423,968,294.89)
Surplus / ( Deficit ) for the year	(49,225,894.12)						(49,225,894.12)
Payment for the year						(4,917,577.26)	(4,917,577.26)
Opening balance Adjustments							
Balance as at 31st December 2013	<u>(595,665,207.92)</u>	<u>18,807,318.76</u>	<u>3,451,139,440.87</u>		<u>2,319,991,544.97</u>	<u>232,261,463.95</u>	<u>5,426,534,560.63</u>

## **01 - ACCOUNTING POLICIES**

### **1.0 Corporate Information**

1.1 Vocational Training Authority of Sri Lanka (VTASL) is a Statutory Board Incorporated in Sri Lanka under the Act No. 12 of 1995 of Vocational Training Authority of Sri Lanka.

1.2 The notes to the financial statements on pages 04 to 24 form an integral part of the financial statements.

1.3 The value presented in the financial statements are in Sri Lanka Rupees unless otherwise indicated. The significant accounting policies are shown below.

### **1.4 General Policies**

#### **1.4.1 Statement of Compliance**

The Statement of financial position, statement of financial performance, statement of changes in net asset and cash flow statement, together with the accounting policies and notes (the financial statements) have been prepared in compliance with the Sri Lanka public sector Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka.

#### **1.4.2 Basis of preparation**

The financial statements, presented in Sri Lanka rupees, have been prepared on an accrual basis and under the historical cost convention unless stated otherwise.

#### **1.4.3 Comparative Information**

The accounting policies applied by the authority are, unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged wherever necessary, to conform to the current years presentation.

#### **1.4.4 Events after the balance sheet date**

No circumstances have arisen since the Balance Sheet date which requires adjustments to or disclosure in the accounts.

### **1.5 Taxation**

No provisions for income tax is made as the Authority is not expected to earn profits which operate on Government funds.

#### **1.5.1 Deferred tax**

The tax effect for timing difference has not occurred according to the taxation policy of the Authority. Therefore, the deferred taxation is not provided.

### **1.6 Valuation of Assets and Their Measurement Bases**

#### **1.6.1 Recognition of Fixed Assets**

Cost of an item of fixed assets should be recognized when,

a) It is probable that future economic benefits associated with the asset will flow to the Vocational Training Authority.

b) Cost of the asset to the Vocational Training Authority can be measured reliably

The capitalization threshold of Vocational Training Authority is Rs. 2,000/-. However, identification of fixed assets not only depends on the capitalization threshold but the following facts should also be considered .

(i) Expected useful life time of the asset

(ii) Intended purpose of the asset.

(iii) Durability of the asset

(iv) Whether the asset is a consumable or not

## 1.6.2 Inventories

Inventories are valued at lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. The costs incurred in bringing inventories to its present location and

## 1.6.3. Property, Plant and Equipment

a) Property, plant and equipment is stated at cost or valuation less accumulated depreciation. Items of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognizing of the asset is included in the income statement in the year the asset is derecognized.

## b) Depreciation

Provision for depreciation has been calculated by providing depreciation in the year of purchase. the following depreciation rates are applied.

Category	%
Building & Improvements	5%
Office equipments	10%
Motor vehicles	25%
Furniture & Fittings	10%
Training equipments	20%
Plant & Machinery	20%
Computer equipments	20%
Electrical equipments	20%

## c) Capital Work-in progress

Projects are valued at cost of work completed.

## 1.6.4 Receivables

Receivables are stated at the amounts they are estimated to realize, net of provisions for bad and doubtful receivables. A provision for doubtful debt is made when the debt exceed 365 days and collection of the full amount is doubt.

condition are accounted on FIFO basis as follows:

1. Training materials -at cost
2. Stationeries -at cost
3. Raw materials (Printing) -at cost
4. Other consumables -at cost

## 1.6.5. Cash and Cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand net of outstanding bank overdrafts.

## 1.7 Liabilities and provisions

1.7.1 All known liabilities have been accounted for in preparing the Financial Statements.

## 1.7.2 Staff Gratuity

employees who completed 5 (five) years of service. This policy has been changed from the year 2008 to be in conformity with SLAS 16. The backlog of the provision for past year has been debited to a prior year adjustment account.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of five(05) year continued service.

The Gratuity liability is not assessed on Projected Unit Credit Method as the Gratuity liability is funded

## 1.7.3 Defined Contribution Plans

Employees Provident Fund & Employees Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respecting statutes and regulations.

#### 1.7.4. Government Grants and Subsidies.

a) Government grant on which the organization depends for its expenditure are being accounted on receipt basis. Grant related to recurrent expenditure are being presented as a credit to the income and expenditure account whereas the grant related to capital expenditure are being credited to Capital Grant Account up to 2004. Capital Grants have been credited to the Differed Income Grant account from year 2005 in terms of Guidelines issued by the Department of Public Enterprises.

b) Initially grants received form donor agencies related to the assets are recognized as a liability until it is utilized. The amount utilized from the grant is transferred to the Differed Income Grant and subsequently amortized during the useful life time of the asset.

#### 1.7.5 Provisions and Contingent Liabilities

Provisions are made for all obligations existing as at the Balance Sheet date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed under note 27 to the financial statements unless the outflow of resources is remote.

### 1.8 Income & Expenditure Statement

#### 1.8.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Authority, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The following specific criteria are used for recognition of revenue.

a) Grants received for recurrent expenditure

Grants received from General Treasury for recurrent expenditure is recognized as income.

b)Initially the grants received from donor agencies are recognized as a liability until it is utilized. The amount utilized from the grant is transferred to income.

c)Income from training courses

Students fees for training courses are recognized on an accrual basis.

d)Income from student production units

The income of student production units are recognized on an accrual basis.

e)Rental Income

Rental income is recognized on an accrual basis over the term of the lease.

All contingent liabilities are disclosed under note 27 to the financial statements unless the outflow of resources is remote.

f)Other income is recognized on an accrual basis

#### 1.8.2 Expenditure Recognition

a)Expenses are recognized in the Income & Expenditure Statement on the basis of direct association between the costs incurred and the earnings of specific items of income. All expenditure incurred in the running of the VTASL and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the net surplus or deficit for the year.

**Notes to the Financial Statements**

2 Property, Plant & Equipment	in Rs.									
	Land	Building & Improvement	Motor Vehicles	Furniture & Fittings	Training Equipments	Office Equipments	Electrical Equipments	Computer Equipments	Plant & Machinery	Total
<b>Cost or Valuation</b>										
At the beginning of the year	1,717,931,186.92	2,864,696,704.20	252,612,685.50	211,177,372.83	1,387,223,337.57	75,721,452.80	2,017,181.81	363,083,701.28	73,185,126.33	<b>6,947,648,749.24</b>
Additions during the year	5,190,244.09	75,156,937.95	2,552,752.44	10,631,236.26	58,895,549.76	2,238,623.00	5,873,490.00	9,804,838.90	2,432,015.27	172,775,687.67
At the end of the year	<b>1,723,121,431.01</b>	<b>2,939,853,642.15</b>	<b>255,165,437.94</b>	<b>221,808,609.09</b>	<b>1,446,118,887.33</b>	<b>77,960,075.80</b>	<b>7,890,671.81</b>	<b>372,888,540.18</b>	<b>75,617,141.60</b>	<b>7,120,424,436.91</b>
<b>Accumulated Depreciation</b>										
At the beginning of the year		469,132,467.17	115,087,050.62	50,958,316.24	505,665,230.83	19,844,878.79	1,152,985.06	145,961,402.50	37,155,170.92	1,344,957,502.13
Charge for the year		123,536,058.75	35,019,596.83	17,085,029.28	188,090,729.30	5,811,519.70	1,347,539.35	45,385,427.54	7,692,394.14	423,968,294.89
At the end of the year		<b>592,668,525.92</b>	<b>150,106,647.45</b>	<b>68,043,345.52</b>	<b>693,755,960.13</b>	<b>25,656,398.49</b>	<b>2,500,524.41</b>	<b>191,346,830.04</b>	<b>44,847,565.06</b>	<b>1,768,925,797.02</b>
<b>Written Down Value</b>										
As at 31st December 2013	<b>1,723,121,431.01</b>	<b>2,347,185,116.23</b>	<b>105,058,790.49</b>	<b>153,765,263.57</b>	<b>752,362,927.20</b>	<b>52,303,677.31</b>	<b>5,390,147.40</b>	<b>181,541,710.14</b>	<b>30,769,576.54</b>	<b>5,351,498,639.89</b>
As at 31st December 2012	1,717,931,186.92	2,395,564,237.03	137,525,634.88	160,219,056.59	881,558,106.74	55,876,574.01	864,196.75	217,122,298.78	36,029,955.41	5,602,691,247.11

**2.1 Adjustment to the opening balance**

Cost				Depreciation			
<u>Assets Category</u>	<u>Opening Balance before adjustment</u>	<u>Adjustment made</u>	<u>Opening Balance after adjustment</u>	<u>Assets Category</u>	<u>Opening Balance before adjustment</u>	<u>Adjustment made</u>	<u>Opening Balance after adjustment</u>
Building & Improvement	2,864,370,897.02	325,807.18	2,864,696,704.20	Building & Improvement	469,100,700.97	31,766.20	469,132,467.17
Total	2,864,370,897.02	325,807.18	2,864,696,704.20	Total	469,100,700.97	31,766.20	469,132,467.17

## Notes to the Financial Statements

### 2.2 Unvalued Land & Buildings

1. The Land and Buildings at Following Vocational Training Centers has not been included in the annual A/C as it was not been valued.

• Vocational Training Center Matale	-	Matale
• Vocational Training Center Yakkalamulla	-	Galle
• Vocational Training Center Ginimellagaha	-	Galle
• Vocational Training Center Akmimana	-	Galle
• Vocational Training Center Wathurawila	-	Galle
• Vocational Training Center Katana	-	Gampaha
• Vocational Training Center Kirinda	-	Hambantota
• Vocational Training Center Siribopura	-	Hambantota

The valuation of the above Land & buildings is on going, after getting the values, those value will be accounted in the year 2014

2. The following Buildings are constructed on funds from skill Development Project at lands which are not belongs to VTA . The valuation of the above land & building will be included in year 2014

• Vocational Training Center Bingiriya	-	Kurunegala
• Vocational Training Center Veyangoda	-	Gampaha
• Vocational Training Center Yakkalamulla	-	Galle
• Vocational Training Center Niyagama	-	Galle
• Vocational Training Center Ruwanwella	-	Kegalle
• Vocational Training Center Kantale	-	Trincomale
• Vocational Training Center Hambanthota	-	Hambanthota
• Vocational Training Center Waskaduwa	-	Kalutara
• Vocational Training Center Haldumulla	-	Badulla
• Vocational Training Center Welimada	-	Badulla
• Vocational Training Center Wellawaya	-	Monaragala
• Vocational Training Center Bibila	-	Monaragala
• Vocational Training Center Mihinthale	-	Anuradhapura



- Vocational Training Center Galnewa – Anuradhapura
- Vocational Training Center Thabuththegama – Anuradhapura
- Vocational Training Center Rajanganaya – Anuradhapura
- Vocational Training Center Minneriya – Polonnaruwa
- Vocational Training Center Yatiyanthota – Kegalle
- Vocational Training Center Kilinochchi – Jaffa
- Vocational Training Center Rathmalana – Colomobo

## Notes to the Financial Statements

	Note	2013	2012
		Rs.	Rs.
<b>3</b>	<b><u>Capital Work in Progress</u></b>		
	Ampara	-	5,326,588.42
	Badulla	-	3,661,609.30
	Colombo	-	1,818,015.75
	Galle	-	2,525,829.30
	Hambantota	<b>8,522,711.33</b>	-
	Kandy	<b>3,189,321.29</b>	1,528,035.29
	Matara	<b>1,206,093.28</b>	2,431,370.26
	Monaragala	-	4,196,314.41
	Rathnapura	<b>1,059,539.25</b>	-
	Narahenpita - H/O	<b>13,917,349.57</b>	-
	Niyagama	-	9,535,986.47
	Nuwara Eliya	<b>968,460.19</b>	8,670,794.41
	Vauniya	<b>2,820,560.35</b>	2,820,560.35
		<b>31,684,035.26</b>	<b>42,515,103.96</b>
<b>4</b>	<b><u>Inventories</u></b>		
	Training Materials	<b>19,309,798.56</b>	21,603,608.01
	Stationary	<b>5,945,883.11</b>	5,736,652.93
	Raw Materials (Printing)	<b>13,690.00</b>	308,544.72
	Other Consumables	<b>288,316.25</b>	95,179.00
		<b>25,557,687.92</b>	<b>27,743,984.66</b>
<b>5</b>	<b><u>Receivables</u></b>		
	Advances for programs	<b>46,200.00</b>	313,494.92
	Deposit for compensation	<b>485,778.72</b>	485,778.72
	Deposits	<b>226,000.00</b>	102,000.00
	Ministry of Vocational Training & Rural Industrial	<b>4,097,520.24</b>	<b>4,097,520.24</b>
	Vehicle Service Income Receivables	<b>538,133.73</b>	93,614.73
	Miscellaneous Debtors	<b>10,000.00</b>	10,000.00
	Prepayments	<b>7,451,000.00</b>	9,076,745.41
	Receivable course fees	<b>14,038,971.00</b>	16,055,145.02
	Receivable Income	<b>148,741.33</b>	10,200.00
	Receivable project fund	<b>2,873,221.56</b>	2,873,221.56
	Receivable salary	<b>512,073.03</b>	285,809.04
	Shortage of income	<b>151,732.00</b>	166,000.00
	State Organizations	<b>4,144,544.97</b>	4,144,544.97
	Trade & Other receivables	<b>501,680.00</b>	413,248.46
	Advance Payment For T-Shirt (Trainee)	<b>2,361,442.40</b>	-
		<b>37,587,038.98</b>	<b>38,127,323.07</b>
	Less:- Provision for Bad Debts	<b>(11,122,447.04)</b>	<b>(11,122,447.04)</b>
		<b>26,464,591.94</b>	<b>27,004,876.03</b>

## Notes to the Financial Statements

	Note	2013	2012
		Rs.	Rs.
<b>6</b>	<b><u>Staff Loans</u></b>		
	Balance at the beginning of the year	39,915,619.33	38,871,607.32
	Add: Loans granted during the year	36,484,874.13	34,093,589.30
		76,400,493.46	72,965,196.62
	Less: Repayments during the year	<u>(36,203,118.26)</u>	<u>(33,049,577.29)</u>
	Balance at the end of the year	<u><u>40,197,375.20</u></u>	<u><u>39,915,619.33</u></u>
<b>7</b>	<b><u>Cash &amp; Cash Equivalentents</u></b>		
	Cash in transit	28,300.00	15,994.20
	Gold coins	104,000.00	104,000.00
	<b><u>Cash at Banks</u></b>		
	Peoples Bank	36,745,853.60	62,551,319.11
	Bank of Ceylon	67,165.71	10,615,674.52
	Commercial Bank	11,433,695.72	12,337,819.05
	Cheque in hand	9,478,768.81	4,850.00
	Cash in hand	<u>242,016.00</u>	<u>6,504.04</u>
		<u><u>58,099,799.84</u></u>	<u><u>85,636,160.92</u></u>

7.1 Two gold coins has received as rewards from Seylan Bank. Each gold weight is 8.02 gram and each gold value is 22.03 karat.

<b>8</b>	<b><u>Government Grant – Capital</u></b>		
	Balance at the beginning of the year	31,920,731.38	36,642,549.71
	Add: Grants received during the year	135,000,000.00	475,900,000.00
		166,920,731.38	512,542,549.71
	Less: Transfers to Differed Income Grant	148,113,412.62	480,621,818.33
	Balance at the end of the year	<u><u>18,807,318.76</u></u>	<u><u>31,920,731.38</u></u>

**Notes to the Financial Statements**

	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>9</b>			
<b><u>Differed Income Grant</u></b>			
Balance at the beginning of the year		<b>3,713,191,882.99</b>	3,094,396,681.23
Add: Transfers during the year	9.1	<b>161,915,852.77</b>	1,098,314,156.54
		<b>3,875,107,735.76</b>	<b>4,192,710,837.77</b>
Less: Amortized for the year		<b>(423,968,294.89)</b>	(479,812,995.76)
Balance at the end of the year		<b>3,451,139,440.87</b>	<b>3,712,897,842.01</b>
Add: Opening balance adjustment		-	294,040.98
		<b>3,451,139,440.87</b>	<b>3,713,191,882.99</b>
<b>9.1</b>			
<b>Transfers to Differed Income</b>			
Government Grant – Capital		<b>147,787,605.44</b>	480,621,818.33
Other Grants		<b>14,128,247.33</b>	617,692,338.21
		<b>161,915,852.77</b>	<b>1,098,314,156.54</b>
<b>10</b>			
<b><u>Provision for Gratuity</u></b>			
Balance at the beginning of the year		<b>200,517,827.18</b>	172,574,957.88
Add: Provision Made During the year		<b>36,661,214.03</b>	36,206,831.95
		<b>237,179,041.21</b>	<b>208,781,789.83</b>
Less: Payments during the year		<b>(4,917,577.26)</b>	(8,263,962.65)
Balance at the end of the year		<b>232,261,463.95</b>	<b>200,517,827.18</b>

## Notes to the Financial Statements

	Note	2013	2012
		Rs.	Rs.
<b>11</b>	<b><u>Payables</u></b>		
	Audit Fees	<b>1,386,000.00</b>	500,000.00
	Cashier Deposit	<b>25,000.00</b>	25,000.00
	Course fee payable	<b>203,750.00</b>	70,300.00
	Deposit	<b>374,800.00</b>	371,500.00
	Employee Provident Fund	<b>6,884,798.53</b>	-
	Employee Trust Fund	<b>1,032,936.52</b>	-
	Gratuity surcharge	-	109,908.80
	Lecture fees	<b>3,846,950.00</b>	2,456,100.00
	Other Payables	<b>3,565,490.05</b>	19,754,603.35
	Project funds Payable	<b>13,269,016.67</b>	11,792,407.24
	Received in Advance	<b>1,485,550.00</b>	585,150.00
	Refundable Tender Deposit	<b>775,784.44</b>	799,784.44
	Retention Money	<b>13,650,102.94</b>	18,398,224.90
	Salary payable	<b>10,576,910.06</b>	290,021.31
	Staff Incentive payable	<b>363,750.00</b>	197,384.00
	Stationary	-	41,626.00
	Trade Creditors	<b>24,151,166.58</b>	6,051,315.59
	Vehicle service unit	<b>594,435.00</b>	626,370.00
	W & O.P	<b>128,158.36</b>	134,344.66
		<b>82,314,599.15</b>	<b>62,204,040.29</b>

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**Notes to the Financial statements**

	<u>Note</u>	<u>2013</u>	<u>2012</u>
		Rs.	Rs.
<b>12</b>	<b><u>Accrued expenses</u></b>		
	Advertisement	<b>1,279,658.24</b>	308,000.00
	Carrier Guidance	<b>65,325.00</b>	9,340.00
	Electricity	<b>2,158,241.83</b>	3,114,560.70
	Examination & Evaluation	<b>529,765.55</b>	300,961.56
	Fuel & Lubricant	<b>4,750.00</b>	36,672.76
	Janitorial Services	<b>363,907.65</b>	201,186.62
	Maintenance	<b>1,370,128.52</b>	704,438.52
	News papers & periodicals	<b>27,425.00</b>	8,405.00
	Other	-	250,170.00
	Overtime & Holiday pay	<b>674,060.28</b>	262,883.95
	Part Time Expenses Payable	<b>2,377,935.00</b>	2,876,909.60
	Promotional Activities	<b>1,884,369.73</b>	203,863.88
	Rent, Rates & Taxes	<b>317,521.04</b>	131,760.00
	Season tickets	<b>709,060.64</b>	1,020,201.34
	Security Charges	<b>7,699,372.50</b>	1,293,605.00
	Special training program	-	20,000.00
	Stipend	<b>1,301,263.07</b>	1,657,855.33
	Telephone	<b>2,662,770.08</b>	1,723,203.61
	Trade test	-	43,644.00
	Transport	<b>11,000.00</b>	72,400.00
	Travelling	<b>311,609.20</b>	500,563.13
	Water	<b>493,806.94</b>	72,400.00
	On The Job Training Payable	<b>436,000.00</b>	-
		<b>24,677,970.27</b>	15,272,536.36

Notes to the Financial Statements	Note	2013 Rs.	2012 Rs.
<b>13</b>	<b><u>Other Income</u></b>		
Auction Income		<b>2,269,834.85</b>	247,496.25
Course fees		<b>82,518,000.00</b>	85,553,118.65
Daily Diary		<b>2,728,100.00</b>	2,456,700.00
Entrepreneur Development programs		<b>68,500.00</b>	-
Fines		<b>150,787.09</b>	118,564.89
Finish goods		<b>256,821.00</b>	-
Hall Income		<b>2,541,755.60</b>	892,000.00
Hostel Fees		<b>242,250.00</b>	68,800.00
Insurance claim		-	670,673.88
Katharagama circuit Bungalow		<b>257,376.00</b>	211,045.00
Loan Interest		<b>1,610,094.95</b>	1,145,245.69
Miscellaneous		<b>2,839,185.31</b>	7,571,167.36
Non Refundable Tender deposit		<b>234,000.00</b>	300,000.00
Record Book		<b>3,733,300.00</b>	2,419,100.00
Registration fees		<b>5,997,500.00</b>	5,759,200.00
Rent		<b>12,000.00</b>	448,000.00
Supply Registration		<b>271,500.00</b>	60,000.00
Savings A/C Interest		<b>1,078,355.80</b>	-
		<b>106,917,360.60</b>	107,921,111.72

	Note	2013 Rs.	2012 Rs.
<b>14 <u>Production Unit Income</u></b>			
Academy of Hair & Beauty		<b>145,182.05</b>	2,106,181.32
Exam Fees		<b>227,320.00</b>	-
Hotel School - Ahangama		<b>86,165.00</b>	505,150.16
Other		<b>623,975.10</b>	482,893.87
Part time		<b>12,772,398.81</b>	12,740,339.26
Printing School –Galle		<b>3,990.00</b>	673,160.00
Printing School -Narahenpita		-	12,006.74
Restaurant – Thalalla		<b>77,436.56</b>	109,017.00
RPL		<b>1,476,213.50</b>	649,122.00
Trade test		<b>388,525.96</b>	589,508.14
Vehicle Service		<b>173,190.00</b>	162,703.00
A.S.D. Income		<b>634,372.60</b>	-
VTA Food Production Income		<b>342,936.70</b>	-
		<b>16,951,706.28</b>	<b>18,303,081.49</b>



## Notes to the Financial Statements

	Note	2013	2012
		Rs.	Rs.
<b>15</b>	<b><u>Funds on Special Projects</u></b>		
	Eastern Provincial Service	-	92,000.00
	HMTI Project	-	2,803,595.26
	Inter Labour Organization	-	1,140,386.15
	Ministry of Youth Affaires & Skills Development	<b>2,393,190.50</b>	-
	Regional Fisheries Livelihood Programme	-	1,412,170.00
	TVEC	<b>813,255.74</b>	109,774.00
	UNICEF	<b>697,500.00</b>	2,505,069.74
	World Vision	-	199,900.00
	WUSC	-	165,232.50
	Funds On Fisheries Programme	<b>619,450.50</b>	-
		<b>4,523,396.74</b>	<b>8,428,127.65</b>
<b>16</b>	<b><u>Staff Cost</u></b>		
	E.P.F. & E.T.F.	<b>61,106,534.42</b>	62,141,663.14
	Other Allowance	<b>182,342,328.68</b>	-
	Pension Contribution	<b>219,511.25</b>	-
	Salaries & overtime	<b>372,076,060.77</b>	550,546,161.30
	Staff Gratuity	<b>36,661,214.03</b>	35,555,980.76
		<b>652,405,649.15</b>	<b>648,243,805.20</b>

## Notes to the Financial Statements

	Note	2013	2012
		Rs.	Rs.
<b>17</b>	<b><u>Travelling</u></b>		
	Domestic	6,333,601.97	7,106,938.93
	Foreign	5,035,231.52	3,565,144.04
	Accommodation Expenses	15,700.00	-
	Verification Expenses	2,146,138.27	-
		<u>13,530,671.76</u>	<u>10,672,082.97</u>
<b>18</b>	<b><u>Supplies and Other Consumables</u></b>		
	Stationary & Office Requisites	15,666,283.52	12,161,567.51
	Fuel & Lubricant	12,760,176.03	13,826,299.94
	Others	2,505,332.80	1,495,248.52
		<u>30,931,792.35</u>	<u>27,483,115.97</u>
<b>19</b>	<b><u>Maintenance</u></b>		
	Vehicle	10,233,422.03	8,970,381.51
	Plant & Machinery	7,015,395.83	6,007,231.62
	Building	10,978,934.02	12,271,264.28
		<u>28,227,751.88</u>	<u>27,248,877.41</u>
<b>20</b>	<b><u>Contractual Services</u></b>		
	Audit Fees	462,000.00	556,064.00
	Advertisement	5,762,473.92	1,169,794.08
	Consultation and Professional Fees	1,415,689.12	2,607,000.00
	Electricity	46,392,994.95	44,429,668.09
	Hire Charges	243,286.00	1,009,950.00
	Insurance	4,058,311.30	4,530,342.39
	Janitorial service	5,098,937.81	4,529,682.74
	News Papers & Periodicals	368,163.49	369,259.00
	Postal Charges	980,427.29	720,206.55
	Rent	5,927,783.48	6,165,960.81
	Security Charges	24,120,087.25	18,715,260.21
	Staff Welfare & Other	1,815,841.58	123,690.00
	Telephone Charges	14,514,920.76	13,281,222.73
	Transport	3,446,403.38	4,385,635.10
	Water	8,904,089.98	8,445,538.44
	Compensation	550,000.00	-
		<u>124,061,410.31</u>	<u>111,039,274.14</u>

## Notes to the Financial Statements

	Note	2013 Rs.	2012 Rs.
<b>21</b>	<b><u>Job placement, Research &amp; Entrepreneurship</u></b>		
	Curriculum Development	477,820.00	556,922.00
	On the Job Training & Monitoring	5,160,323.00	919,600.00
	Entrepreneurship Programs	928,800.65	732,787.75
	Job Placement	906,499.59	190,742.50
	Research & Tracer Study	572,650.00	-
	Private public partnership	249,306.00	241,019.00
		<b>8,295,399.24</b>	<b>2,641,071.25</b>
		<b>8,295,399.24</b>	<b>2,641,071.25</b>
<b>22</b>	<b><u>Other Operating Expenses</u></b>		
	Tools & Consumables	4,452,642.44	10,522,573.87
	unsettled course fees	2,352,700.00	5,320,410.00
	Examination & Evaluation	10,507,386.95	10,926,749.70
	Honorarium	277,352.00	1,106,127.30
	Deyata kirula	2,749,109.39	3,649,031.06
	Legal Fees	267,500.00	1,104,242.00
	Miscellaneous	6,098,856.62	2,993,903.13
	Quality Management Accreditation	2,100,724.02	873,021.00
	Season Tickets	5,924,945.02	6,600,710.05
	Special Training Programme	449,694.53	550,955.60
	Stipend Allowance	16,001,675.86	20,621,684.97
	Training Materials	78,764,045.70	58,549,990.39
	Free Course Cost	1,229,900.00	-
	10% Discount	110,700.00	-
	50% Discount Cost for Training	794,140.00	-
		<b>132,081,372.53</b>	<b>122,819,399.07</b>
		<b>132,081,372.53</b>	<b>122,819,399.07</b>

**Notes to the Financial Statements**

	<b>Note</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>		<b>Rs.</b>
<b>23. <u>Expenditure on Special Projects</u></b>			
Inter Labour Organization	-		1,140,386.15
Eastern provincial service	-		92,000.00
TVEC	<b>813,255.74</b>		109,774.00
World Vision	-		199,900.00
HMTI	-		2,803,595.26
WUSC	-		165,232.50
UNICEF	<b>697,500.00</b>		2,505,069.74
Ministry of Youth Affairs & Skills Development	<b>2,393,190.50</b>		-
Regional Fisheries Livelihood Programme	<b>619,450.50</b>		1,412,170.00
	<b><u>4,523,396.74</u></b>		<b><u>8,428,127.65</u></b>
<b>24 <u>Finance Cost</u></b>			
Grauity surcharge	-		186,727.55
Bank Chages	<b>190,226.74</b>		273,938.40
	<b><u>190,226.74</u></b>		<b><u>460,665.95</u></b>

## Notes to the Financial Statements

### 25. Prior Year Adjustment

Following over and under provision of expenses were adjustment as prior year adjustment.

Description	Dr	Cr	+/( -)
Salary Arrears	22,500,369.60	-	(22,500,369.60)
Ahangama Hotel School Expenses	14,268.00	-	(14,268.00)
Audit Fees	628,574.00	-	(628,574.00)
Security Charges	3,543,655.00	-	(3,543,665.00)
Telephone Charges	-	820,196.64	820,196.64
Consultation and Professional Fees	-	1,762,076.00	1,762,076.00
Dropout – Part Time	1,661,150.00		(1,661,150.00)
Dropout – Part Time	2,203,505.00		(2,203,505.00)
Over Recorded Course Fee Income	773,710.00		(773,710.00)
Advance	129,773.68		(129,773.68)
<b>TOTAL</b>	<b>31,455,015.28</b>	<b>2,582,272.64</b>	<b>(28,872,742.64)</b>

As a result of the above adjustment 2012 surplus is Rs. 16,030,859.76 will be changed as a deficit Rs. 12,841,882.88. ( 28,872,742.64 - 16,030,859.76 )

### 26. Commitments and Contingencies

#### a) **Litigation against the Authority**

The court cases pending were as follows

Court	2012.12.31	2013.12.31
<b>Court of Appeal</b>	01	-
<b>High Court</b>	02	-
<b>District Court</b>	02	02
<b>Labour Tribunal</b>	04	05
<b>Labour Department inquiries</b>	05	-
<b>Total</b>	14	07

#### b) **Capital Commitments**

There were no material capital commitment as at 31.12.2013

## **27. Adjustment of unusable item cost of property plant & Equipment**

All ready auction items identify in the asset verification held in year 2012, and some of items are Auction & destroyed in 2013, the book value of the above item will be Adjust to properly plant & equipment (Fixed Assets) in the year 2014.

## **28. Bad debts Provision**

Out of the bad debts provision amounting Rs. 11,122,447.04 the board of director has been approved Rs. 4,347,409.67 to write-off and expected to adjust to account in the year 2014 after obtaining the general treasury approval.

The remaining balance is Rs. 6,775,037.37 from Ministry of Youth Affairs & skill development and security service receivables will be get the decision in 2014. The approval details as follows.

No	Description	Amounts (Rs.)
01	Red Cross Tsunami (Matara District)	18,356.00
02	GTZ Tsunami	2,266,694.58
03	Sirup Project	80,714.00
04	Fresh Tsunami Projects	172,606.22
05	Skill development projects	332,010.53
06	Mahapola Programme	140,189.00
07	Printing School – Narahenpita	1,300,438.84
08	Hiring Vehicle Deposit	10,000.00
09	Haputhale Town Council – Badulla	26,400.00
	<b>Total</b>	<b>4,347,409.67</b>

## **29. Advance Rs. 129,773.68**

Balance of the unsettle advance is Rs. 129,773.68 was set off against each person after physical verification and confirmation by the officers, after the reviewed the relevant document by the board of directors, Approval has been granted to set off the advance in 2013.

## **30. TVEC Project Fund Payable**

Balance of the TVEC project as at 31<sup>st</sup> December 2013 Rs. 10,427,341.81 which was granted accreditation to the courses. Up to now related course equipments already has been purchased, therefore, those equipment value will be adjusted in year 2014.

**Vocational Training Authority of Sri Lanka**  
**Trial Balance as at 31 st December 2013**

Description	Dr.	Cr.
<b>Acquisition of Capital Assets</b>		
Acquisition of Land & Land improvement	1,723,121,431.01	
Acquisition of Buildings and Improvement	2,939,853,642.15	
Acquisition of Computer Equipments	372,888,540.18	
Acquisition of Electrical Equipments	7,890,671.81	
Acquisition of Furniture & Fittings	221,808,609.09	
Acquisition of Motor Vehicles	255,165,437.94	
Acquisition of Office Equipments	77,960,075.80	
Acquisition of Plant & Machinery	75,617,141.60	
Acquisition of Training Equipments	1,446,118,887.33	
<b>Provision For Depreciation</b>		
Provision for dep. Buildings and Improvement		592,668,525.92
Provision For Dep. Computer Equipments		191,346,830.04
Provision For Dep. Electrical Equipments		2,500,524.41
Provision For Dep. Furniture & Fittings		68,043,345.52
Provision For Dep. Motor Vehicles		150,106,647.45
Provision For Dep. Office Equipments		25,656,398.49
Provision For Dep. Plant & Machinery		44,847,565.06
Provision For Dep. Training Equipments		693,755,960.13
<b>Capital Work in Progress</b>		
Work in Progress - Building structures	31,684,035.26	
<b>Investment</b>		
Fixed Deposit	25,000.00	
<b>Inventories</b>		
Training Material	19,309,798.56	
Stationary	5,945,883.11	
Raw Material	13,690.00	
Other Consumables	288,316.25	
<b>Other Receivables</b>		
Advances For Programms	46,200.00	
Deposit for Compensation	485,778.72	
Deposits	226,000.00	
Ministry of Youth Affairs & Skills Deve	4,097,520.24	
Vehicle Service Income Receivable	538,133.73	
Miscellaneous Debtors	10,000.00	
Prepayments	7,451,000.00	
Receivable Course Fee	14,038,971.00	
Receivable Income	148,741.33	
Receivable Project Fund	2,873,221.56	
Salary Receivables	512,073.03	
Shortage Of Income	151,732.00	
State Organization	4,144,544.97	
Trade & Other receivables	501,680.00	
Advance Payment For T-Shirt	2,361,442.40	



Provision for Bad Debts		11,122,447.04
<b>Staff Loan</b>		
Distress Loan	38,099,375.20	
Festival Advance	2,098,000.00	
<b>Cash &amp; Cash Equivalents</b>		
Cash in Transit	28,300.00	
Gold coin	104,000.00	
<b>Bank Accounts</b>		
Ampara	609,629.21	
Anuradhapura	132,951.34	
Badulla	150,169.47	
Batticaloa	103,979.89	
Colombo	925,268.60	
Galle	931,639.85	
Gampaha	157,053.27	
Hambantota	217,297.65	
Head Office.	34,067,823.44	
Jaffna	546,326.50	
Kalutara	619,833.41	
Kandy	186,755.52	
Kegalle	241,813.92	
Kurunegala	105,362.44	
Matale	265,374.23	
Matara	131,389.44	
Monaragala	101,039.78	
Nuwaraeliya	325,744.89	
NVTI – Baddegama	638,507.69	
NVTI – Mirijjawila	1,017,621.34	
NVTI – Narahenpita	3,441,225.87	
NVTI – Niyagama	228,679.91	
NVTI – Orugodawaththa	251,868.57	
NVTI – Rathmalana	1,714,609.79	
Polonnaruwa	193,512.84	
Puttalam	413,613.31	
Rathnapura	314,165.89	
Trincomalee	60,687.75	
Vavuniya	152,769.22	
Cheque in hand	9,478,768.81	
Cash-in-hand	242,016.00	
Government Grant Capital		18,807,318.76
Government Grant - Recurrent		836,596,383.50
Fund Received from Ministry - Deyata Kirula		500,000.00
Differed Income Grant - Recurrent		423,968,294.89
<b>Reserves &amp; Surplus</b>		
Differed Income Grant		3,451,139,440.87
Provision for Gratuity		232,261,463.95
Revaluation Surplus		2,319,991,544.97
<b>Payables</b>		
Audit Fee Payable		1,386,000.00

Cashier Deposit		25,000.00
Course Fee Payable		203,750.00
Deposit		374,800.00
E.P.F Payable		6,884,798.53
E.T.F. Payable		1,032,936.52
Lecture Fees Payable		3,846,950.00
Other Payables		3,565,490.05
Project Funds Payable		13,269,016.67
Received in Advance		1,485,550.00
Refundable Tender Deposit		775,784.44
Retention Money		13,650,102.94
Salary Payable		10,576,910.06
Staff Incentive Payable		363,750.00
Trade Creditors		24,151,166.58
Vehicle Service Unit Payable		594,435.00
W & O P Payable		128,158.36
<b>Accrued Expenses</b>		
Advertisement Accrued		1,279,658.24
Carrier Guidance Accrued		65,325.00
Electricity Accrued		2,158,241.83
Examination & Evaluation Accrued		529,765.55
Fuel & Lubricant Accrued		4,750.00
Janitorial Service Accrued		363,907.65
Maintenance Accrued		1,370,128.52
News Papers & Periodicals Accrued		27,425.00
Overtime & holiday pay Accrued		674,060.28
Part Time Expenses Accrued		2,377,935.00
Promotional Expenses Accrued		1,884,369.73
Rent, Rates & Taxes Accrued		317,521.04
Season Tickets Accrued		709,060.64
Security Charges Accrued		7,699,372.50
Stipend Allowance Accrued		1,301,263.07
Telephone Charges Accrued		2,662,770.08
Transport Accrued		11,000.00
Traveling Accrued		311,609.20
Water Accrued		493,806.94
On The Job Training Accrued		436,000.00
<b>Other Income</b>		
Auction Income		2,269,834.85
Course fee		82,518,000.00
Daily Diary		2,728,100.00
Enterpriniourship Programme		68,500.00
Fines		150,787.09
Finished Good Sales		256,821.00
Hall Income		2,541,755.60
Hostel Fee		242,250.00
Katharagama Circuit Banglow		257,376.00
Loan Interest		1,610,094.95
Miscellaneous Income		2,839,185.31
Non Refundable Tender Deposit		234,000.00

Record Book		3,733,300.00
Registration Free		5,997,500.00
Canteen Income		120,000.00
Supply Registration		271,500.00
Savings A/C Intetrest		1,078,355.80
<b>Production Unit Income</b>		
Academy Of Hair & Beauty		145,182.05
Exam Fees		227,320.00
Hotel School Ahangama		86,165.00
Other		623,975.10
Part Time Courses		12,772,398.81
Printing School – Galle		3,990.00
Thalalla Restaurant		77,436.56
RPL Income ALL		1,476,213.50
Trade Test		388,525.96
Vehicle Service		173,190.00
Ahugammana Academic Staff Development		634,372.60
VTA Food Income		342,936.70
<b>Funds On Special Projects</b>		
Funds Received From Ministry For A/L Student		2,393,190.50
Funds on Skills Competition on TVEC		813,255.74
Funds Received From UNICEF Project		697,500.00
Funds On Fisheries Programme		619,450.50
<b>Staff Cost</b>		
E.P.F. Expenses	48,885,227.48	
E.T.F. Expenses	12,221,306.94	
Other Allowance(Staff Cost)	182,342,328.68	
Pension Contribution	219,511.25	
Salaries & Overtime	372,076,060.77	
Staff Gratuity	36,661,214.03	
<b>Travelling</b>		
Travelling – Domestic	6,333,601.97	
Travelling – Foreign	5,035,231.52	
Accommodation Expenses	15,700.00	
Verification Expenses	2,146,138.27	
<b>Supplies and Other Consumables</b>		
Stationary & Office Requisites	15,666,283.52	
Fuel & Lubricant Charges	12,760,176.03	
Other Supplies	2,505,332.80	
<b>Maintenance</b>		
Maintenance of vehicle	10,233,422.03	
Maintenance of Plant & Machinery	7,015,395.83	
Maintenance of Building	10,978,934.02	
<b>Contractual Service</b>		
Audit Fees -1	462,000.00	
Advertisement-1407C	5,762,473.92	
Consultation & Professional Fee	1,415,689.12	
Electricity Charges	46,392,994.95	
Hire Charges	243,286.00	
Insurance	4,058,311.30	

Janitorial Service	5,098,937.81	
News Papers & Periodicals-1	368,163.49	
Postal Charges	980,427.29	
Rent, rates & taxes	5,927,783.48	
Security Charges-1	24,120,087.25	
Staff Welfare & Other	1,815,841.58	
Telephone Charges	14,514,920.76	
Transport-1	3,446,403.38	
Water Bill	8,904,089.98	
Compensation	550,000.00	
<b>Job Placement, Research &amp; Entrepreneurship</b>		
Curriculum Development	477,820.00	
On the Job Training & Monitoring	5,160,323.00	
Entrepreneurship Programs	928,800.65	
Job Placement-1	906,499.59	
Research & Tracer Study	572,650.00	
Private Public Partnership	249,306.00	
<b>Other Operating Expenses</b>		
Tools & Consumables	4,452,642.44	
Approved Dropouts 2013 - Full time	2,352,700.00	
Examination & Evaluation-1	10,507,386.95	
Honorarium	277,352.00	
Deyata Kirula	2,749,109.39	
Legal Fees	267,500.00	
Miscellaneous expenses	6,098,856.62	
Quality Management & Accreditation	2,100,724.02	
Season Tickets	5,924,945.02	
Special Training Programme	449,694.53	
Stipend Allowance	16,001,675.86	
Training Materials-1	78,764,045.70	
Free Course Charges	1,229,900.00	
10% Discount	110,700.00	
50 % Discount Cost for Training	794,140.00	
<b>Expenditure On Special Projects</b>		
Expenditure on Skills Development Competition	813,255.74	
Expenditure For UNICEF Project	697,500.00	
Expenditure On A/L Students	2,393,190.50	
Expenditure On Fisheries Programme	619,450.50	
<b>Finance Cost</b>		
Bank Charges	190,226.74	
Staff Training - Capacity Deve.	6,753,779.56	
Promotional Expenses	11,135,066.23	
Carrier Guidance -1	2,578,224.75	
Depreciation	423,968,294.89	
Profit & Loss A/C	517,566,571.16	
Prior Year Adjustment	28,872,742.64	
	<b>9,298,697,724.04</b>	<b>9,298,697,724.04</b>



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல. } JP/E/VTA/1/13/230  
My No. }

ඔබේ අංකය  
உமது இல. }  
Your No. }

දිනය  
திகதி }  
Date }

21 May 2015

The Chairman,  
Vocational Training Authority of Sri Lanka.

**Report of the Auditor General on the Financial Statements of the Vocational Training Authority of Sri Lanka for the year ended 31 December 2013 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971**

The audit of financial statements of the Vocational Training Authority of Sri Lanka for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory 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 the Section 13(1) of the Finance Act, No. 38 of 1971 and Section 25 of the Vocational Training Authority of Sri Lanka Act, No. 12 of 1995. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Authority on 05 December 2014.

**1.2 Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.





**1.3 Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**1.4 Basis for Qualified Opinion**

My opinion is qualified based on the matters described in paragraph 2.2 of this report.



## **2. Financial Statements**

### **2.1 Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report the financial statements give a true and fair view of the financial position of the Vocational Training Authority of Sri Lanka as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **2.2 Comments on Accounts**

#### **2.2.1 Accounting Deficiencies**

The following accounting deficiencies were observed.

- (a) Computation of the gratuity had been understated by a sum of Rs.2,700,531 and as such the expenditure and the provision for the year under review had been understated by that amount.
- (b) A sum of Rs.2,686,068 spent on the plan prepared for the construction of a building had been brought to account as fixed assets though the construction work had not been done and that had been depreciated for Rs.134,303 and Rs.127,588 in respect of the years 2012 and 2013 respectively.
- (c) Telephone charges amounting to Rs.550,704 and a sum of Rs.372,531 on account of no-pay leave recoverable from employees had been omitted in the accounts.
- (d) The value of 35 motor vehicles received as donations amounting to Rs.11,468,250 had been omitted in the accounts while the value of 04 motor vehicles amounting to Rs.2,385,840 had been brought to account twice.
- (e) Provision had not been made for the licence fees amounting to Rs.598,620 and the semi-luxury dual purpose tax amounting to Rs.622,500 payable on motor vehicles in respect of the year under review.





- (f) A sum of Rs.4,570,604 spent on the maintenance of the premises had been brought to account as fixed assets.
- (g) Instead of computing the net financial result of the disposal of fixed assets and adjusting the relevant accounts, accounting for the full proceeds of disposal as income had been the accounting policy adopted continuously by the Authority. The proceeds of such sales during the year under review amounted to Rs.2,296,834 and the proceeds from the year 2003 to the year 2012 amounted to Rs.7,420,200.

#### **2.2.2 Lack of Evidence for Audit**

The files relating to the sum of Rs.2,034,812 spent on training of employees during the year under review had not been furnished to audit and as such the correctness of that expenditure could not be established.

#### **2.3 Accounts Receivable and Payable**

##### **(a) Accounts Receivable**

The following observations are made.

- (i) Out of the debtors balance of the year under review amounting to Rs.37,587,039 balances amounting to Rs.11,710,229 , Rs.6,903,437 and Rs.3,468,087 remained without being recovered over 5 years, 10 years and 01 year to 04 years respectively.
- (ii) Action had not been taken up to August 2014 for the recovery of course fees amounting to Rs.3,955,000 remaining recoverable from the year 2012.
- (iii) Festival Advances amounting to Rs.215,800 recoverable from 86 employees who had left the service had not been recovered.



(b) **Accounts Payable**

The following matters were observed.

- (i) The total of the creditors and the balances payable of the year under review amounted to Rs.82,314,599 and out of that, action for the settlement of Rs.1,663,424 , Rs.1,994,480 and Rs.21,135,144 had not been taken over 05 years, 03 to 05 years and 01 year to 02 years respectively.
- (ii) Even though the balances remaining after incurring expenditure from the advances received from outside parties for carrying out activities should be reimbursed to such parties, a sum of Rs.11,427,342 reimbursable to the Institute of Tourism Promotion, the Tertiary and Vocational Education Commission and the Exports Development Board of Sri Lanka remained without being reimbursed over a long period.
- (iii) The creditors balances amounting to Rs.2,193,156 relating to the purchase of fixed assets in the year 2011 had not been settled.
- (iv) Refundable tender deposits amounting to Rs.505,284 and retention money amounting to Rs.9,815,130 relating to the years 2009 to 2011 had not been settled even by the end of the year under review.





**2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions**

Non-compliance with the following laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
-----	-----
(a) Finance Act, No. 38 of 1971	
(i) Section 13(5)(d)	Half yearly Internal Audit Reports had not been furnished even by 31 July 2014.
(ii) Section 13(8)	The steps proposed to be taken by the Board after considering the Audit Report under Section 13(7)(a) issued in respect of the year, 2012 had not been furnished to audit.
(b) Establishments Code of the Democratic Socialist Republic of Sri Lanka	
(i) Chapter VIII Section 6.1	Even though the Overtime rate payable per hour should be computed at 1/8 of days salary or the day's salary of an officer receiving monthly salary should be computed at 1/30 of the monthly salary, the Authority had paid overtime by computing the day's salary as 1/20 of the monthly salary.
(ii) Chapter IX Section 2.2	Even though 10 per cent of allowances received for duties performed after office hours should be recovered as royalty and brought to account as income, it had not been so recovered on the lecture fees for part time courses and other allowances



(iii) Chapter XIV Sections 28.5 and 28.6 In instances of delayed submission of travelling claims the full amounts had been paid without making deductions in terms of the Establishments Code.

(iv) Chapter XXIV Section 3.17.4 Even though another acceptable surety should be furnished within a month if the service of the surety is terminated for any reason, instances of action not taken accordingly were observed.

(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) Financial Regulations 110 and 104 A Register of Losses had not been maintained and the reports on losses on 14 accidents caused to motor vehicles in the year under review and the accidents caused in the preceding years had not been furnished to the Auditor General.

(ii) Financial regulation 188(2) When ever credit has not been granted by the Bank for cheques and money orders deposited but not realized, it should be investigated. But such action had not been taken on 03 deposits amounting to Rs.429,055.

(iii) Financial Regulations 210 and 217 Even though payments made for delays in making payments due to negligence should be recovered from the officers responsible, it had not been so done in cases such as obtaining licences and payment of rates.





(iv) Financial Regulation 341

When Counterfoil Books of Receipts issued for cash received are received by the institution and the issues made to the officers, those should be recorded in a Register of Counterfoil Books and issued in numerical order. The Authority had not maintained such register for the issue of Counterfoil Books to Instructors.

(v) Financial Regulation 372

Even though the Imprest or the Sub-imprest granted to officers should be checked by a responsible officer not less than once in every month, 08 instances of such checks not exercised since the grant of sub-imprests and 06 instances of non-maintenance of Petty Cash Books for Petty Cash imprests were observed.

(vi) Financial Regulation 381

Two Current Accounts in two Private Commercial Banks and one Current Account in a State Bank had been opened without obtaining Treasury approval.

(vii) Financial Regulation 1647 (e)

A Register containing the information to whom the motor vehicles of the Authority had been issued and the particulars of accessories issued had not been maintained.



(d) Government Procurement Guidelines

(i) Section 9.3.1

Even though the approval of the Secretary to the Line Ministry should be obtained for motor vehicle repairs costing over Rs.200,000 , a sum of Rs.1,462,641 had been paid during the year under review in 06 instances where such action had not been taken.

(ii) Sections 2.8, 2.12 and 2.14.1

Even though not less than 03 quotations should be called for if Shopping Procedure is followed for procurement it had not been so done. Minutes of the Technical Evaluation Committee or the Procurement Committee had not been furnished.

(e) Circular No. TVET/வாசை/ 2004/01 dated 28 January 2004 of the Secretary to the Ministry

(i) Section 1.2

Even though courses should not be commenced without 70 per cent of the full capacity, 492 courses which had not fulfilled that requirement had been commenced.

(ii) Section 1.1

Even though 70 per cent minimum of the capacity should have completed the course at the conclusion of the Course, there were 173 courses which did not comply with the requirement.





- (f) Public Administration Circular No. 19/89 of 23 March 1989 Paragraphs 05 and 06
- A Register of Overtime had not been maintained. Even though the Staff Officer should certify the vouchers for overtime after satisfying himself that overtime work has been completed, in 39 instances it had not been so done.
- (g) Public Administration Circular No. 41/90 of 10 October 1990
- Even though the fuel consumption of motor vehicles should be tested once in every 06 months such tests had not been carried out in respect of all motor vehicles.
- (h) Public Administration Circular No. 9/2007 of 11 May 2007 Paragraph 01
- Two employees had been recruited contrary to the provisions in the circular and a sum of Rs.1,253,000 had been paid as their salaries.
- (i) Payment of Gratuity Act, No. 12 of 1983 Section 5(1)
- Even though the gratuity of service terminated employees should be paid within 30 days, it had not been so done in 35 instances. The delays ranged between 01 month to 26 months.
- (j) Public Enterprises Circular No. PED/12 of 02 June 2003
- (i) Section 6.5.1
- A copy of the Annual Report had not been presented with the accounts.





- (ii) Section 7.4.1 The Audit and Management Committee should meet at least once in 03 months and the reports of the Auditor General and audit queries, 162 reports and 70 internal audit reports included in the 9 matters for discussion at the meetings had not been discussed.
- (iii) Section 7.4.5 Even though a Board of Survey of the fixed assets should be conducted and reconciled with the balances in the Register of Fixed Assets it had not been so done.
- (iv) Sections 8.3.9 and 9.4 Twenty two employees had been released to the Ministry and other Government Institutions and paid salaries and allowances contrary to the provisions in the circular.
- (v) Section 9.3.1 (vii) Even though acting appointments are made due to any reason whatever, those should not be made for more than 03 months. But there were 15 instances of action contrary to the requirement.
- (k) Public Finance Circular No. 446 of 01 September 2010 A sum of Rs.2,211,090 had been paid to the officers of the Authority for telephones contrary to the provisions in the circular.



### **3. Financial Review**

#### **3.1 Financial Results**

According to the financial statements presented, the financial result of the Authority for the year ended 31 December 2013 amounted to a deficit of Rs.49,225,894 as against the surplus of Rs.16,030,860 for the preceding year. The financial result for the year under review as compared, with the preceding year indicated a deterioration of Rs.65,256,754. The decrease of Government and special projects grants, other grants, sundry income and the decrease of profits of Production Units had mainly affected the deterioration.

#### **3.2 Legal Actions Against the Authority and instituted by the Authority**

Employees had filed 06 cases and external institutions had filed 02 cases against the Authority. The verdict in two cases filed by two employees had been delivered in favour of employees in the year 2007. Acting against the advice of the Attorney General, the Authority had lodged an appeal. Again the same verdict had been delivered with an order for payment of Rs.5,469,015 as salaries and reinstatement of the two employees. In addition a sum of Rs.455,520 as two years salary in respect of a case filed against the non-extension of service and a sum of Rs.87,000 to another employee had also been paid. Lawyers' fees amounting to Rs.1,329,741 had been paid in connection with these cases.

### **4. Operating Review**

#### **4.1 Performance**

The following matters were observed.

- (a) Even though the admission of 33,882 apprentices for 77 courses in 18 fields had been planned for the year under review, only 28,446 apprentices had been admitted.
- (b) According to the estimates of the admission of apprentices for courses and the grant of the National Vocational Qualification Certificates for the year under review and the actual performance, had been 16 per cent and 30 per cent respectively.





- (c) The number of annual drop out from the courses had been considerable and no action had been taken to minimize drop out numbers. Out of the apprentices admitted to the courses in the first semester of the year 2013, seven hundred and eighty three had dropped out and that had increased to 2,986 by the end of the year 2013.
- (d) Even though plans had been made for referring 16,800 apprentices for further training, the actual number referred for further training had been 10,214.
- (e) Even though plans had been made for providing job placements for 8,025 apprentices, only 4,974 had been provided with job placements.
- (f) Even though Research and Development Division had planned for 29 activities under 06 fields only 17 had been executed. Even though it had been expected to carry out one each of New Courses Project Proposals and Project Studies, those had not been done. The researches, project magazines and activity based researches had failed to achieve 80 per cent, 50 per cent and 24 per cent respectively of the expected targets.
- (g) The following matters were observed in connection with the holding of the Entrepreneurial Development Programmes.
  - (i) Even though it had been expected to achieve the participation of 300 for the 20 Programmes under “Know Your Business”, only 155 had participated though the number of programmes held had not been indicated.
  - (ii) Even though targets had been set for the supply of financial facilities to 200 trainee apprentices, financial facilities had been supplied only to 149 apprentices.



- (h) Even though the conduct of 40 programmes with the participation of 3,050 persons already engaged in the training field with the objective of enabling them to improve their knowledge and skills and providing them the new technology in the changing world had been expected, only 31 programmes with the participation of 2,434 persons had been conducted.

#### 4.2 Management Inefficiencies

The following matters were observed.

- (a) Even though a double cab motor vehicle of the Authority had met with an accident in the year 2003, a committee to hold an enquiry on the accident had been appointed only in February 2009 after the elapse of 06 years. Even though the Committee of Inquiry had recommended the recovery of Rs.185,333 from the Driver, Rs.235,667 from 04 other officers and Rs.135,000 from the officers in charge of the motor vehicle for the loss of spare parts of the motor vehicle, action for the recovery of the loss had not been taken even by August 2014. A physical inspection of the motor vehicle revealed that it is not in repairable condition. Action had not been taken to eliminate the unusable motor vehicle from the fixed assets.
- (b) Even though advances obtained should be settled immediately after the completion of the purpose, the settlement of advances amounting to Rs.2,597,010 relating to 26 instances had been delayed over periods ranging from 60 days to 178 days. A penalty of Rs.42,575 had to be paid as penalty due to the failure to obtain the licences of 55 motor vehicles on the due dates from the advances obtained for the purpose.
- (c) Examination of Purchase of T Shirts  
The following matters were observed in connection with the purchase of T Shirts for apprentices at a cost of Rs.6,322,442.





- (i) The approval of the Board of Directors had not been obtained for the purchase of T Shirts and an agreement in terms of Section 8.9.3 of the Procurement Guidelines had not been entered into with the supplier.
  - (ii) Out of the 25,000 T shirts ordered 10,412 only had been supplied in 10 instances, and 2,143 T shirts which did not confirm to standards and quality had been returned.
  - (iii) Accurate and updated stock records had not been maintained and an excess of 2,517 T shirts was revealed during the course of audit.
- (d) Training materials valued at Rs.1,984,078 exceeding the requirements of the actual number of participant apprentices had been purchased in the purchase of training materials by the District Offices. The training materials costing Rs.813,255 purchased by the Authority for a Skills and Invention Competition had not been correctly entered in the stock books.
- (e) The following observations were made in connection with the conduct of courses by 09 Centres in the Puttalam District.
- (i) Courses had not been conducted at two Centres. Even though the overall drop out from courses had been 8.81 per cent the course-wise drop out percentage had ranged from 12 per cent to 47 per cent.
  - (ii) Certificates in respect of 27 courses conducted in the years 2008 to 2012 had not been issued. Sixty six certificates prepared by the Head Office for the courses other than the above courses had not been distributed.
  - (iii) Three Instructors had not participated in teaching activities while 14 courses had not been at the accreditation level. The accreditation certificate had not been obtained for the Information and Communications Technology Course due to lack of required equipment and facilities.



(f) **Maintenance of Driver Training Schools**

The following matters were observed.

- (i) Eleven Driver Training Schools are being maintained and Targets had been set for the enrollment of 646 apprentices in the year 2013. Nevertheless, only 86 had been enrolled. As such the enrolled of apprentices had been lesser than the target by 560 or 86.66 per cent.
- (ii) Even though 14 motor vehicles had been attached to 05 Driver Training Schools, apprentices had not been enrolled.
- (iii) Even though Instructors had been attached to the Centres in Kegalle and Ampara, courses had not been conducted while only one apprentice had been enrolled by the Centre at Anuradhapura.
- (iv) Even though only licences for light motor vehicles had been provided buses and motor cycles attached to the Centres had been idling.

(g) **Examination of Accidents to Motor Vehicles**

The following matters were observed.

- (i) Compensation for 04 accidents to motor vehicles had not been obtained.
- (ii) The inquiry in terms of the Financial Regulation on an accident caused in the year 2011 had not been conducted even by 30 July 2014. A labourer had driven the motor vehicle at the time of the accident and he had admitted offence. Even though a Letter of Demand for the payment of a sum of Rs.255,950 for the loss caused to the third party had been sent in the year under review, no steps whatsoever had been taken in that connection even by 31 July 2014.





(h) **National Vocational Training Institute, Narahenpita**

The following matters were observed.

- (i) Action had not been taken to obtain the requisite approval, furnishing statement of actual expenditure in accordance with the Board Paper, furnishing reports (SOT 05, SOT 02) for registration of the courses, transfer of operating expenses and profit to the Office Account and furnish a six month report in connection with 10 out of 12 Part Time Courses conducted.
- (ii) Fuel valued at Rs.62,246 exceeding the approved fuel valued at Rs.12,100 had been obtained for a motor vehicle allocated for travel from office to the residence of an officer not entitled to transport facilities.
- (i) One hundred and sixty five usable items of goods and 56 unusable items of goods of the hostel of the Ratmalana Centre had been kept in stores without security.
- (j) Receipts and Payments-National Vocational Training Centre, Ratmalana.

Deficiencies such as the non-maintenance of a Petty Cash Book, non-preparation of petty cash vouchers, non-maintenance of a register for recording income received, non-recording of advances amounting to Rs.133,780 in the Register of Advances in 18 instances, idling of over Rs.1 million in every month in the Bank Account of the Production Unit, income amounting to Rs.75,700 received in December 2012 entered in the Cash Book on 01 January 2013, non-recording of receipts in the numerical order in the Cash Book and the failure to number the receipts, observed indicated that the financial control of the Centre was weak.





(k) **Academic Activities**

(i) **Conduct of Training Courses**

- (a) The methodology introduced for the enrollment of apprentices had not been followed and as such the number of courses with drop outs exceeding 20 per cent in the year under review and the preceding year had been 296 and 181 respectively.
- (b) One hundred and sixty five half yearly courses had been conducted only in one of the half years. Even though instructions had been issued that in the case of lack of adequate number of apprentices or in the case of Instructors attached to courses not conducted obtain salaries for more than 02 months to be transferred to other Centres or if that is not done, the prior approval of the Ministry should be obtained. Nevertheless, 233 Instructors had been retained in the Centres without taking such action.
- (c) Seven hundred and eighty seven courses had been conducted with apprentices exceeding the maximum number that can be enrolled for the courses. The excess over maximum capacity in 129 instances ranged between 40 per cent to 500 per cent.
- (d) Even though targets had been set for enrollment of 5,380 apprentices for 205 courses of the year under review those courses had not been conducted.
- (e) Seventy members of the Instructor Staff had obtained 1,621 days of no-pay leave and it was observed in audit that obtaining no-pay leave had an adverse impact on the training of apprentices.



(ii) Conduct of Examinations on Completion of Courses

The following matters were observed.

- (a) Out of the 45,759 apprentices registered in the first semesters years of the years 2011 and 2012, pre-evaluation of all 16,339 apprentices who had completed the courses, had not been carried out.
- (b) Certificates had not been awarded to 8,048 apprentices registered under 703 courses in the half years 2011 and 2012 even by the end of the year under review due to the non-receipt of results, courses not being in the accreditation level and other reasons.
- (c) Certificates had been awarded for 15,725 apprentices who completed the courses in the year under review.

(l) The following matters were observed in connection with the construction works.

- (i) According to the agreement for Rs.2,476,968 entered into in the year 2011 in connection with the preparation of plans and bills of quantities of the New Hotel School at Ahangama, that work should have been completed and handed over within 02 months. But that had been completed and handed over after a delay of 05 months. Nevertheless, liquidated damages had not been recovered in terms of the agreement. Information on the preparation of bills of quantities was not revealed and the work on construction of buildings had not been commenced even by August 2014.
- (ii) Even though a sum of Rs.268,393 had been paid for carrying out soil tests of the land for the construction of the new building at Thangalla, construction work had not been commenced.





(m) **Work-in-progress**

The following matters were observed.

- (i) The sum of Rs.3,189,321 comprising Rs.1,528,035 spent in the year 2011 and the sum of Rs.1,661,286 spent in the year under review on the contract for the construction of the canteen and the classroom of the Vocational Training Centre of the Kandy District had been shown as work-in-progress even by the end of the year under review. The work on the contract had been awarded to another contractor on 20 November 2013, and an advance of Rs.1,661,286 and the first payment of Rs.1,156,800 had been made. Even though the work should have been completed in 120 days according to the agreement, the contract had not been completed even by 7 November 2014.
- (ii) Even though the Assistant Director had obtained a sum of Rs.2,820,560 in the year 2012 in connection with a construction work of the District Office Vavuniya, constructions done from a money were not revealed.
- (iii) Even though contract for Rs.42,613,557 for the construction of the new workshop of the National Vocational Training Institute at Mirijjawila had been awarded on 07 November 2013 for the completion of constructions within 150 days, it had not been so done.

(n) **Examination of Payment of Official Telephone Charges**

- (i) The Authority had paid a sum of Rs.55,727 in respect of three officers who had been supplied a mobile phone in addition to the settlement of approved official and residential telephone bills in terms of circular provisions.



- (ii) Even though the Director, Deputy Directors, Chief Assistant Directors and the Assistant Directors of the District Offices only are entitled in accordance with the provisions in the circular, for telephone facilities subject to limitations, the Authority had spent a sum of Rs.2,155,363 for providing mobile telephone connections to 421 officers not entitled to official telephone with effect from March 2013. Even though this matter was pointed out in audit from time to time the management had not paid attention to the matter.
- (iii) The 11 officers relating to the sum of Rs.91,576 remaining without being recovered as the excess on the approved telephone charges in respect of the period June to December 2009 had resigned from services.
- (o) In four instances of capitalization of installation of new engines to motor vehicles valued at Rs.782,092 had been recorded in the Register of Fixed Assets as installed to another motor vehicle instead of the motor vehicles to which the engines were installed.
- (p) The course fees receivable in respect of the preceding year amounting to Rs.3,315,515 had not been recovered even by the end of the year 2014. The course fees recoverable from 213 apprentices who had dropped out from half yearly courses amounted to Rs.1,661,150. Even though that amount should be recovered from the Instructors in terms of the circulars, that had been written off as drop outs from the courses without being so done.
- (q) Action had not been taken to vest in the Authority, 21 motor vehicles valued at Rs.20,696,800 and 05 Government lands on which building costing Rs.34,184,361 had been constructed.





#### 4.3 Transactions of Contentious Nature

The following matters were observed.

- (a) A sum of Rs.300,000 paid as sponsorship contribution to the Suryaya Udanaya Programme 2013 conducted by the Welfare Association of the Ministry of Youth Affairs and Skills Development and a sum of Rs.161,000 spent on entertainment expenses of the Awareness Programmes on the Future Pathway of the Authority held on 01 May 2013 had been shown under the promotion expenditure without obtaining the approval of the Board of Directors. Whether this Programme was conducted on the said date was a contentious issue in audit.

(b) Establishment of VTA Holdings Company

The following matters were observed.

- (i) In accordance with the Board of Directors Decision No. 162/08 of 13 August 2013, the VTA Holdings Company had been registered under the companies Act on 18 December 2013, as a Limited Private Company. Even though the Secretary to the Ministry of Youth Affairs and Skills Development had submitted a Cabinet Memorandum on the matter on 10 June 2014, the approval of the Cabinet of Ministers for this purpose had not been received even up to the date of this report.
- (ii) The approval for the establishment as an independently maintained institute without being a charge on the Government, the Ministry or the Vocational Training Authority or any responsibility relating to the staff and subject to scrutiny of the Auditor General had been sought through the Cabinet Memorandum. Even though a sum of Rs.2 million had been paid to the VTA Holdings Company in terms of the Board Paper No. 167/06 of 21 January 2014 subject to settlement in the year 2014, it had not been settled even up to the date of this report. But two employees of the Vocational Training Authority and two employees of the Transport Repairs and Maintenance Division paid by Authority had been deployed in the Catering Services Section. In addition 7 apprentices had been attached for training and their allowances had also been paid by the Authority.







- (f) The Drivers Course of the second half year 2013 had not been conducted and as such a bus and a van had been idling.
- (g) Even though one floor of the three storeyed building of which construction had been commenced in the year 2008 had been completed and made use of in the year 2009, the balance construction work had not been commenced even by December 2013. The concrete slab had been rusted and subject to deterioration due to exposure.
- (h) The following matters were observed in connection with the training equipment of the National Vocational Training Centre at Ratmalana.
  - (i) Over 35 chairs and 05 equipment of the Welding Course Classroom, 78 small iron cupboards near the Radio and Television Equipment Repair Course Classroom and 26 equipment in the classroom, 14 equipment unusable of the Motor Mechanics Course, 10 equipment of the Carpentry Course needing repairs, 5 equipment of the Machinery Section, remained idle over a long period without being repaired and used or taking any other course of action. This situation had not been revealed at the stock verification of the year 2012.
  - (ii) Four items of equipment not required for the Welding Course of National Skills Qualification Level 4, seventeen equipment of the Motor Mechanics Course and equipment of 02 Courses of two rooms had been idling.
  - (iii) Even though 22 equipment for Landscaping Courses, 30 units relating to 16 equipment for Machinery Course, 12 equipment for Information and Communication Technology Course, a Compressor for the Carpentry Section, 318 sundry equipment for Industrial Equipment Course, 107 equipment for Draftsman Course had been requested, those had not been supplied even by April 2014.



#### **4.5 Underutilisation of Funds**

A sum of Rs.13,269,017 made available for various projects by the end of the year under review had been idling without being utilized for the intended purposes.

#### **4.6 Identified Losses**

The following matters were observed.

- (a) Penalty amounting to Rs.128,858 had been paid due to the failure to obtain revenue licences for motor vehicles on the due dates.
- (b) Even though goods valued at Rs.29,500 of the Vocational Training Institute, Haldanduwana had been damaged necessary action had not been taken by conducting an inquiry.
- (c) A physical stock verification of the items relating to motor vehicles such as tyres, tubes and batteries of the Main Stores of the Authority revealed a shortage of 06 items of bin card value amounting to Rs.163,848.

#### **4.7 Resources of the Authority given to other Government Institutions**

The following matters were observed.

- (a) Twenty two employees of the Authority had been released to the Ministry and other outside institutions contrary to the provisions in Sections 8.3.9 and 9.4 of the Public Enterprises Circular No. PED/12 of 02 June 2003. The salaries, allowances and overtime of 18 of those employees had been paid by the Authority. A sum of Rs.5,091,982 had been paid in respect of the year under review while a sum of Rs.10,835,399 had been paid in the preceding years.
- (b) Even though 7 Instructors had been released, action in terms of the conditions in their letters of appointment had not been taken. Instances where release of certain Instructors since the date of appointment for periods exceeding 17 years to other State Institutions were observed.





- (c) Even though one employee had reported for service in the Authority on 09 September 2013 he had been released to another institution with effect from 07 October 2013. The Authority had paid overtime amounting to Rs.251,165 and Rs.182,069 in the year under review to two other released employees.
- (d) A sum of Rs.99,167 had been under-reimbursed in the reimbursement of salaries. Even though action should have been taken for the recovery from the institution concerned, that amount had been written off. Action for write off had been taken without following the procedure (Treasury approval) for the write off of recoverable balance.

#### 4.8 **Staff Administration**

The following matters were observed.

- (a) The approved staff and the actual staff had been 2,256 and 1,775 respectively and as such 481 posts had been vacant.

- (b) **Irregular Appointment of an Officer for Acquisition of Lands**

The following observations are made in this connection.

- (i) A retired officer over 68 years of age had been appointed without calling for applications with effect from 01 January 2013 by predating on 18 March 2013. Even though the approval for that should be obtained from the Cabinet of Ministers, the approval of the Ministry had been obtained for the service period of 04 months.
- (ii) Even though the service period according to the directive of the Ministry expired on 30 April 2013, he had served up to September 2014 on the approval of the Board of Directors. The allowance of Rs.30,000 in terms of the Public Administration Circular dated 11 May 2007 had been increased to Rs.50,000 with retrospective effect.



(iii) Records of reporting for duty had not been maintained. The acquisition of Lands, for which the officer was recruited had not shown any quantitative progress.

(c) Recruitment of an Officer on Assignment Basis for the Post of Investigating Officer

The following observations are made in this connection.

- (i) A retired officer over 62 years of age had been appointed without calling for applications by issuing letters of appointment every 3 months from the year 2012 up to the date of this report. Even though the approval of the Cabinet of Ministers should be obtained for that, it had not been so done. Action had not been taken to recruit for the permanent post.
- (ii) Even though the Director (Administration) should have made assignments in writing it had not been so done. Even though a report on the progress of work should have been submitted to the Chairman at the end of each month, it had not been so done.
- (iii) The service had been extended from 11 February 2014 to 30 April 2014 through predating by letter No. ADM/ASS/INV/18/2012-1 dated 25 April 2014 of the Chairman.
- (iv) According to the Board Paper No. 168/3, the Board of Directors had approved the extension of the service of the Investigating Officer either up to 30 April 2014 or up to the appointment of an Officer with the required qualifications, whatever comes first. But he had been further retained in service without taking action accordingly.





- (d) Training at a cost of Rs.160,000 had been provided to 04 employees recruited on contract basis.

**5. Accountability and Good Governance**

**5.1 Corporate Plan and Its Operation**

A Corporate Plan should be prepared in terms of Section 5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003 and in terms of Section 5.1.3, the updated Corporate Plan approved by the Board of Directors should be furnished along with the Annual Budget 15 days before the commencement of the financial year. The Corporate Plan had been submitted for approval of the Board of Directors only in the year 2013. But the activities in the Corporate Plan made effective for the year 2013 and thereafter had not been included in the activities of the Action Plan for the year 2013.

**5.2 Internal Audit**

The Internal Audit Plan had not been forwarded to the Auditor General before the commencement of the year to obtain his concurrence and the approval of the Board of Governors for the plan had been obtained only on 30 April 2013. The programmes which could not be covered in the preceding year had not been included in the Internal Audit Plan of the ensuing year. Even though a sum of Rs.204,459,721 had been spent in the year under review for contracts and purchase of training equipment, those areas had not been subjected to Internal Audit.

**5.3 Budgetary Control**

The budget for the year under review had not been approved within the period specified in the Finance Act. Variances ranging from 8 per cent to 633 per cent between the estimated income and expenditure and the actual income and expenditure under 16 items of the budget were observed. Thus it was observed that the budget had not been made use of as an effective instrument of management control.



6. **Systems and Control**

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

- (a) Assets Management
- (b) Accounting
- (c) Motor Vehicle Control
- (d) Staff Management
- (e) Stock Control
- (f) Training of Apprentices

W.P.C.Wickramaratne  
Acting Auditor General

**Observations on the Report of the Auditor General on the Financial Statements of Vocational Training Authority of Sri Lanka for the Year Ended 31 December 2013 in Terms of Section 14(2) C of the Finance Act No.38 of 1971**

2.2.1(a) Clear replies have been given for this on 14 July 2014 under audit query No. JP/E/VTA/AQ15/2013

Although the amount stated in the audited query as the value that had not been calculated for provisions for gratuity of the employees who had joined the service on 01<sup>st</sup> January was Rs. 1,906,774.00 the correct value of that amount was Rs.1,665,611.99. It has been recognized separately and action has been taken by now to correct it in 2014.

Further, although the amount stated in the audit query as the understated value as the period of service had not been calculated correctly was Rs.959,516.00 its correct value Rs.902,666.00 was recognized separately and action has been taken by now to correct it in year 2014.

(b) Agreed. Action has been taken to correct it in year 2014.

(c) Clear replies have been given for this on 25 July 2014 under audit query No. JP/E/VTA/AQ 21/2013 regarding the telephone charges that have to be recovered from the employees. Further, action will also be taken to identify them separately and to correct them accordingly.

Because of a delay in obtaining details related to unpaid leave from the District Offices, the amounts due for unpaid leave for year 2013 had been recovered from the relevant officers in 2014. Therefore these amounts had not been entered in accounts of year 2013. At present, arrangements have been made to minimize such delays and to recover the unpaid leave within the relevant year itself.

(d) These motorcycles and three-wheelers have been entered in accounts under training equipment and only a few vehicles that had been purchased under this were utilized for fulfilling transport requirements only on a few occasions due to the availability of a limited number of vehicles at the Transport Division. Action will be taken to correct double entry of the value of four vehicles.

(e) It had been unable to enter the charges for the revenue license of the relevant vehicle in the accounts of year 2013 as there had been a delay in obtaining that revenue license due to reasons such as neglecting of duties and irregularities committed by an officer who had been serving at the Transport Division.

(f) Agreed. The relevant adjustments have been made in the final accounts of year 2014.

(g) Agreed. Action will be taken to correct it.

2.2.2 The relevant documents will be submitted to audit.

2.3a(i) **Accounts receivable**

This balance receivable consists of the following balances. However, most of these balances have been settled by now, and necessary action will be taken to settle the remaining balances.

Advances	46,200.00	They have been settled by now.
Prepayments (Vehicles)	7,451,000.00	

below one year	Prepayments (T-shirt)	2,361,442.40	
	<b>Revenue receivable</b>		
	Bank interest	51931.33	
	Ahugamma	96,810.0	
	Rental	168,000.00	
	Production Unit	38,800.00	
	Examination fees	246,000.00	
	V.T.A. Holdings	48,880.00	
	Salaries to be recovered	512,073.03	A sum of Rs.503,073.00 has been settled by now. There is a sum of Rs. 9,000.00 that had been paid to an officer as a salary advance, but the said officer has been on medical leave and has not reported to duty so far. Therefore action will be taken to recover that amount from the relevant officer immediately.
	Deposits	124,000.00	This amount is a deposit that had been made with the Electricity Board on 08 November 2013 for obtaining electricity supply to the District Centre in Kegalle.
Income receivable (Vehicle Maintenance Unit)	538,133.73	Youth Corps Rs.19,110.00 Ministry of Youth Affairs and Skills Development <u>Rs.33,361.00</u> <b>Total <u>Rs.52,471.00</u></b> Except for the above amount, all the other amounts that had been due have now been received and the relevant institutes have been informed of regarding recovering of this amount. Action will be taken to resolve it before the end of year 2014.	
Course fee receivable	10,81,856.00	The amount of Rs.6 ,407,721.00 has been settled by now and action will be taken to settle the remaining amount of Rs.4,414,135.00 in future.	
	<b>22,505,126.49</b>		
1-5years	Course fee receivable	3,217,115.00	The amount of Rs.1 ,219,342.72 has been settled by now and action will be taken to settle the remaining amount



			of Rs.1,997,772.28 in future.
	Revenue arrears (Galle)	11,732.00	Action will be taken to settle this amount.
	Revenue arrears (Vavuniya)	140,000.00	This has been settled.
	Amounts receivable (Bataloa)	2,839.73	Action will be taken to settle this amount.
		<b>3,371,686.73</b>	
Over5 years	Deposits	102,000.00	Deposit made for purchasing cylinders.
	Payment of Compensation	485,778.72	This has been settled.
	GTZ – Tsunami	2,266,694.58	The approval of the Board of Directors has been granted for writing off these amounts from the books and has been referred to Treasury for approval. After receiving the Treasury approval, the relevant adjustments will be made in the final accounts of year 2014.
	Sirup Project (Galle)	80,714.50	
	French - Tsunami	12,606.22	
	Red Cross – Tsunami	18,356.00	
	Skills Development Project	332,010.53	
	Haputale Urban Council	26,400.00	
	Vehicle rental deposits	10,000.00	
	Ministry (Mahapola Exhibition)	140,189.00	
	Printing School (Narahenpita)	1,108834.81	
	Printing School (Narahenpita)	191,603.43	
	Security services supplies	3,226,702.43	This amount is receivable for providing security services before year 2001. This has been informed to the Ministry and the relevant institutes have been informed through the Ministry. However, as these balances are very old, there are difficulties in recovering them. Therefore this matter will be referred to the Board of Directors and a decision will be taken in this regard.
Ministry	3,54,334.94	This amount is receivable for incurring the expenses on allocating the office premises of the Ministry of Vocational Training and Rural Industries. This was discussed at the meeting of the Parliament Committee on Public Enterprises and direction was given to take action either to recover this amount from the Ministry or to write	

		it off. This was referred to the Board of Directors and approval of the Board was granted, and it has now been referred to the Treasury for approval. After obtaining the approval of the Treasury, action will be taken to make necessary adjustments in the final accounts for year 2014.
	<b>11,710,225.16</b>	
<b>Grand Total</b>	<b>37,587,038.38</b>	

(a)(ii) Action will be taken to recover the outstanding balances of income before the end of this year.

(a)(iii) The relevant officer has been informed of this in order to recover this amount.

(b)(i) This balance payable consists of the following balances. However, most of these balances have been settled by now and necessary steps will be taken to settle the remaining balances.

Description	Amount (Rs.)	Explanations
Audit Fees	1,386,000.00	A sum of Rs.462,000 has been settled by now and action has been taken to settle the remaining amount.
Cashier Deposit	25,000.00	This is the deposit made by the officer who has been appointed as the shroff.
Course Fee- Payables	203,750.00	This has been settled.
Deposit	374,800.00	This amount is a deposit made by the students for the hostel of the National Vocational Training Institute in Ratmalana. The officers have been informed to take action to pay this amount back to the relevant students and, if there is any balance, action will be take it to credit to the income.
EPF	6,884,798.53	This has been settled.
ETF	1,032,936.52	This has been settled.
Lecture Fees	3,846,950.00	This has been settled.
Other payables	3,565,490.00	This has been settled.
Project Funds Payable	13,269,016.67	There are certain problems related to settling of a sum of Rs.10,815,342.00 out of this amount. However, the responsible officers have been informed of this situation.
Received Advance in	1,485,550.00	This has been settled.
Refundable Tender Deposit	775,784.44	Releasing of refundable security deposits and retained money is done only after requests are made by the relevant parties. If there is no response from the relevant parties in this regard, those balances will be adjusted to the income.
Retention Money	13,650,102.94	
Salary Payables	10,576,910.06	Out of this amount, a sum of Rs.4,022,744.57 has been paid by now and the remaining amount will be paid after funds have been received from the

		Treasury.
Staff Incentive Payable	363,750.00	This has been settled.
Trade Creditor	24,151,166.58	Out of this amount, except for a sum of Rs.2,193,156.00, all the remaining amounts have been settled.
Vehicle Service Unit Payable	594,435.00	This has been settled.
W & O.P	128,158.40	Action will be taken to settle this.
<b>Total</b>	<b>82,314,599.14</b>	

(b)(ii) The sum of Rs.1,000,000.00 received from Sri Lanka Tourism Promotion Institute in 2012 has been shown in accounts in this manner in order to make payments to Salacine company. Instructions have been given to the relevant officers to settle the amount that had been granted by the Tertiary and Vocational Training Commission for purchasing training equipment.

(b)(iii) As there are certain problems related to the settlement of this creditor balances, the relevant officers have been instructed to take necessary steps to resolve them.

(b)(iv) Refundable tender deposits are released only after requests to have been submitted by the relevant parties to refund the deposits. The relevant parties are informed to submit requests for refunding deposits, and if no response is received from those parties, the deposits will be adjusted to the income accounts.

Retention money is released after the construction work has been completed as per the conditions laid down in the contract. When releasing such deposits, the identified defects should have been corrected by the relevant parties during the maintenance period and those parties should also have submitted a formal request to release the money. The retention money that has not been requested to be released are shown further in the accounts and action is taken to inform the contractors of their retention money, but if no response is received from those parties, action will be taken to adjust those balances to income accounts.

2.4a(i) Agreed. Action will be taken to submit the reports without further delay.

(a)(ii) Not agreed.

The report in terms of Section 13(7)A and the report in terms of Section 14(2)C both were sent to this Ministry with 05.12.2014 as the date of those reports. Accordingly, there had been no time to submit a reply to the facts contained in the report in terms of 13(7)A. Despite this, the report in terms of 14(2)C states that the Auditor General had not been informed of the steps that had been proposed to be taken regarding the facts contained in the report in terms of 13(7)A.

(b)(i) With regard to payment for overtime, the Authority takes action in terms of the provisions in the Shop and Office Employees Act and the relevant calculations have been done accordingly.

(b)(ii) Not agreed. All the Department Heads have been instructed to recover and credit to the income 10% of the allowances paid for the duties performed after office hours. The amounts are recovered accordingly. Further examination will be done regarding the occasions where 10% of the allowances are not recovered and necessary action has been taken to recover the due amounts from the relevant officers.

(b)(iii) Agreed. Explanation has been called from the relevant Assistant Director regarding payment of money without recovering late charges for the said vouchers for travelling expenses. Further action will be taken accordingly.

(b)(iv) Not agreed. When examining the loan applications and the relevant statements of guarantors of the loans that had been paid to the two employees bearing employee numbers 407 and 695, it is evident that, by mistake, the statement of the second guarantor has been cancelled by drawing a line, but new statements of guarantors have been attached in that file. It had not been examined during the audit.

The details in the guarantor's statement in the loan application of the loan that had been paid to the employee bearing employee No.1388 had been checked for accuracy with the information in the relevant personal file. It had not been examined at the audit.

(c)(i) Action has been taken to conduct investigations under F.R.104 regarding the accidents of these vehicles. The relevant details are as follows:

PC – 2221 – There had been three accidents related to this vehicle. Investigations have been conducted regarding those accidents.

56 – 4647 An investigation has been done under F.R.104.

PE – 1488 An investigation has been done under F.R.104.

PC – 5371 An investigation has been done under F.R.104.

PE – 1491 An investigation has been done under F.R.104.

KI – 2558 An investigation has been done under F.R.104.

NB – 3507 An investigation has been done under F.R.104.

32 -2836 An investigation has been done under F.R.104.

65 – 2226 An investigation has been done under F.R.104.

59 – 0219 An investigation has been done under F.R.104.

KR – 1063 An investigation has been done under F.R.104.

A damages register has been opened and, as pointed out by the audit, action has been taken to enter the relevant details in that register.

(c)(ii) These cheques and money orders that had been deposited, but had not been realized, relate to very old transactions, and therefore, it has been difficult to make a decision regarding them. However, action will be taken to settle them.

(c)(iii) Agreed. Action will be taken to correct this.

(c)(iv) Agreed. This has been corrected.

(c)(v) A responsible officer will be appointed to examine the petty cash imprest and instructions have been given to maintain a register for that.

(c)(vi) These accounts have been opened in 1996 and are maintained thenceforth. It has been difficult to find out whether approval of the Treasury had been obtained for that. Action will be taken in future to transfer these accounts to a state owned bank.

(c)(vii) A register is maintained including these details and it can be submitted to the audit whenever required.

(d)(i) Agreed. Action has been taken to correct this situation.

(d)(ii) We have not been informed of such situations even through audit queries and I would like to further state that such things have not happened during procurement activities.

(e)(i) When designing courses, Sri Lanka Vocational Training Authority takes into consideration as a key criterion the demand the job market presents for that profession. Accordingly, even though there are a lower number of apprentices, arrangements have been made to conduct courses in areas such as construction field and metal related work which have a great demand in the job market. A request has been submitted to the Secretary to the Ministry requesting that the power to determine the minimum number of apprentices in training courses be granted to me.

(e)(ii) As pointed in the report, action has been taken to minimize the number of course dropouts. Apart from that, measures such as taking action to attract more apprentices to courses, carrying out career guidance in a more attractive way, modernizing the training centres, taking action to purchase sophisticated training equipment and providing training to instructors have been taken in order to conduct the training courses with adequate capacity.

(f) Not agreed. A control register is maintained at the Accounts Division related to all payments of overtime allowance. In approving the applications for overtime allowance, a register relevant to that is maintained at the Administration Division and instructions have been given to the other divisions of the Authority to maintain such a register. Further, as pointed out in the relevant audit query, action will be taken to enter the relevant details into the overtime allowance register. Applications for overtime allowances will be approved only after been satisfied about the amount of work that has been done by the applicant during overtime hours. Moreover, the vouchers relating to overtime allowances have been certified.

(g) Fuel consumption of the vehicles has been checked by a committee that includes a staff grade officer of the Authority, too, and the necessary standards have been established. Balancings related to fuel consumption of vehicles are done in accordance with these standards.

(h) The provisions stipulated in this circular are applicable when retired public officers are reappointed on contract basis. These two officers have been appointed on assignment duty basis to get some essential duties performed. These two officers were appointed on assignment basis particularly for carrying out inquiries and for carrying out activities relating to acquisition of lands. It was difficult to get those activities done by the present staff of the Authority.

(i) It is difficult to explain reasons for the delays in paying gratuity as details have not been given about the 35 occasions of delaying the payment of gratuity that are pointed out in the report. However, there have been certain delays in paying gratuity due to the delays in obtaining relevant information from District Offices and due to the delays in handing over the goods and documents that were in custody of the relevant officers, but necessary arrangements have been made to prevent the occurrence of such delays in future.

(j) Agreed. Action will be taken to submit it without further delay.

(J) (ii) Agreed. The reason for conducting only 02 meetings of the Audit and Management Committee in year 2010 was that the former Board of Directors was dissolved in April 2010 and the new Board of Directors met on 27.09.2010. Therefore the number of meetings that were held in that year was limited to two. Four meetings were held in year 2011, but again only 02 meetings were held in year 2012 owing to the same reason. The then Board of Directors was dissolved after August 2012 and the new Board of Directors met in May 2013. However, four meetings were held in year 2013. Though the number of meetings held was limited, the annual audit plan and the audit programme, audit reports of the Authority, the National Vocational Training Centres, and the District Vocational Training Centres, and 09 government audit queries and a 13(7)A report were reviewed at these meetings.



The numbers of internal audit reports submitted in years 2012 and 2013 were 10 and 19 respectively. Out of the audit reports relevant to year 2012, five were reviewed at the meetings of the Audit and Management Committee that were held in 2013 and 06 of the audit reports relevant to year 2013 were reviewed at the meetings of the Audit and Management Committee that were held in 2013 and 2014. Accordingly, out of the 29 audit reports relevant to those two years, 11 were reviewed at the meetings of the Audit and Management Committee and the number of meetings of the Committee that were held during those two years was 06.

In addition to that, reports that were prepared based on special investigations assigned due to management requirements were submitted to the management. Those reports were not referred for review at the meetings of the Audit and Management Committee as they had been reviewed by the management.

Details related to Audit and Management Committee meetings were included in all the annual reports during the period from 2010-2012.

(J)(iii) It is a practically difficult task to reconcile the annual fixed assets survey reports with the fixed assets register.

(j)(iv) As pointed out by the report, 22 employees of the Authority have not been attached to other institutes. The relevant details are given below:

Number	Designation	Released to
69	Clerk / Typist	Parliament
390	Project Assistant	Presidential Secretariat
60	Director General	2014.01.15 දින ඉවත්වී ඇත.
27	Audit Assistant	President's Office
733	Instructor	Has reported to duty at the Authority.
830	Senior Instructor	Has reported to duty at the Authority.
7664	Instructor (Contract)	Has left the service on 14.01.2014
7679	Instructor (Contract)	Has reported to duty at the Authority.
7882	Labourer (Contract)	Has left the service on 05.08.2013
7773	Labourer (Contract)	Has left the service on in 2014.
7691	Labourer (Contract)	Has reported to duty at the Authority.
7690	Labourer (Contract)	Has left the service on 05.01.2014.
7703	Labourer (Contract)	Has left the service on 31.12.2013.
7702	Labourer (Contract)	Has left the service on 24.04.2013.
8014	Labourer	Has left the service on 31.12.2013.
7689	Labourer	Has reported to duty at the Authority.
7697/1917	Driver	Ministry of Youth Affairs and Skills Development.
7180/1888	Instructor (Permanent)	Has reported to duty at the Authority.
1552	Instructor (Permanent)	National Youth Services Council
8077	Instructor (Contract)	Has left the service on 05.09.2013.
619	Labourer (Reimbursement)	Has reported to duty at the Authority.

According to the above list, the number of employees who have been attached to the Ministry of Youth Affairs and Skills Development at present on the basis of performing duties at Sri Lanka Vocational Training Authority is only one. The number of employees who have been released to other external institutes is 04. The number of those who have left the service is 09 and the number of those who have reported back to duty at the Authority is 07.

For the employees who have been attached to other institutes, the approval of the Secretary to the Ministry of Youth Affairs and Skills Development has been granted for such attachments.

(J)(v) Agreed. This situation affected regarding only a very limited number of positions due to the fact that obtaining the service of experienced officers was essential. Action has been taken to correct this situation.

(K) When expanding the communication network of Sri Lanka Vocational Training Institute, under the approval of the Board of Directors, over 250 centres of the Authority were provided with mobile phones instead of providing fixed line telephones and the bills of those mobile phones have been paid accordingly.

### 3.1 Financial Results

The main reason for the decline in the financial result of the Authority for the year ended 31 December 2013 was that a sum of Rs.38,403,616.50 of the approved budget for that year was not received from the Treasury. Further, the accounts show such a situation as the sum of Rs.36,661,214.00 that had been allocated for gratuity, too, is included in this amount.

3.2 By the end of the year under review, there were 07 cases that had been filed by employees, and by now 03 of those cases have been settle. the relevant details are as follows:

Name of the employee who filed the case	Case No.	Court at which the case has been filed	Present situation
D.S. Edirisinghe	2/218/2011	Labour Tribunal, Colombo.	Has been settled.
Ananda Herath	2/260/2011	Labour Tribunal, Colombo.	Has been settled.
P.A. Ranasinghe	1/අබ්/11/2011	Labour Tribunal, Borella	Pending
S.A.D.J. Chandra Kumara	CA/WRIT/441/2011	Court of Appeal, Colombo.	Appellant has withdrawn the case
S.A.D.J. Chandra Kumara	2/අබ්/3668/2013	Labour Tribunal, Colombo.	Pending
H.A. Nandawathie	WP/HCCA/GPA/37/2010/LT	Provincial Court of Appeal	The case has ended.
Anura Wijesekara	LT/M/26/32/2012	Labour Tribunal, Matara	Pending.

Two cases have been filed against the Authority by external parties and one of them has been settled by now.

Srl. No.	Name of the external party that has filed the case	Case No.	Court at which the case has been filed	Present situation
01	Nadun Viduranga	DMR/00050/2008	District Court, Colombo.	Pending.
02	Sarasavi Bookshop	DMR/04044/2011	District Court Colombo.	Has been settled.

In a case that had been filed against the Authority by two employees, the determination of the labour tribunal was highly disadvantageous for the Authority and therefore action was taken to file an appeal at the Court of Appeal against that determination. However, the then Legal Officer had submitted a letter to the then Chairman stating that instructions had been received from the Department of the Attorney General not to file an appeal, but there is no written evidence to prove that such instructions have been given by the Department of the Attorney General. However, as per the orders issued by the labour tribunal, a sum of Rs. 5,469,015.00 had to be paid to the relevant employees as salaries and allowances and therefore the then management had taken action to file an appeal. As the court of appeal confirmed the determination given by the labour tribunal and the said amount had to be paid to the relevant employees.

As stated in the report a sum of Rs.455,520.00 had to be paid to an employee. This amount had to be paid as the court of appeal confirmed the same determination given by the labour tribunal when the Authority filed an appeal at the court of appeal against the determination of the labour tribunal. Further, a sum of Rs.87,000.00 had been paid to an employee as the case that this employee had filed against the Authority was settled.

A sum of Rs. 1,329,741.00 had paid as legal fees for the following cases:

Srl. No.	Number of the Case	Legal fees paid in 2013.
01	2/218/2011	Rs.140,464.00
02	2/260/2011	Rs.325,391.00
03	1/අඪ/11/2011	Rs.196,928.00
04	CA/WRIT/441/2011	Rs. 522,858.00
05	DMR/04044/2011	Rs. 75,000.00
06	WP/HCCA/GPA/37/2010/LT	Rs.15,000.00
07	LT/M/26/32/2012	Rs. 10,000.00
08	DMR/00050/2008	Rs.44,100.00
Total		<b>Rs. 1,329,741.00</b>

4.1 In year 2013, it had been expected to enroll 33,882 apprentices for 77 courses under 18 subject areas and 28,446 had been enrolled.

This target for enrollment in those training courses was for both fulltime and part-time courses. Training targets for year 2013 were determined at the end of year 2012. In planning these courses, targets for the courses to be commenced newly in the following year, too, were included in those plans, but there were occasions where some of the courses thus planned could not be commenced. The reason for this was that instructors necessary for such courses could not be recruited and that the required training equipment could not be purchased.

When recruiting instructors in year 2013, their basic salary was nearly Rs.14,000/-. Only a very limited number of craftsmen who are engaged in the field as professionals were willing to serve as instructors for such a low salary. As this problem continued to exist, Ministry of Youth Affairs and Skills Development took into consideration the relevant matters and has now taken measures to pay an incentive to the instructors based on their performance. Although tenders were called for

purchasing equipment required for new courses, there were problems related to submitting bids for that, and therefore it was unable to purchase equipment of proper standards at the proper time. Because of this reason the relevant courses could not be commenced.

As far as the country's plans for the future are considered, it is evident that there is a big demand in the construction sector. Therefore it had been planned to commence courses targeting that sector, but because of the social and cultural attitudes of the Sri Lankan society, the number of apprentices joining courses in the fields of construction and carpentry is at a very low level.

(b) NVQ certificates are issued after doing the necessary assessments only for the courses for which accreditation has been obtained. In order to obtain course accreditation, it is a basic requirement that the equipment and the workshop facilities that are required for conducting the courses successfully are made available. It was unable to obtain accreditation because sufficient funds were not received from the Treasury for purchasing equipment. Therefore examinations could not be conducted for the apprentices of those courses. The expected targets can be exceeded because the certificates for the previous year (for the examinations held in December) are issued in the following year.

(c) As stated in the audit query relating to year 2013, the total number of apprentices enrolled 28,446, the number of dropouts 3,186 and the percentage of dropouts 11.2% are correct according to the data available in the Planning Division, but as stated again in that query, the percentage of dropouts by the end of the year cannot be 21.69%.

Training centers run by Sri Lanka Vocational Training Authority are operating in many rural areas as well as in urban areas. The number of apprentices that are enrolled for each of these courses is 15 and it has been decided that the minimum number of apprentices enrolled for courses in the construction field should be 10. There are occasions where a small number of apprentices who join these courses leave those courses early because of the following social factors that exist at regional level: beginning to work as unskilled labourers in foreign countries as well as locally, joining the armed forces, long prevailing disease conditions, starting to do higher studies, sacking from courses on disciplinary grounds, death or becoming disabled due to accidents, getting married, problems in the family and other problems and traveling difficulties. These are beyond the control of the Authority.

It is stated in the report that the percentage of course dropouts due to aforesaid reasons is 11%. Accordingly, in courses for which 15 apprentices are enrolled, the number of those who leave the courses early is less than 02. However, various actions have been taken to reduce this percentage to 10%. For this, activities such as the following have been implemented: providing counselling to apprentices by the Career Guidance Division, conducting awareness programmes for parents, and providing season tickets of the SLTB at concessionary prices.

(d) It was planned to refer for further training 16,800 apprentices who receive fulltime training. According to the criteria of the Tertiary and Vocational Education Commission, it is compulsory for the apprentices who have received NVQ level 4 to receive further training, but it is not compulsory for the apprentices who have received NVQ level 3 or level 2. However, whatever the NVQ level the apprentices who have followed fulltime courses receive, Vocational Training Authority makes efforts to give further training for all those apprentices.

There are occasions where apprentices who receive fulltime training in certain fields are recruited for employment soon after they have completed training without giving the opportunity for further training because of the great demand they have in the job market both locally and abroad. (For example courses such as, mechanics, carpenters (building), carpenters (furniture), construction workmen (masons), welders, motor vehicle welders, motor vehicle painters).

However, opportunity for further training in certain fields (Eg: tailoring) is very limited and therefore most of the apprentices in such fields receive further training under the experts in the field who are

engaged in self-employment (home based), not in institutes. As such apprentices do not receive training in formal institutes, there are no records of the number of such apprentices.

Further, for courses that are conducted in remote areas in certain fields, job opportunities or further training opportunities are not available in those areas. Such opportunities are available in the capital city and its suburbs. Because of the established social and cultural attitudes of the country, some students in remote areas who received basic training are reluctant to be away from home and their parents do not like to send their children away from home to city areas in order to receive further training. This is another reason as to why it has been difficult to refer them for further training. However, in order to resolve this problem, apprentices and parents are made aware of this situation at the parents' meetings that are held at training centers and accordingly action has been taken to minimize this situation.

In addition to that, according to a policy decision made by the Ministry of Youth Affairs and Skills Development, referring apprentices for further training has been assigned to the National Apprentices and Industrial Training Authority (NAITA) since 2014.

(e) Agreed. Most of the apprentices who are enrolled for training are those in the field of computer science. As most of the apprentices who follow computer courses go for further training and as some of them follow these courses in order to gain basic knowledge in computer science, they do not tend to find jobs in the field. Another reason is that job opportunities available in this field are very limited. (The total number of apprentices that were enrolled for training in this year was 29,064 and out of them 7,093 were enrolled for courses in the field of information technology.) The number of apprentices that had joined the course in textile and garment products in year 2012 was 4445. Those who follow these courses do not seem to find jobs, they seem to follow these courses in order to get their own work (at home) done.

Reluctance of the apprentices in remote areas to come to Colombo where there are ample job opportunities, not continuing in the same field, lack of adequate numbers of officers of the Vocational Training Authority in the districts in Northern and Easter parts, a considerable number of members of the security forces joining the courses, and Muslim girls who follow courses as apprentices being reluctant to do jobs are some of the reasons for the low number of apprentices who go for jobs. Another reason is that there is difficulty in getting information about the apprentices who have taken jobs.

(f) Replies to the query are as follows:

Description	Expected target	Actual	Difference	Reasons for the difference
1.Researches	5	1	4	I admit that, out of the researches that had been planned, only one research was done. The reason for this is that, apart from the researches that had been planned, some other researches had to be done because of the management requirement. 1. Research to identify the training requirements of the staff. 2. Research to identify the benefits of vocational training education.
2.Surveys	2	1	1	I agree that the expected target could not be achieved. The reason for this is that the only officer who was working in charge of research activities was attached to duty at Orugodawatta Vocational Training Institute



				and Academy of Staff Development, Ahugamma, due to management requirements.
3.Action Researches	17	13	4	Admit that 04 action researches could not be done. This task had been assigned under the supervision of the Research Division to the instructors who were working in each district. The expected targets could not be achieved as those instructors were transferred due to service requirement.
4.Write project proposals for new courses	1	–	1	I admit that this could not be fulfilled. Instead of this project report, the project report relating to the establishment of the hotel school in Ahangama was prepared because of the requirement of the Authority. .
5.News Bulletin	2	1	1	I admit that one issue could not be published. Activities relating to the journal were completed by the end of 2013 and it was published in the first quarter of 2014.
6. Tracer Studies	1	–	1	I admit that the targeted tracer study could not be done. As stated above, the only officer who had been in charge of the Research Division was assigned with some other duties due to management requirements and it was completed and published only in mid 2014.

(g) (i) As the provisions that had been allocated for 2013 were not sufficient, priority should be given to conduct 08-day entrepreneurship development programmes in order to increase the issuing of loans. For this reason, there has been a decline in its progress as the number of Knowledge About Business (KAB) programmes conducted has been reduced.

(g) (ii) There are several factors that contributed to this. They are as follows:

A. When providing financial facilities, the target is determined based on the target of the entrepreneurship development programme. As the provisions were not sufficient for conducting entrepreneurship development programmes, the number of programmes conducted was less than the number of those that had been targeted by 08. The reason for this is the decrease in providing financial facilities.

B. When giving SEPI loans, the banks impose strict rules and regulations and strict conditions on securities and because of this reason the number of those who obtain SEPI loans is very low. Further, as there are other low-interest loan facilities, there is a tendency of obtaining such loans instead of going for SEPI loans.

C. As some of those who participate in the Entrepreneurship Development Programme have already started businesses, they refuse to obtain loans. Issuing of loans has also decreased because some apprentices only need to improve their knowledge and to start businesses using their own money.

(h) As per the action plan for year 2013, 40 programmes should have been conducted during that year and out of that 31 were conducted. The reason for this was that the financial sponsorship expected from many of the private sector institutes was not received in that year and from some

other institutes , sponsorship was not received as expected due to the change of the internal management of those institutes.

4.2(a) This accident has happened in year 2003 and I agree that an investigation had been carried out only after 06 years, i.e., in 2009. The reason for this is that the then administration had not taken proper action regarding this accident. By now, even the file that contained the documents relating to the accident has disappeared and therefore, there is no way of verifying the accuracy of the facts pointed out by the audit. In this context, there is difficulty in carrying out further investigations regarding this accident. However, a committee has been appointed to recognize the responsibility of the damage that had been caused to the Authority due to this accident as pointed out by the audit, and it is expected to take future action based on the recommendations made by that committee.

(b) A letter was sent on 28.08.2014 to the relevant Heads of Department instructing them to take action in future to settle the advances on the due date and if advances are not settled, action will be taken to suspend the salaries of the officers without prior notice. Thus every measure has been taken to prevent the occurrence of such things in future.

(c) (i) It was observed that there was no uniformity because apprentices of different centres came for training wearing different types of T-shirts particular to those centres and therefore, as the Chairman / Chief Executive Officer, I made a policy decision that all the apprentices of Sri Lanka Vocational Training Authority who receive training in all the centres island-wide should participate in training courses wearing a uniform T-shirt from year 2013.

Accordingly, a Board Paper will be submitted to the Board of Directors explaining them of this situation at the Board meeting to be held in December 2014 and action will be taken to obtain covering approval for that.

I admit that this process had not been followed because of the lack of a staff qualified with knowledge in the procurement process. Special attention has been paid to this situation and action will be taken to create a separate position of Assistant Director for procurement activities and recruitment to that post will be done. Such shortcomings could be overcome through these measures. Further, from year 2014, agreements will be made including the relevant conditions and steps will be taken to take maximum action in such situations.

(c)(ii) Agreed.

(c)(iii) I admit that it is the inefficiency of the storekeeper. Instructions have been given to the relevant personnel who are responsible for the duties of the stores to carry out their duties properly. Further, the officers responsible have been instructed to carryout regular supervision in this regard in future.

(d) It is very important that the training materials required for vocational training are purchased in time and are utilized for training activities at the proper time in order to conduct the training courses successfully.

Therefore, District Offices have been instructed to purchase the required training material at the beginning of each course and to complete such purchasing at least within one month since the course has been commenced.

Accordingly, action is taken to purchase training materials required for most of the training courses according to the targeted number of apprentices for the training courses that are commenced in accordance with the annual training plan. However, as the training materials required for some of the courses such as cookery and bakery course cannot be kept stored for a long time, such materials are purchased either on daily basis or for short periods of time. Further, training materials required for certain courses are produced only in standard length or weight etc. For example, the training materials required for courses such as aluminum processing technician, welder, and mechanic are

produced in bars of standard length. When purchasing a part of that standard length, a sum that is nearly the cost of the total length has to be paid. Therefore there are occasions where a bar of that material is purchased and the remaining amount is kept for the use of the next course.

However, the training material that remains after the apprentices have used the required amount is used in the next course.

Apart from that, instructions have been given to purchase training materials of proper standard, at the proper time, in proper quantities as required and action has been taken to monitor it. Moreover, action has also been taken to further regularize the methodology that was adopted in purchasing training material.

(e)(i) This programme which was implemented by Sri Lanka Vocational Training Authority for the fishing community living in Udappuwa and Kalpitiya areas in collaboration with the Ministry of Fisheries under the financial assistance of the Sustainable Fisheries Livelihood Programme of the Food and Agriculture Organization of the United Nations was conducted at places which were obtained on temporary basis. The relevant training centers did not function due to the lack of required funds as the project duration of this programme had ended. In general, the rate of course dropouts stands at 10%-12%. However, in some courses, the rate of course dropouts has gone high because the instructors of some of the courses have resigned and also due to various personal problems of the apprentices. Currently, action is being taken to reduce the percentage of course dropouts.

(e)(ii) Although the apprentices have been asked to come to collect the certificates, they have not come and therefore it has been unable to hand over the certificates to them. Therefore arrangements are being made to send by post the certificates of the apprentices who do not come to collect them.

(e)(iii) Action has been taken by now to provide most of these equipment and arrangements are being made to provide the remaining equipment in due course. When instructors become excess due to not conducting of certain courses and due to other reasons, arrangements have been made to train and attach them to other courses which have a higher demand.

1535 – She is an instructor who conducted the Sinhala typing course. Action will be taken to attach her to another course as mentioned above.

7565 - When granting approval for the staff of the Authority by the Department of Management Services through its letter No. DMS/1680 dated 17.12.2013, appointment to the post of Assistant Instructor was approved under service category (MA 1-2) on personal basis to those who had been holding that position. Accordingly this officer has been deployed for performing office duties.

1040 – Action has been taken to attach this instructor, who is a Instructor in Cookery, to the cookery course at Muhudukatuwa Vocational Training Centre.

(f) (i) 11 Driving Schools are maintained by the Vocational Training Authority of Sri Lanka and it is expected to issue heavy vehicle and light vehicle permits by these Driving Schools. Course duration is 03 months. Accordingly, it was designed to train 60 apprentices by each center for year 2013 with a view to conducting 04 courses per a year consisting of 15 apprentices per each course. As such, the targeted figures have been determined as mentioned in the report.

The targeted number was determined to be 135 for Anuradhapura Driving School because the Export Development Board had agreed to provide 100 apprentices. Further, since the Driving Schools in the Vocational Training Centers of Kalawanchikudi and Ahugammana were non-operative, no targets have been set for those centers. However, since apprentices were presented by the Export Development Board also for those centers, temporary Driver Training Courses were conducted in Kalawanchikudi and Ahugammana Centers with the assistance of nearby centers. Further, Ahugammana Driver Training Course is still under way.

Although targets were set for each center as mentioned above for provision of Driver Training and however such targets were unable to be achieved owing to reasons beyond control of this Authority. The main reason behind this mishap was the resignation of Instructors in Driving Schools in Colombo – Narahenpita, Puttalam – Marawila, Nagawilluwa, Anuradhapura, Hambantota- Mirijjawila. Further, the Instructor served in the Center of Thalalla, Matara has retired. Arrangements were made to replace the resigned and retired Instructors with new Instructors. However, there is a considerable demand in the private sectors for bearers of Driving Instructor Licenses issued by the Commissioner General of Motor Traffic who are recruited as Driving Instructors. As such, it has turned out to be a difficult matter to recruit qualified Instructors in view of the salary scale pertaining to the post of Driving Instructor.

Further, the Driver Training Instructor who served in Ampara Driver Training School had to be subjected to a punitive transfer due to unsatisfactory performance of his duties. Despite the attachment of an Instructor to the Ballapana Training Center, the van bearing the number 53-6448 which remained in a very dilapidated condition had to be transferred for reparations which has, by now, been replaced with the van numbered 52-1446.

An Instructor has been attached for the training centers of Ahugamma and Gampaha and he serves on rotation basis. Accordingly, 22 no. of apprentices were trained by these two centers in the year 2013.

An Instructor has been attached to Koggala Center and 31 apprentices have completed the training course.

As for Anuradhapura Center, it is because 100 apprentices were scheduled to be produced under a project run by Export Development Board that a target was set to train 135 apprentices. However, the non-production of the relevant apprentices as anticipated and resignation of an Instructor underlay the failure to train apprentices.

In addition to the facts above mentioned, the failure in direct receipt of heavy vehicle licenses due to an amendment made to the Motor Traffic Ordinance was yet another reason behind the inability to recruit targeted number of apprentices. This has caused a reduction of admissions for heavy vehicle training. However, new Instructors have been recruited into Narahenpita, Thalalla, Hambantota – Mirijjawila centers. Applications have been called by paper advertisements for recruitment of Instructors into the Driving Schools of Ampara and Puttalam.

(f) (ii) Actual attachment of vehicles for Driver Training Schools amounts to 29 vehicles. The relevant particulars are as follows.

Centre	No. of vehicles allocated			
	Buses	Three wheelers	Vans	Motorcycles
Narahenpita	-	1	1	-
koggala	-	1	1	1
Veyangoda	1	1	-	1
Ahugamma	-	1	1	1
Kegalle (Ballapana)	-	1	1	1
Thalalla	1	1	1	1
Mirijjawila	-	1	1	1
Ninthavur	-	1	1	1
Maravila	-	1	-	1
Anuradhapura	-	1	1	1
Total	02	10	08	09
Grand Total				29

As per the above table, 02 buses have been attached for Driver Training Schools and, in addition, 08 vans, 10 Three Wheelers and 09 bicycles have also been attached which amounts to a total number of 29 vehicles.

(f) (iii) Despite attachment of an Instructor to Kegalle Center, apprentices could not be recruited owing to the dilapidated condition of the van allocated for Driver training. Further, a punitive transfer has been affected on the Instructor at Ampara Center on the grounds of dissatisfactory service.

It is because 100 apprentices were scheduled to be produced by a project run by the Export Development Board that it was targeted to train 135 apprentices in Anuradhapura Center. However, it was unable to train apprentices due to the reasons of non-production of apprentices and resignation of the Instructor.

(f) (iv) These vehicles have been attached in keeping with the standards approved by the Department of Motor Traffic for the purpose of opening a Driving School.

(g) (i) Since it has not been specified as to what are the 04 vehicles for which no compensation has been received, it is difficult to reply.

(g) (ii) No on-the-spot investigation has been carried out on these accidents. However, since the Court has determined that the Driver has committed an offence and a specific course of action has to be taken on the loss incurred to the third party, a Committee has been appointed to enquire into the matter under F.R. 104. Further action is anticipated to be taken based on recommendations to be made by the relevant Committee of Enquiry.

(h) (i) Agreed. It has been notified to the Assistant Director that it is obligatory hereafter to take prior approval. It has also been notified to refrain from commencing courses otherwise.

- \* Non-submission of a True Expenditure Report to the Director (Training) and Director (Finance) as per SOT 5.

- \* Agreed. Action has been taken to correct this situation. This True Expenditure Report has been submitted later.

- \* Non-receipt of a token no. by registering the course as per SOT 2.

- \* Agreed. Action has been taken to rectify this situation and the Assistant Director has been intimated that it is compulsory to receive approval.

- \* Not crediting spill costs and profit contained in estimates to the account at the headquarters.

- \* Agreed. Action has been taken to correct this situation.

- \* Non-production of a report once every 06 months.

- \* Agreed. Action will be taken to rectify this situation in due course.

(h) (ii) Although this vehicle was attached to the National Vocational Training Authority, it was utilized for District Center Supervision work due to lack of vehicles. Accordingly, additional fuel has been taken for supervision work done by the head office.

No approval whatsoever has been granted for the Assistant Director of the National Vocational Training Authority to receive transport facilities to travel from home to the office and vice versa by the use of the vehicle attached to that Center. However, it has been permitted to make use of the said vehicle allocated for that center for transportation requirements connected with the need to remain in the training center very often due to various official and special requirements out of duty hours. In addition to that, the same vehicle is used also for group transportation facilities for Executive Officers and for the fact that additional fuel is required to drive the vehicle back to the head office, arrangements have been made to park it during night hours at the residence of an Assistant Director.

(l) Items referred to in the report are stored safely and the Annual Survey of Stocks was in progress by the time of the audit. Those work are over by now and, hence, action will be taken for



reparation or disposition pursuant to recommendations of the Board of Stock Survey at arrangements to be made later.

(j) **petty cash**

Since records are made on how the petty cash is used through the "Busy" computer accounting system operative at present, no petty cash book has been used outside of it. However, a petty cash book has been opened on the petty cash imprest as was pointed out by the audit query.

Petty cash accounts are kept by the computer system at the time of recovery of the petty cash imprest and therefore the balance is prepared to that date. The vouchers pertaining to petty cash payments are numbered at the time of computerizing the vouchers for reimbursement of petty cash. Accordingly, certain vouchers have not been numbered for the reason that they had not been computerized by the time of auditing.

**Non-preparation of a register to record course fees and receipt of miscellaneous income**

Action has been taken to bank the money received by the entity as course fees and miscellaneous income the very same day of their receipt. No separate record is maintained for this purpose since the records pertaining to this are inserted into the computer system. Receipts of money, banking of them and the remaining balance may be checked. However, a document has been opened on this subject on audit instructions.

**Settlement of advances**

Agreed. Particulars on settlement of advances are duly inserted in the computer system based on accounts of the individuals who received such advances. Such accounts contain all information about the amount received as advance, date of receipt of advance and the date of settlement of expenses. However, a register is duly maintained by now on advances.

**Bank account on production units**

The center has received these money from following sources

- Residential deposits of apprentices
- Part time course revenue
- Revenue received for external activities.

Funds on residential deposit should be repaid at the time of departure of the apprentices. Expenses on purchase of raw materials for conducting those courses and other spendings should be made out of the funds received for part time courses and expenses on external functions should be made from funds received for external functions. As such the relevant money has been deposited in the current account enabling spending of money pertaining to the above functions. Therefore, it is not possible to utilize such money for other purposes of the Center. Money outstanding after making the required expenses out of the relevant bank balance are utilized for the spendings of this Authority. A sum of Rs. 1 million out of the cash balance that was available in the relevant account by 31-12-2013 has been transferred to the headquarters account.

The average monthly expenditure is approximately Rs. 75,000/-. These expenses are made for the approved spendings on part time courses and external affairs. Further, residential deposits have also been repaid.

**Defects in recording received income in books**

These income have been received as course fee for the first semester of the year 2013. Action will be taken to recover course fee for the first semester of year 2013 in December, 2012 to prevent shift of apprentices to outer institutions. The course fee for year 2013 would have been accounted for year 2012 if such money were banked during year 2012 itself. It is to prevent this that action has been taken to bank the relevant money in year 2013. However, a Received in Advance account is maintained to prevent this situation.

**Not recording Receipts in the cash book in serial no. order**

The underlying reason for this difference in receipt numbers is the separate maintenance of accounts for the Production Unit Account and Apprentice Cash receipts and the use of two receipt books for those two accounts. However, this has been fully corrected by now.

**Simultaneous record of the total of a number of receipts**

Agreed. This has already been corrected.

**Not numbering receipts**

Agreed. This situation has been fully corrected by now.

K (i)(a) Following actions were taken to minimize the number of apprentices vacating courses before their completion.

- Apprentices should receive approval of the Training Section in vacating courses before their completion. Methodologies are implemented for this purpose. At the instances when the apprentices vacate the courses without approval, action will be taken to recover from the Instructor the cash recoverable from the apprentice.
- Vacation of the courses by apprentices is considered as one of the criteria taken into account in granting incentives of Rs. 8,000.00 granted to Instructors and thereby action has been taken to minimize this percentage.
- Relevant Instructors have been instructed through Assistant Directors in charge of District/National Centers to take necessary action to minimize percentage of vacation of courses by apprentices before their completion.
- At times when a number equal to or more than 5 of apprentices have vacated the course in respect of any course, action has been taken to minimize the damage pertaining to the above situation by issue of letters of caution to the relevant Instructor through the Assistant Director in charge of the District/National Center.
- Action will be taken in due course to issue the action taken with regard to the above matter by a circular.

K (i)(b) The reference in the report that the Instructors are idly stationed in Training Centers by conducting the courses to be conducted semi-annually only during a single semester is inaccurate. Actually, the fact of the matter is that the first half of the courses scheduled to be held throughout an entire year has been held in the first semester and the second part of the same course has been held during the second semester of the year. Following courses are the cases in point.

1. Motor Cycle and Three Wheeler Technician
2. Mason and Plumber (Constructor)
3. Beauty Culturalist and Hair Dresser
4. Motor Vehicle Welder and Painter

Accordingly action has been taken to conduct the Motor Cycle Mechanic Repair Part in the Three Wheeler Mechanic Course during the first semester and Three Wheeler Mechanic Part during the second semester by the same Instructor. Therefore, no idle retention of Instructors takes place in this procedure.

Furthermore, at instances when there is an Instructor anticipating maternity leave for her delivery and there is no occasion to attach or recruit another Instructor by the point of time of such child delivery, action has taken to attach the relevant Instructor to the same course in another Center without restarting it during the second semester, for the purpose of maintaining quality of such courses.

K (i)(c) It is recorded that training has been given over the maximum capacity of centers and courses referred to at the report. Action was taken to provide training duet to arrival of apprentices based on the demand for such courses in each area. Very often, compatible items have been provided to

Instructors. Further, it has been pointed out that they require more skills rather than the course with regard to courses conducted in prisons and therefore, necessary action has been taken accordingly. In addition, two simultaneous courses have been conducted in Welioya Center for which two Instructors have been attached. A Voluntary organization has sponsored it. Further, although the number of apprentices has been noted as 10, there is the capacity of training more if resources are available to match the demand.

K (i)(d) despite the schedule to conduct certain courses during year 2013, they were unable to be commenced for the lack of Instructors. However, Instructors have been recruited by now to cater to the requirement. Action has been taken further to solve this issue by payment of incentives to Instructors and a pool of Instructors has been initiated. This has enabled conducting training courses in keeping with the scheduled numbers.

K (i)(e) Particulars on employees getting no-pay leave were reported to the Auditor General. Action has been taken to receive a quality service by declining to grant annual increments to Instructors getting no-pay leave and refraining from granting promotions and posts.

K (ii)(a) The number of apprentices registered for year 2011 has been recorded in the relevant audit query as 29,251, which is correct. Although the number registered during year 2012 has been recorded as 29,064, this figure contains the number of apprentices registered for the six month course as well as apprentices registered for the full year course (i.e.: Air Condition etc.). The number of apprentices registered during years 2011 and 2012 contains the apprentices registered to follow part time courses as well as apprentices registered for courses (such as Motor Mechanic Courses) held for periods upto 1 ½ years. As such, the number of apprentices amounting to 58,315 referred to at the audit are not only apprentices registered for six month course. Therefore, the number of apprentices registered during semesters I and II in year 2011 and semester I in year 2012 also contains the above said groups. Hence, the number of apprentices registered during year 2011 and for six month courses in semester I in year 2012 is 19,300 out of whom 16,399 have completed their courses. Such apprentices are referred to site training in relevant areas after completion of their courses and are subjected to the pre-evaluation after completion of such period of training. Accordingly, no pre-evaluation is made soon after completion of the course as was pointed out in the audit.

K(ii)(b) Data given in the corresponding audit query are correct. Accordingly, certificates have not been issued for 8.48 apprentices for 703 courses. The main reason was the non-accreditation of the courses. For the courses to be accredited, the equipment, documents, buildings and other related requirements pertaining to it as regulated by the Tertiary and Vocational Education Commission (TVEC) should be at an accredited level. A considerable expense has to be borne for the purpose of keeping certain courses conducted by the Authority at the accredited level and required facilities could not be provided for relevant courses due to non-receipt of provisions for years 2011 and 2012. However, 420 out of these courses 703 courses have been accredited by now. Further, due to the Tertiary and Vocational Education Commission (TVEC) not granting permission to conduct examinations for certain un accredited courses, action was taken to conduct examinations under the system of Recognition of Prior Learning (RPL). Offering certificates has been initiated by now for those apprentices.

K(ii)(c) Certificates on completion of courses are issued to all those apprentices who have completed their courses.

(L) (i) The Advisory Services Tender invited for construction of the new Hotel School, Ahangama had been offered to the Green Tech Consultant institution on 28-12-2011 and its plans could not be

prepared during the specified period due to the delay in receiving the relevant soil test report. The task had been offered to the National Building Research Organization. In addition, an extra period of time had to be consumed due to the fact that the then Management had amended the internal and outer view four times in preparation of this Plan. The Bill of Quantities of this project grossly contains as large a number of pages as 300 and its relevant plans contain in a record of about 50 plans drawn at A<sub>0</sub> size. These documents are stored in Construction Unit since they can not be inserted into the relevant file. Planning work of this project have been fully completed and soft copies of the above said documents pertaining to this job have also been received by the Construction Unit.

(L) (ii) Since soil test was essential to initiate constructions of the relevant building, soil test was done through the National Buildings Research Organization and payments made. However, since no approval was granted even for that project by the National Planning Department, construction work could not be launched.

(M) (i) The contract of construction of the proposed Cafeteria and Classroom building in Peradeniya District Vocational Training Center in Kandy District was offered at a sum of Rs. 7,640,176.43 to Chance Engineering (Pvt.) Ltd. in year 2011. An advance of Rs. Rs.1,528,035.00 has also been given to that Company. Due to the failure on the part of this Company to complete this work to the appropriate standard, the project was terminated by suspension of the contract after laying the concrete slab upstairs.

Thereafter, this contract was offered to Ediriweera Construction (Pvt.) Ltd. at an amount of Rs. 8,306,430.30 in year 2013 also including further improvements to be made, based on the decisions taken upto this moment and a sum of Rs.1,661,286.00 has been granted as advance payments for year 2013. The corresponding period of construction is 120 days and the site was launched on 20-11-2013. This is the same building project although completed in two stages and therefore the total of the payment made for both these stages of the project of Rs. 3,189,321.00 has been indicated in accounts as "Work in Progress" for year 2013.

Although this project was scheduled to be completed in the month of March, 2014, the construction work got delayed due to the delay in reparations to be made to the formerly applied concrete slab, which was the task to be done at the initial stage of the project, due to inability to transport persons to the site caused by cutting the soil banks on either side of the road under road development work of widening Peradeniya - Gannoruwa highway, due to delay in performing balance work in removing the existing toilet system until it is replaced by the new system of toilets and due to inclement weather.

It is scheduled to offer a reasonable extension of time suitable for the contractor as per the decision of the Procurement Committee under recommendations of the Technical Evaluation Committee in view of the fair reasons for this delay and it is arranged to charge late fees (at the time of final payment) to the rate of 1/4000 of the contract fee per a day under 31.6.2 Late Completion Section of the Schedule in Section 5 of the Procurement Document.

(M)(ii) The relevant work was performed by direct procurement of raw materials and skilled labour from Vavuniya District on approval of the then Chairman as per letter dated 10-05-2012 and all files pertaining to the project are maintained by the District Office, Vavuniya. Construction works were supervised by the Construction Unit.

(M)(iii) 150 days were allocated for completion of this project with the proposed day for completion of work falling on 05-04-2014 and, however the construction work has not yet been completed and, the Contractor has requested by its letter dated 06-06-2014 for an extension of time upto 07-08-2014. In response to that letter, we had granted an additional period of 35 days in lieu of the hampering factors beyond their control and the approved date for completion of the said work is 10-

05-2014. We have further informed to charge a delayed period loss for 89 days upto the date of their requested extension, i.e. 07-08-2014.

Nevertheless, this construction business was not over even by 07-08-2014 and, pursuant to the discussion held on 18-08-2014 between the General Manager of the said Company and officers of the Sri Lanka Vocational Training Authority, the General Manager of this Company has requested for a period upto 26-10-2014 to finalize this construction contract. Time was granted for completion of the construction work upto 26-10-2014 subject to the condition of charging late fees with effect from 10-05-2014.

However, the contract had not been finalized even by the termination of the extended period of contract upto 26-10-2014 and therefore we issued a letter to the relevant company on 04-11-2014 asking for explanations.

Steps were taken to suspend the above contract on 26-11-2014 on instructions of the Tender Board. In response to that, the said Company has requested by the letter forwarded on 30-11-2014 for a further period upto 31-12-2014 to complete the project. The relevant letter has also been submitted on 05-12-2014

(N)(i) As has been pointed out by the audit, payments on telephone network of the relevant officers have been made before implementation of the communication network designed for this Authority. It is mentioned that an additional sum of Rs. 55,727.00 has been paid to the three officers referred to at the audit made on this matter. The monthly limit of telephone expenses for Chairman of the Authority as per provisions in Circular 2012/01 is Rs. 12,500. As such, an amount of Rs. 150,000.00 may be spent per year. The amount of telephone expenses spent for the Chairman in year 2013 is Rs. 138,541.70. The monthly limit allocated for the Chief Internal Auditor is Rs. 6,000.00. As such, he may spend an amount of Rs. 72,000.00 annually. An amount of Rs. 40,014.45 has been spent as telephone fee for the Chief Internal Auditor in year 2013. The other officers referred herein is the Acting Director (Training). Although his substantive post is Deputy Director, the monthly limit for acting in the post of Director (Training) is Rs. 6,000.00 as per the relevant circular. Accordingly an annual expense of Rs. 72,000.00 may be incurred and his telephone bill total for the year 2013 is Rs. 23,969.74. However, no payment has been made on these telephones after allocating telephones under expansion of communication network.

(N) (ii) Approval of the Board of Directors has been received for this purpose under expansion of communications network.

N (iii) Agreed. These recoveries have not been made by the then Management. There is no possibility of recovering this sum from the relevant officers since they have vacated service. Accordingly, further action will be taken after deciding on an appropriate measure to be taken on this matter.

(O) Action will be taken to correct the recording of the amount of Rs. 782,092.00 in the Assets Register.

(P) It is only after making all deductions under circulars in view of all these vacations that payments will be made to Instructors for conducting part time courses.

The minimum number of apprentices required for a part time course is 10. Profit is the fee charged out of apprentices admitted in excess in conducting courses for such excess numbers. When the extra personnel so admitted do vacate the courses leaving the minimum number of apprentices required for continuation of the said part time courses, course fees of such extra numbers of apprentices are not charged from the Instructors. However, steps have been taken to reduce the allowance of Instructors in proportion to the loss to the institution incurred by vacation of the courses by apprentices after admission of the minimum number of apprentices required.



(Q) Agreed. Relevant lands are reclaimed under reclamation of lands and action is in progress to take over the possession of vehicles to the Authority. There are 246 Vocational Training Centers of the Vocational Training Authority of Sri Lanka and particulars of lands such centers are situated are as follows:

1)Number of centers formally transferred by deeds	-	04
2)Number of centers which have taken action under Reclamation Act	-	02
3)Number of centers maintained in state lands	-	120
4)Centers maintained in lands belonging to Land Reforms Commission	-	08
5)Centers maintained in lands belonging to National Housing Development Authority -		01
6)Number of centers maintained in lands belonging to Mahaveli Authority of Sri Lanka -		13
7)Number of centers maintained in lands belonging to Co-operative Societies -		08
8)Number of centers maintained in lands belonging to Local Authorities -		20
9)Number of centers maintained in lands belonging to temples and churches -		35
10) Number of centers maintained in lands belonging to other organizations -		18
11) Number of centers maintained in lands belonging to persons and in other lands -	17	
	Total	246

4.3 (a) The amount paid for *Soorya Udanaya* is a patronage made on a policy decision of the Ministry and the awareness program on the future course to be followed was conducted on approval of the Chairman of the Authority.

(b)(i) Agreed. A Cabinet Memorandum was forwarded to the Cabinet by the Line Ministry on 10.07.2014 and the Cabinet, at that point, has decided to postpone the matter for two weeks. However, with the consequent change of government, the Cabinet Memorandum has not been submitted to the Cabinet.

(b) (ii) The Vocational Training Authority of Sri Lanka has granted a sum of Rs. 02 million to VTA Holdings Co. Ltd. in year 2014 on the grounds of repayment within a year. The Company has taken action by now to settle this amount. Since the Food Processing Unit operates under the Vocational Training Authority of Sri Lanka workers of the Authority have been posted to serve in it. Practical training for apprentices following Chef and Bakery course is given by this Section.

(c) It is very difficult practically to compare the Annual Fixed Asset Survey Reports together with Fixed Assets Register.

(d) I am providing under mentioned the particulars pertaining to payment of gratuity to the 11 employees referred to in the report.

Service no.	Name	Date vacated	Gratuity payment date	Other particulars
1124	Mr. I. A. A. Y. L. Perera	19.08.2012	27.02.2014	Gratuity paid
1222	Mr. A.M. Jameel	11.10.2011		A person who voluntarily vacated service and the amount recoverable to the Authority is Rs. 65,206.67. His gratuity amounts to Rs. 184,789.50. In spite of numerous intimations to settle the relevant fees, or else to agree to deduct the same from the gratuity, the officer has not made any response. Has been referred to the Legal Officer

				for instructions on release of gratuity payments and making due recoveries.
6481	Mr.W.H.SamindaWasantha	15.10.2012		Has a 11 month service discontinuation at several occasions. Instructions have been called from the Commissioner of Labour on gratuity. It was informed at the discussion is not entitled to gratuity. Waiting in anticipation of written instructions.
699	Mr. W.A.Indunil	05.06.2013	-	An amount exceeding the amount coming into the possession of the Authority is due for it. Has agreed to recover payments out of the gratuity. Accordingly, no gratuity amount will remain for payment to him. File has been referred to the Chief Internal Auditor for further action.
1816	Ms. A .A .H .I. Amaratunga	15.08.2013	03.03.2014	Gratuity payments made.
1440	Mr. M.S.M. Naushad	08.11.2013	-	No entitlement for gratuity since he is a person dismissed from service due to submission of false certificates.
851	Mr.K.L.D.R.P. Seneviratne	20.02.2013	07.04.2014	Gratuity payments made.
1947	Mr. K. L. R. Priyankara	31.07.2013	-	Date of appointment of this officer is 12.08.2008. Accordingly, since he has not completed a period of service of 05 years, he is not entitled for gratuity.
1977	Mr. P. M. Jayantha	An Instructor currently in service.		
7272	Mr. A.A.Ajari	01.11.2012	25.02.2014	Gratuity paid.
1653	Ms. T.M.S.K. Abyekoon	09.08.2012	-	Gratuity was settled under her agreement for the amount recoverable to the Authority. Therefore, no gratuity remains to be paid.

4.4 (a) Equipment and items were kept unused and idle in District Office, Puttlalam.

Instructors could not be recruited for vacancies arisen due to unexpected vacation by Instructors after starting the courses. The equipment used for such courses were kept stored till the course is re-started. The 14 no. of computer monitors and the sewing machine were unserviceable and therefore had been brought to the District Office for necessary reparations. However, they were identified to be beyond reparability at the corresponding check-up and therefore action was taken to auction them.

All equipment of the Carpenter course are not utilized often and the equipment are used based on the activities of training on each day under the time table of the course.

(b) It has been designed to initiate training courses based on the demand for them in the country and future requirements. The connected activities such as provision of training equipment, recruitment of Instructors etc., are in progress. Although applications were called on all island basis for the purpose of recruitment of Instructors required for commencement of relevant vocational courses, no presence was made by persons with required qualifications. For this reason, no Instructor could be recruited. (several paper advertisements were also published calling applications.)

(c) The 02 equipments referred to be in the Printing School were submerged in water at the Tsunami causing damages to electronic systems in these appliances. The attempts made to receive service of a qualified entity for reparation of these appliances failed due to non-presence of any such institution. Required arrangements have been made to auction them without further retaining such unserviceable, unreparable equipment.

(d) Due to the lack of sufficient information on unsafe stacking of training materials valued at Rs. 800,000 received from the Project without being entered into inventories, it is difficult to look into this matter and further information is expected on this.

(e) Equipment had been issued to initiate such courses on the demand from apprentices in the District of Jaffna. However, due to failure in recruitment of an Instructor qualified in Tamil medium for consultation work of the course, it was not able to commence the course.

(f) The van has been attached to duties at Driver Training Course conducted in Ahugamma Staff Academy. The vehicle has been registered with the Department of Motor Vehicles for training purposes.

(g) Agree.

H (i) 02 out of 05 equipments referred to at the Report have already been provided for training purposes. However, since a considerable amount of money has to be spent on reparation of the said equipment, they are used at present for the purpose of Display of Equipments for apprentices. Since the remaining equipments are not directly relevant for instruction purposes in the course at present, they are also used for the same Display purposes for apprentices.

Since a sufficient number of chairs are available in this Center for courses, a portion of them have been repaired and sent for the courses in Kalutara District by now and the remaining chairs will be disposed of under recommendations to be given consequent to Stock Survey.

The cupboards referred herein are under repair and already a number of 20 out of them have been repaired and provided to the Apprentices' Hostel. The remaining cupboards will be repaired and provided to training courses as required.

The 26 number of training equipments of Radio and Rupavahini Course have been forwarded to Stock Survey - 2013 and, since its subsequent activities are in schedule, action will be taken either to repair or dispose of them.

After Stock Survey, action will also be taken on the 14 number of unserviceable equipments pertaining to the Motor Mechanic Training Course.

A half of the number of equipments pertaining to the Carpenter Course have been repaired by now and actions are in progress to repair the remaining equipments. Preparatory activities on equipment reparation in Machineries Unit and reparations will be made on allocations available.

H (ii) The 04 equipments not required for the Welder Course.

These are the equipments provided to this Center by National Technical Teacher Training College (UNIVOTEC). They are not essential for training purposes in the course and are used as items to be exhibited to apprentices.

The 17 equipments of Motor Mechanic Course.

These items are not required for the Motor Mechanic Course and therefore action will be taken to issue to other Centers, as required.

Since Mason and Plumber courses pertaining to these items are not conducted at present in this Center, action will be taken to provide such items to other Centers conducting relevant courses since Inventory and physical comparisons are over.

H (iii) 3 out of 22 equipments required for Landscaping Course have already been supplied. Since other equipments have been identified under accreditation work of this course, they will be provided in due course.

Actions have been taken to purchase the 30 units pertaining to 16 equipments in Machine Technician Course.

5 computers have been provided by now for the ICT course and the remaining 5 items will also be provided soon. 01 Compressor will be provided to Carpentry Unit under purchases in the Procurement Plan-2014.

The factory equipments indicated by the audit are not required for the purposes in the Training Course and they are equipments required for Pneumatic Technician -NVQ 4 course. Since the above equipments have been identified for the purpose of continuing Factory Equipment Technician Course as a NVQ 4 Course, the Factory Equipment Technical course will be conducted in future as a Pneumatica Technician NVQ 4 Course once they are received. Equipments required for the Draughtsman Course have already been supplied.

#### 4.5 Under utilization of finance

institution	amount (Rs.)	explanations
Tertiary and Vocational Education Commission	221,675.00	This has been settled.
Tertiary and Vocational Education Commission	10,427,342.00	It is problematic to settle this amount. However, the relevant responsible officers have been intimated about this.
UNICEF	2,090,000.00	This has been settled.
other	53,000.00	This has been settled.

4.6(a) Agreed. The relevant officers have been advised to take action to avoid this delay. In future action would be taken to avoid this delay.

(b) An examination has been conducted in this regard under FR 104 and forwarded to obtain compensation .Compensation has not been provided yet. Follow up activities in this regard are underway.

(c) There is no shortage of items such as tyres, tubes and batteries pertaining to vehicles which are available in the main warehouse of the Authority. Although the aforesaid items have been purchased and issued to the relevant locations the relevant bin cards had not been updated. However, action would be taken to properly update the bin cards and to present them for audit.

4.7(a) As it is mentioned in the report, 22 workers have been attached to external institutions. Particulars are as follows.

No.	post	Institution to which they were released
69	Clerk / stenographer	Parliament
390	Project Assistant	Presidential Secretariat
60	Director General	Has resigned on 2014.01.15
27	Audit Assistant	Presidential Secretariat
733	Instructor	Has reported for service in the Authority

830	Senior Assistant	do.
7664	Instructor (Contract)	Has resigned on 2014.01.14
7679	Instructor (Contract)	Has reported for service in the Authority .
7882	Labourer (Contract)	Has resigned on 2013.08.05
7773	Labourer (Contract)	Has resigned in 2014
7691	Labourer (Contract)	Has reported for service in the Authority .
7690	Labourer (Contract)	Has resigned on 2014.01.05
7703	Labourer (Contract)	Has resigned on 2013.12.31
7702	Labourer (Contract)	Has resigned on 2013.04.24
8014	Labourer	Has resigned on 2013.12.31
7689	Labourer	Has reported for service in the Authority
7697/1917	Driver	Ministry of Youth Affairs and Skills Development
7180/1888	Instructor ( Permanent)	Has reported for service in the Authority
1552	Instructor ( Permanent)	National Youth Council
8077	Instructor (Contract)	Has resigned on 2013.09.15
619	Labourer(Reimbursement)	Has reported for service in the Authority .

As per this document the number of employees attached to the Ministry of Youth Affairs and Skills Development on the basis of rendering official duties in Sri Lanka Vocational Training Authority is 01. The number of workers released to other external institutions is 04. The number that has resigned is 09. The number that has re-reported for duty in the Authority is 07.

The approval has been provided by the secretary to the Ministry of Youth Affairs and Skills Development for attaching the officers who have been attached to external institutions.

(b) Not agreed. At present, one instructor has been attached only to the National Youth Council.

(c) Agreed. By now one officer has resigned.

(d) Although it was continuously requested from the Ministry of Women and Child Affairs, in relation to recovering the salary which was not reimbursed, only the salary which was specific for the relevant post of the said ministry was reimbursed by them. Based on the inability to recover the additional salary from the said Ministry, it cannot be recovered from the relevant officer since the said salary is what she is entitled to for her current post in this Authority. It is kindly informed that future measures were taken, considering the fact that as a whole no loss has been incurred on the part of the government pertaining to the payment of the aforesaid salaries.

4.8(a) Staff information relevant to the year 2013 indicated in the audit report should be rectified as follows.

	Approved	Actual	Vacant
Executive	08	05	03
Staff grade	228	119	108 *
Other	2020	1649	365 **
	2256	1773	476



\*One position that comes under staff category has been approved on personal basis. Therefore it has not been included in to the number of vacant positions.

\*\* Six positions coming under the 'Other' category have been approved on personal basis. Therefore the aforesaid six vacancies have not been included in to the number of vacant positions.

Reasons that contributed to the availability of vacant positions in the approved cadre :-

The cadre was approved on 17.12.2013, after conducting extensive discussions with the Salary and Cadre Commission and the Department of Management Services on the proposals on restructuring the staff of Sri Lanka Vocational Training Authority, as per the provisions of Management Service Circular No. 30.

The recruitment procedure pertaining to all the positions in the above table has been approved on 18.03.2014. There was no possibility to do the recruitments to fill the vacant positions until the said recruitment procedure was approved. The required arrangements were done to fill all the vacancies of the authority, when the recruitment procedure was approved. Accordingly, The current situation is as follows. Similarly as a presidential election has been declared by now, recruitment activities have been temporarily suspended.

	Approved	Actual	Vacant
Executive	08	08	0
Staff grade	230	164	64 *
Other	2024	1689	315 **
	2262	1861	379

\* Two positions that come under the staff grade have been approved on personal basis. Therefore it has not been included within the number of vacant positions.

\*\* Twenty positions that come under 'Other' category have been approved on personal basis. Therefore these twenty positions have not been included within the number of vacant positions.

In addition to this, action has been taken to make the recruitments of the cadre approved for the sectoral skills development programme which is implemented under the financial sponsorship of the World Bank and the Asian Development Bank relevant to the year 2014 after the Presidential election. The recruitment procedures for the newly approved cadre under the aforesaid programme have been formulated and presented to the Department of Management services for approval. The required arrangements will be made to fill the said vacant positions once the relevant approval is received.

(b)(i) The director Board of Sri Lanka Vocational Training Authority was not functional by January 2013 and owing to that reason the approval of the secretary to the Ministry was sought to get this service. Although the secretary to the Ministry has initially informed that approval can not be granted for this, later based on the explanations made by the chairman to the secretary to the ministry, he has given the approval for this for a period of 04 months with effect from 01/01/2013. As it was not possible to complete the land acquisition activities within a so short period, he was further deployed in service with the approval of the director board.

(b)(ii) The land acquisition function is not a function that can be completed within a short period of time and sometimes it takes a number of years to acquire a land under Land acquisition act. It takes a long time to acquire these lands to the Sri Lanka Vocational Training Authority even under Crown lands Act or Sri Lanka Vocational Training Authority Act. Similarly, it needs the service of a person who is an expert on land matters. By considering these facts, it has been approved by the secretary to the Ministry from 2013/01/01 to 2013/04/30 and by the Director board of the Sri Lanka

Vocational Training Authority with effect from 2013/05/01. Similarly, it was decided by the Director board that one allowance should be paid inclusive of all the allowances without paying the fuel allowance separately.

(b)(iii) Daily attendance is not marked as he is not an officer of the internal staff of the Sri Lanka Vocational Training Authority and as he has been attached as an instructor and the payments were done based on the progress report presented monthly. However, he has resigned with effect from 2014.06.01.

(c)(i) This is not a recruitment but a receipt of service based on Assignment basis. At the time in which the service of this officer was obtained, the female officer engaged in the inquiry activities of the Authority had resigned and there was an extensive delay related to disciplinary inquiries which should be conducted expeditiously. Under these circumstances, the former chairman has taken action to obtain the service of this officer who had a service experience of more than 30 years in the public service and who is also a member of the pool of disciplinary inquiry officers administered by the Ministry of Public Administration.

(c)(ii) A detailed duty list on the official functions to be accomplished by this officer has been given through my letter No. ADM/ASSI/18/2012-1/INV dated 2012/11/02( Duty list) Through the aforesaid duty transfer letter this officer has been assigned with specific duties and it is not practical to give a written notice on the functions to be accomplished daily. Here, in instances where special duties like conducting primary investigations were assigned, relevant written orders have been issued to him and the relevant letters have been filed in the relevant document files. At the end of each month a progress report on the progress of the functions has been presented by this officer and as it is not practical to file these reports in the personal file, they have been filed in a separate file. The relevant document file can be presented when required for audit.

(c)(iii) The relevant service extension has been approved by the director board at the director board meeting held on 2014/02/25. Accordingly, only a period of 14 days was taken to obtain the director board approval related to the service extension. But the relevant service extension letter has been issued on 2014/04/25.

(d)(iv) The service of this officer has been terminated on 2014/04/30. Although a structured interview was held to recruit an officer for the post of Investigation officer of this authority having called applications subsequent to publishing news paper advertisements, it was not possible to select a suitable and qualified person to serve in this office since the interview board was not satisfied with the applicants who have applied. Accordingly, again applications have been called internally and externally and the interviews are due to be conducted subsequent to the national election which has been declared by now.

(d) 04 officers have been trained at a cost of Rs.160,000/= to conduct CISCO courses..

5.1 Corporate plan for the period of 2013 – 2016 This updated corporate plan has been presented to the Ministry of Youth Affairs and Skills development on 2012.12.03. A board of control has not been appointed by then even the external institutions were inquired, as there was a management purpose to formulate and send a new corporate plan. The aforesaid requirement was not properly responded to and the approval of the board of control was received for the corporate plan which was updated on 2013.09.30.

The approval of the director board has been received on 2014/10/16 for the corporate plan prepared by the NIBM for the years 2014 – 2018. The action plan relevant to the year 2016 has been formulated on the basis of the provisions of the corporate plan.

5.2 Agreed. The approval for the internal audit plan and the internal audit programmes of the year 2013 has been obtained at the 160<sup>th</sup> Director Board meeting which was held on 2013.06.21. After the 158<sup>th</sup> Director board meeting which was held on 2012.08.10, the new director board met only on 2013.05.12 and the number of director board papers to be considered by the aforesaid meeting was higher in amount and therefore, the consideration of the remaining director board papers was postponed for the next meeting. This was the reason for this delay . The programmes which were targeted but could not be implemented in the year 2012 have been included in the audit plan of 2013 and prioritized to be implemented in 2013.

5.3 As a board of control has not been appointed when the budget document for the 2013 was formulated it has been presented to the Ministry on 2012.12.17 with the approval of the chairman. Further, a massive variation as 633% is not indicated in the amended budget.

6(a) Action is taken to maintain an updated Fixed Assets Register which is reconciled with the final accounts.

6(b) An accounting system where daily transactions are daily updated is maintained.

6(c) A formal procedure has been implemented for the control of vehicles. The method of filling forms which was introduced in the year 2013 in relation to matters like requesting official vehicles, obtaining batteries, placing tyres, servicing of vehicles, handing over vehicles to drivers and taking back and sending vehicles out is implemented at present and it has been initiated to formulate a Database to further formalize the control of vehicles.

6(d) The recruitment procedures for the approved positions under the new restructuring proposals have been formulated and the required approval has been obtained from the Director General of Management services. Accordingly ,most of the vacant positions have been filled. A new disciplinary statute has been drafted for the Authority and presented for approval by the Department of Public Enterprises

6 (e) The internal administration has been strengthened for this purpose.

6(f) It is expected to train around 35,000 apprentices within the year 2015..Similarly arrangements are made to accredit the courses and to properly issue the certificates. 28,680 Apprentices have been trained in the year 2015.