

**NATIONAL HUMAN RESOURCES DEVELOPMENT COUNCIL
OF SRI LANKA**

**ANNUAL REPORT
2015**

Ministry of National Policies and Economic Affairs

354/2, NIPUNATHA PIYASA, 7TH FLOOR, ELVITIGALA MAWATHA, COLOMBO 05.

Institutional Background

Institution : National Human Resources Development Council of Sri Lanka

Ministry : Ministry of National Policies and Economic Affairs

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Peoples' Bank

Message of the Chairman

While this council had been functioning affiliating with several Ministries in terms of the National Human Resources Development Council of Sri Lanka Act No. 18 of 1997, during a short time period, by the time it is functioning under the purview of the Ministry of National Policies and Economic Affairs by year 2015.

While the recruitments of all the staff were carried out and the research and development projects were organized in accordance with the function expected by the Act by which this institute was established by year 2015, and in association with those projects designed, a corporate plan was formulated for future researches, thereby the plan for 2015 has been prepared under financial limit of 20 million rupees allocated by the General Treasury as the capital expenditure in order to fulfill the mission identified for accomplishing the vision embedded therein.

In the selection of the projects in this plan, they have been identified by covering key areas stated by Section 14.1 and they are:

- (a). Employments, training and education
- (b). Application of Science and Technology
- (c). Enhancement of quality of life
- (d). The designing of social protection for disadvantaged groups of persons; and
- (e). Maintaining entitlements with economic reforms

National Human Resources Development Council of Sri Lanka; bearing the vision of “A work force future ready” has implemented the following projects and programmes during 2015, with view to provide an efficient and effective service on behalf of developing the human resource of Sri Lanka.

Projects implemented during year 2015

100 days programme

In order to accomplish the tasks given under No. 31, 55 and 58 below in the 100 days programme implemented by the new government, the recommendations required to take policy decisions have been provided by the National Human Resources Development Council of Sri Lanka through the committees comprised of renowned experts.

31. To fully overcome the unemployment problem that affects our young people, we will put in place a million jobs programme for local and foreign employment and for self-employment
55. Increasing the provisions for education from 1.5% of G.D.P to 6% within 5 years.
58. Provision will be made for all those who qualify in three subjects at Advanced Level to study towards obtaining a degree or diploma

The following proposals were submitted through workshops conducted under the plan to provide opportunities for those who have passed the Advance Level Examination with three subjects to follow a higher diploma or degree as depicted under No 58 of the 100 days programme implemented by the new government.

1. Increasing the intake to National Universities for tertiary education of qualifiers.
2. Increasing accessibility to existing tertiary public education for qualifiers.
3. Integrating Private Tertiary Education to enable qualifiers to access additional educational streams

Recommendations given by the committee through the discussion held under the theme of increasing the provisions for education from 1.5% of G.D.P to 6% within 5 years under the No 55.

Having held the group discussions through the committees comprised of the experts in the fields for the primary, secondary, tertiary and vocational education and higher education headed by Prof. Mari Perera, Prof. Lakshman Jayathilaka, Prof. Malik Ranasingha and Prof. P.S.M.Gunarathne respectively, following recommendations were brought forward regarding how to increase 1.5% to 6% from the Gross Domestic Product for the education.

1. Assigning under the Ministry of Education and providing the relevant infrastructural facilities
2. Paying more attention for the students having special needs; i.e. with mental or social problems and in disabled status.

3. Increasing the number of schools teaching Advance Level Science stream from 900 to 1500 and the schools teaching Technology stream from 250 to 1000.
4. To grant an incentive for the teachers who are teaching English, Mathematics and Science based on their talents and skills.
5. Increasing the annual provisions allocated for the National Institute of Education for carrying out more researches in relation to the education field.
6. To give opportunity for the students who have been qualified for the higher education to cover their expenses through a voucher system, enabling them to learn in any sector in the fields of tertiary and vocational education according to their wish.
7. Expediting the admission for the state universities at least within 6 months from the advance level result, in line with the private universities.
8. Increasing the number of recruitments for higher education from 17% to 25%
9. Empowering the university staff through government sponsorship to obtain post graduate degrees and the participation for international jobs and conferences.
10. Providing access to get the service of the high level international scholars for a period of 3 -6 months in order to uplift the standard of the researches conducted by the local universities.
11. To ensure the standard of the higher education through international accreditation and foreign visiting inspectors.

31. Recommendations given by the committee through the discussion held under the theme of Commencement of the programme to provide one million local and foreign employments and self-employments with the target of eradicating the unemployment causing the youth unrest.

It has been estimated that forecasted demand for the domestic employments in the following eight economic sectors will be around 10 million during next five years.

- (1) Agriculture, forestry, fishery
- (2) Manufacturing,
- (3) Construction, mining, quarrying, electricity, gas, and water supply,
- (4) Wholesale and retail trade, motor vehicles, goods,
- (5) Hotels and restaurants,
- (6) Transport, storage, and communication,
- (7) Financial, real estate, and business, and
- (8) Other services.

The present employment projections detail the specific job categories in each sector with an emphasis on sectors with the greatest growth. The present employment forecasts are based with respect to GDP and productivity. We recommend the following policies so citizens can gain employment in the emerging sectors.

While the current forecasted employment has been based on the Gross Domestic Product and the productivity, the committee submitted the following recommendations for the activities.

1. Projected job growth by Sub Sector
2. Necessary preparations to obtain these jobs
3. Government mediation in foreign jobs

The productivity of the agriculture, manufacturing, hotels/restaurants, transport/storage/communication, financial and other sectors are increasing. However, hotels/ restaurants and construction sectors contribute a higher percentage for the Gross Domestic Product.

Under this “Rakiya Aruna” vocational motivation programme was conducted in Polonnaruwa and Gampaha district as follows.

The objective of this project is to design the plans and intervene in order to fulfill the vocational needs of the school leavers by utilizing the existing infrastructures of the public sector and to minimize the gap between the vocational training opportunities and employment opportunities. While 1500 job seeking school leavers have attended to this programme, about 1000 students have been recruited for the employments in the private sector by such institutes with the coordination of National Chamber of Commerce.

Development of human resource strategies for an efficient, effective and quality public service

A correct strategy has not been developed for the selection of the right person for the right job in the government and semi-government sector and for their promotions. Accordingly, our council has formulated a commonly accepted Competency Framework for the public sector, with the corporation of a panel of experts, targeting to avail an efficient, effective and quality service from the employees.

Empowering the small and medium scale entrepreneurs

Training programmes have been conducted in Polonnaruwa, Matara and Kandy districts with the hope of empowering the small and medium scale entrepreneurs. The key purpose of this programme is to improve their knowledge on small and medium scale entrepreneurship, i.e. administration, financial

management, identification of market, management problems and strategies and public policies (tax, auditing and registration)

Identifying the development needs in Matara district

The National Human Resources Development Council of Sri Lanka being an institute functioning under the purview of the Ministry of National Policies and Economic Affairs carried out a study during years 2014 -2015, in relation to the identification of development needs in Matara district. Specially it has been anticipated through this study to find the impacts for the residents of the area due to the development projects implemented during the past era, to identify the trend of anti-social acts of the area, to study about the financial facilities of the people and their saving habits, and to know about the impacts for the human lives owing to the existing environmental problems in the area.

A key function assigned to our council is to conduct research and studies according to the social needs and to give necessary recommendations accordingly. While such studies help to enhance the productivity of the existing development projects and to identify their weaknesses thereby minimizing such shortcomings and to make their contribution to formulate the policies regarding the future development activities.

Tracer study in relation to the vocational training and job placement – Matara district

While a tracer study was conducted targeting those who had been trained by the government sponsored training institutes, the success achieved by the trained people subsequent to three years period from their training and the training procedure of such institutes and other related functions have been studied through this study. It will be able to improve the quality of the vocational courses through implementation of the proposals mentioned here. It will assist to create a workforce with qualitative vocational education.

National Human Resources Development Council of Sri Lanka has been awarded as an institute which is functioning in accordance with the ISO 9001:2008 international standard certificate for the performance of an efficient and effective service on behalf of the development of human resource in Sri Lanka.

Dinesh Weerakkody
Chairman

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1. Institutional Background and the Scope

The National Human Resources Development Council of Sri Lanka is an institution established as per the provisions of the National Human Resources Development Council Act No. 18 of 1997 to perform a significant role of the line Ministry. It takes responsibilities for important role of work such as assisting to initiate, promote and implement the policies pertaining to human resources development and by giving priority in all the activities of human resources development under the powers vested upon the said council. Its main objective is to organize as a higher institution that provides instructions in respect of the Human Resources Development to the Minister concerned to and the government.

1.1 Introduction to the Institution

The National Human Resources Development Council of Sri Lanka, as a national level Consultative Body was commenced as a unit of the Ministry of Youth Affairs on the 05th of June 1987. Subsequently it was established as an independent statutory body under the purview of the Ministry of Science & Technology, subject to the provisions of The National Human Resources Development Council Act No. 18 of 1997. Since then, this institution was assigned under purview of the Ministry of Technical Education and Vocational Training within a short period i.e., in the year 2000, and again in the year 2001 it was assigned under the Ministry of Education & Cultural Affairs. Then, subsequent to the change of the government, the institution was assigned under the purview of the Ministry of Skills Development, Vocational & Technical Training. This institution which functioned affiliating to number of ministries within a short period is currently carrying out its activities under the purview of the Ministry of National Policies and Economic Affairs.

1.2 Vision

Our Workforce Future Ready

1.3 Mission

Develop, implement, promote and facilitate effective policies, and innovative strategies in relation to human resources development of our country.

1.4 Objectives

Objective of the National Human Resources Development Council of Sri Lanka is to create an institutional frame work suitable to provide instructions and guidelines for the government in respect of the Human Resources Development. This institution is also responsible for the sectors such as Human Resources Development process planning, policy review and improvement of the human resources field. Responsibilities and role of this Council, as per Act of the Council are as follows.

- a. employment, training and education;
 - b. the application of Science and Technology;
 - c. The enhancement of the quality of life;
 - d. The designing of social protection for disadvantaged groups of persons; and
 - e. Maintaining entitlements with economic reforms;
2. Recommendations for the Minister in charge of the portfolio in order to submit the human resource development plans and programmes which are in compliance with the national policy to the government.
 3. In case where it is necessary to review and inspect the national human resource development policy and plans under operations time to time, giving recommendations for the Minister regarding the changes to be made for such policies, plans and programmes.
 4. To inspect about the implementation of human resource development plans and programmes approved by the government.
 5. Implementation of any project in relation to any of the subject specified in the schedule to this Act. However, where such project is connected with the subjects assigned to some other Minister, it should be implemented with the accordance of the said Minister and
 6. Carrying out all other activities which the Council intends as necessary or congenial to develop the human resource in comply with the national objectives.

1.5 Authority of the Council

In terms of the Sub section 16 (2) (1) of the Act of National Human Resources Development Council of Sri Lanka No 18 of 1997, the powers of the Council are as follows;

- (a) To carry out surveys, investigations, studies and researches required to execute the functions of the Council.
- (b) To inquire the facts personally or in public for the purpose of understanding the opinion of specialists, professionals or public with regard to the matters related to the Human Resources Development.
- (c) To establish and maintain relationships with the foreign agencies out of the country, which carry out functions similar to the Council
- (d) To enter into all the contracts and agreements which are necessary to perform the functions of the Council and to accomplish them.
- (e) To engage in the activities for conducting research on Human Resources Development by means of individuals or institutions in Sri Lanka or foreign countries.
- (f) To create and maintain a data bank on Human Resources Development and related fields.
- (g) To open and maintain the current accounts, saving accounts or deposits account in a bank or Banks.
- (h) To welcome and accept grants and contributions both in movable and immovable forms.
- (i) To take necessary steps in order to enhance the talents of the officers in the Council aiming at developing a pool of specialists competent in various fields on Human Resources Development.
- (j) To appoint committees, expert groups and consultation boards necessary for performing the functions of the Council properly.
- (k) To request and obtain the information deem as necessary by the Council, including the statistics received from Ministries, Government Departments, Public Corporations, Statutory Bodies, Provincial Councils, Local Governments and Private Sector Organizations.
- (l) To take all steps deemed necessary, favourable or consequential by the Council in its view in order to fulfill implement and carry out its functions, power and activities

2. Organizational Structure of the National Human Resources Development Council of Sri Lanka

This Council operating under the purview of the Ministry of National Policies and Economic Affairs is composed of a Chairman and twenty (20) members appointed under the provisions made in National Human Resources Council of Sri Lanka Act No. 18 of 1997. Out of them, fifteen (15) persons have been appointed in ex-officio, while the remaining five (5) members are from relevant institutions. In addition to that, 5 members are appointed by considering the experiences and skills in the relevant fields and out of them two (2) persons are from private sector. The Minister in charge of the portfolio has been vested the power under the Act to appoint a member among them as the executive chairman, and the chairman is the Chief Executive Officer. The Council comprised nineteen (19) members as at 31.12.2015.

Director Board of the Council as at 31.12.2015 was comprised of following members.

Appointments made under sections 3(1) (a) to (P) of the Act

1. Chairman, National Human Resources Development Council of Sri Lanka
2. Secretary Ministry of National Policies and Economic Affairs
3. Secretary, Ministry of Higher Education and Highways
4. Secretary, Ministry of Education
5. Secretary, Ministry of Science, Technology and Research
6. Secretary, Ministry of Labour and Trade Union
7. Secretary, Ministry of Public Administration and Management
8. Secretary, Ministry of Health, Nutrition and & Indigenous Medicine
9. Secretary, Ministry of Industries and Commerce
10. Secretary, Ministry of Irrigation and Agriculture
11. Chairman, Tertiary and Vocational Education Commission
12. Director General, Tertiary and Vocational Education Commission
13. Chairman, National Education Commission
14. Chairman, University Grant Commission
15. Chairman, National Apprenticeship and Industrial Training Authority
16. Secretary, Ministry of Finance

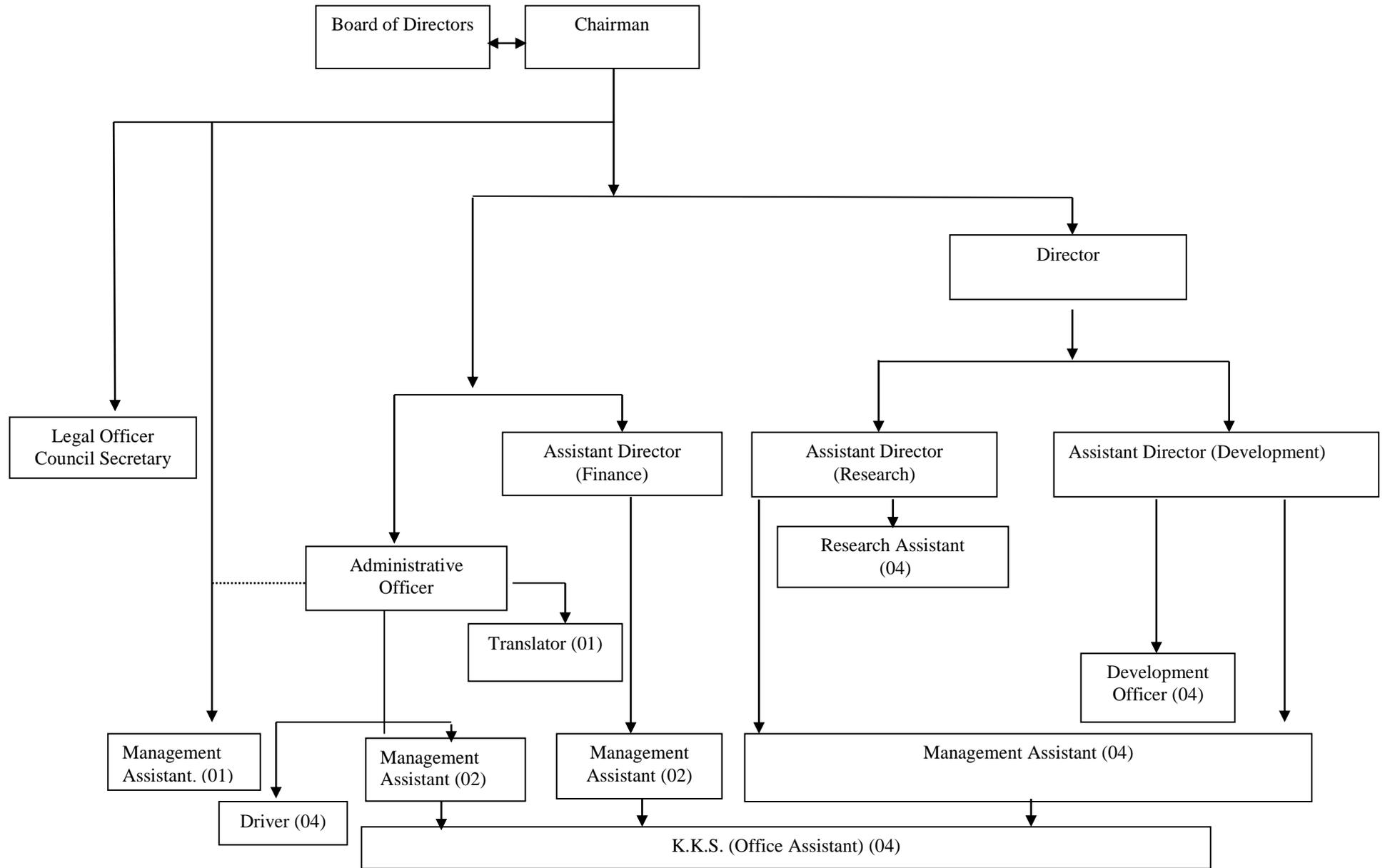
Appointment made under Section 3(2) (O) of the Act

1. Prof. Camena Gunaratne, Dean, Faculty of Humanities & Social Science, Open University
2. Dr. Rangika Halwatura, Senior Lecturer, University of Moratuwa
3. Dr. Ranil Abeysinghe, 178, George de Silva Mw. Kandy

The particulars of the dates held the Council Meetings of the National Human Resources Development Council of Sri Lanka in year 2015 and the members who attended.

S/N	Member of the Council	21.04.2015	10.06.2015
01	Chairman, National Human Resources Development Council of Sri Lanka	√	√
02.	Secretary Ministry of National Policies and Economic Affairs	√	-
03.	Secretary, Ministry of Higher Education and Highways	√	√
04.	Secretary, Ministry of Education	-	-
05.	Secretary, Ministry of Science, Technology and Research	-	-
06.	Secretary, Ministry of Labour and Trade Union	-	√
07.	Secretary, Ministry of Public Administration and Management	-	√
08.	Secretary, Ministry of Health and Nutrition and & Indigenous Medicine	-	√
09.	Secretary, Ministry of Industries and Commerce	√	-
10.	Secretary, Ministry of Irrigation and Agriculture	-	-
11.	Chairman, Tertiary and Vocational Education Commission	-	-
12.	Director General, Tertiary and Vocational Education Commission	√	√
13.	Chairman, National Education Commission	√	√
14.	Chairman, University Grant Commission	-	-
15.	Chairman, National Apprenticeship and Industrial Training Authority	-	√
16.	Secretary, Ministry of Finance	√	√
17.	Prof. Camena Gunaratne	√	-
18.	Dr. Rangika Halwatura	√	√
19.	Dr. Ranil Abeysinghe	√	√

3. National Human Resources Development Council of Sri Lanka - Organizational Structure



4. The cadre of National Human Resources Development Council of Sri Lanka and their designations

Designation	Approved Cadre	The staff as at 31.12.2015	Vacancies as at 31.12.2015	Name
Chairman	01	01	-	Mr. Dinesh Weerakkody
Director	01	01		Mr. K. A Lalithadheera
Assistant Director	03	03	-	Mrs. J.A.C.P. Jayasinghe Mr. U.S.T.Vithanage Mr. S. Thanigaseelan
Council Secretary/Legal Officer	01	01	-	Miss. G.G. Kasuni Uthpala
Research Officer	04	04	-	Mrs. R.M.A.U K.Rathnayaka Mrs. A.H. D. C. Perera Mr. D. Senthilnadan Miss Navoda Edirisinghe
Administrative Officer	01	-	01	-
Translator	01	-	01	-
Development Officer	04	04	-	Mr. R.D.C.S. Rajapaksha Mr. K.P.P.Perera Mrs. P.E.S. Senarathna De Silva Miss. K.C.Gurusingha
Personal Assistant to the Chairman	01	-	01	-
Management Assistant	08	07	01	Mrs. Chamini Kariyawasam Mr. C.R.Maddage Miss. M.G.N.Dilhari Mr. W.M.Lakshitha Rajith Miss. K.C.Muthumala Miss. G.P.M. Saddhamangala Miss. Asha Sureni Edirisingha
Driver	04	04	-	Mr. G.M.Pinnaduwa Mr. W.H.E. Jayarathna Mr. W. Terrance Piyal Mr. D.H.W. Asanka Lakmal
K.K.S.	04	03	01	Mr. N.G.Nandun Madhuranga Mr. W.R.A.Prince Granvil Miss. A. Nayana Priyadarshani
Total	33	28	05	

The qualified officers were recruited for the following vacancies during this year within the approved cadre. Similarly, the Procedure of Recruitment and Promotion was ammended as per the provisions specified in the Management Service Circular No 30.

New Recruitments

Name	Designation	Date of Recruitment
1. Mr. Dinesh Weerakkody	Chairman	2015.02.26
2. Miss Navoda Edirisinghe	Research Officer	2015.10.21

Resignations

Name	Designation	Date of resignation
1. Mr. Wijaya Wickramaratne	Chairman	2015.01.23

5. Projects and programmes

5.1 100-Day Programme

In order to accomplish the tasks given under No. 31, 55 and 58 below in the 100 days programme implemented by the new government, the recommendations required to take policy decisions have been provided by the National Human Resources Development Council of Sri Lanka through the committees comprised of renowned experts.

31. To fully overcome the unemployment problem that affects our young people, we will put in place a million jobs programme for local and foreign employment and for self-employment

55. Increasing the provisions for education from 1.5% of G.D.P to 6% within 5 years.

58. Provision will be made for all those who qualify in three subjects at Advanced Level to study towards obtaining a degree or diploma

The following proposals were submitted through workshops conducted under the plan to provide opportunities for those who have passed the Advance Level Examination with three subjects to follow a higher diploma or degree as depicted under No, 58 of the 100 days programme implemented by the new government.

- ❖ Increasing the intake to National Universities for tertiary education of qualifiers.
- ❖ Increasing accessibility to existing tertiary public education for qualifiers.
- ❖ Integrating Private Tertiary Education to enable qualifiers to access additional educational streams



Workshop held at HARTI



Group Discussion

Recommendations given by the committee through the discussion held under the theme of increasing the provisions for education from 1.5% of G.D.P to 6% within 5 years under the No. 55

Having held the group discussions through the committees comprised of the experts in the fields for the primary, secondary, tertiary and vocational education and higher education headed by Prof. Mrs. Mari Perera, Prof. Lakshman Jayathilaka, Prof. Malik Ranasingha and Prof. P.S.M.Gunaratne respectively, following recommendations were brought forward regarding how to increase 1.5% to 6% from the Gross Domestic Product for the education.

1. Assigning under the Ministry of Education and providing the relevant infrastructural facilities
2. Paying more attention for the students having special needs; i.e. with mental or social problems and in disabled status.
3. Increasing the number of schools teaching Advance Level Science stream from 900 to 1500 and the schools teaching Technology stream from 250 to 1000.
4. To grant an incentive for the teachers who are teaching English, Mathematics and Science based on their talents and skills.
5. Increasing the annual provisions allocated for the National Institute of Education for carrying out more researches in relation to the education field.
6. To give opportunity for the students who have been qualified for the higher education to cover their expenses through a voucher system, enabling them to learn in any sector in the fields of tertiary and vocational education according to their wish.
7. Expediting the admission for the state universities at least within 6 months from the advance level result, in line with the private universities.
8. Increasing the number of recruitments for higher education from 17% to 25%
9. Empowering the university staff through government sponsorship to obtain post graduate degrees and the participation for international jobs and conferences.
10. Providing access to get the service of the high level international scholars for a period of 3 -6 months in order to uplift the standard of the researches conducted by the local universities.
11. To ensure the standard of the higher education through international accreditation and foreign visiting inspectors.

31. Recommendations given by the committee through the discussion held under the theme of Commencement of the programme to provide one million local and foreign employments and self-employments with the target of eradicating the unemployment causing the youth unrest.

There have been persistent problems with matching jobs with people looking for work. It is no secret that many of the graduates produced by the higher education system are deemed unemployable by the private sector. Many of these young people are anxious to obtain a government job - despite the low pay; this is seen as a secure and meaningful career. At the same time, there are many businesses that are facing great difficulties in finding suitable employees. This is another burning issue in this country which is a root cause for the poverty, social insecurity and political instability. So this new government considered to create new opportunity for the unemployable youth group which will reduce the violence and disparities among youngster.

Therefore the new government gave a priority under 100-day programme to create employment opportunities which will decline the overall unemployment rate among the employable youth as well labor force participation rate will be high in five years of period in Sri Lanka.

It has been estimated that forecasted demand for the domestic employments in the following eight economic sectors will be around 10 million during next five years.

- (1) Agriculture, forestry, fishery
- (2) Manufacturing,
- (3) Construction, mining, quarrying, electricity, gas, and water supply
- (4) Wholesale and retail trade, motor vehicles, goods
- (5) Hotels and restaurants
- (6) Transport, storage, and communication
- (7) Financial, real estate, and business and
- (8) Other services.

The present employment projections detail the specific job categories in each sector with an emphasis on sectors with the greatest growth. The present employment forecasts are based with respect to GDP and productivity. It was recommended the following policies so citizens can gain employment in the emerging sectors. While the current forecasted employment has been based on the Gross Domestic Product and the productivity, the committee submitted the following recommendations for the activities.

4. Projected Job Growth by Sub Sector
5. Necessary Preparations to Obtain these Jobs
6. Government Mediation in Foreign Jobs

The productivity of the agriculture, manufacturing, hotels/restaurants, transport/storage/communication, financial and other sectors are increasing. However, hotels/ restaurants and construction sectors contribute a higher percentage for the Gross Domestic Product.



Workshop held under the one million job creation

Under this “Rakiya Aruna” Career Motivation Programs were held at Polonnaruwa and Gampaha districts under the following manner.

5.2. “Rakiya Aruna” Vocational Motivation Programme

Career guidance is an essential part for the school students, school leavers and the university students to select the education and skills development courses as relevant for their future employment prospect. However, the vocational training institutes are currently launching their own career guidance programmes, since the programs conducted in schools by the Ministry of Education is entirely different, it is a timely need to formulate a common career guidance programme and to guide them for a proper training and placing in jobs.

Accordingly, National Human Resources Development Council of Sri Lanka started “Rakiya Aruna” Vocational Motivation programme with the aim of making students for island wide school leavers to complete their vocational qualifications, to change the attitudes regarding the employments in Private sector and to direct them for the private sector based on the qualifications they have achieved.

The objective of this project is to build up the plans and to intervene for the fulfillment of the vocational training needs of school leavers by using the infrastructure facilities in the public sector and to minimize the information gap of the job prospectors regarding the vocational training opportunities and employment opportunities. In relation to this, two “Rakiya Aruna” vocational motivation programmes were conducted from 9.00 a.m to 4.00 p.m in Pulathisi Buddhi Foundation in Polonnaruwa and in Gampaha district respectively on 04th of November 2015 and 10th of December 2015 as per the instruction given by Mr. Dinesh Weerakkody; the Chairman, under the guidance of Mr. K.A. Lalithadheera; Director, National Human Resources Development Council of Sri Lanka and with the cooperation of National Chamber of Commerce, Vocational Training Institutes, Zonal education offices, district secretariats and all the divisional secretariats.

23 Industries in the private sector participated for this programme with the coordination of national Chamber of Commerce. Similarly, Out of 1500 participants those who have been expecting jobs about 1000 participants were recruited for the employments by those institutes. According to the idea of our council, this programme was in a great success.



Workshop - Polonnaruwa District



Workshop - Gampaha District

5.3 Study on Identification of the development needs in Matara district

The whole world has accepted by now that the development as a main concept which affects not only for the present existence of the human but also his future progress. Achievement for the economic progress of a country can not be simply defined that this particular country is a developed country. Because, if the benefits of the economic progress have been evenly distributed among every community, i.e. the inequality is in minimum, that country can be defined as a developed country. Accordingly, conducting many researches and studies in connection with this development concept has become a timely need.

The National Human Resources Development Council of Sri Lanka conducted a study to identify the development needs in Matara district during years 2014 and 2015. Specially, it was expected through this study to find out the impact caused to the people in the area through the development projects implemented during the past period, to identify the tendency of the anti social activities in the area, to study the behaviors of the people living in this area, associated with their financial facilities and savings.

While an impartial sample representing rural, urban and estate community in all the Divisional Secretariat, in Matara district was selected out of 3000 households for this study, under Two Phase Sampling Technique, a group of 2111 house holds who provided responses was based on the study.

The questionnaire method was used as the technical strategy of collecting data in order to achieve these targets. Specially, prior to the preparation of this questionnaire, workshops were conducted on 10-11-2014 and 11 -11-2014 in the District Secretariat with the participation of public servants, in order to identify the prevailing problems relating to the social, economic, political, cultural and educational fields.

There, subsequent to a training programme, the questionnaires designed by taking into consideration the comments made by this panel of experts were assigned to the Grama Niladhari in 30 Grama Niladhari Divisions. Next the secondary data required for this study were collected through the primary data gathered by the questionnaires and the discussions held with the key officers representing economic, social and environment sectors in Matara district, Assistant Planning Directors in the Divisional Secretariat level in Matara district and the officers in District Secretariat, Matara including the statistician.

Subsequent to the analysis of primary and secondary data gathered, it was identified that although the majority of the house holders have obtained a secondary education, a significant number of people have not permanent jobs and that percentage is higher for the female than the male. Similarly, the people in this are do not have a higher capacity of earning income and have tend to obtain loans anyway. Further, the study has revealed that the people have inclined to informal credit courses minimum thereby the potential susceptibility for the rural loantrap is low.

At the same time, it was concluded that the serious crimes such as murders and riots, thefts/lootings are in minimum level while the use of liquor and smoking is in a high level.

It was further revealed through this survey that among the small and medium scale projects in the area, housing development project, public transport service, public wells/agricultural wells/tube wells, projects related to agricultural development, industrial development projects and job placement programmes are not in a optimum level, and the projects in connection with the school education, power projects, road development projects and Divineguma/Samurdhi projects are in an optimum level and when considering the vocational training projects, number of those who received these trainings is low while there is a positive attitude in those who have received such trainings, and concerning about the public assessment towards the Nilwala project among other major scale projects, it is a project with

average outcomes as well as the railway project between Matara and Colombo and Matara – Colombo expressway project are in an optimum level.

In addition to that, it has been clear through the responses of the people in Matara district, peacocks, monkeys and dogs are prominent among the animals who effect on the life of the people in Matara district.

The main task assigned to the National Human Resources Development Council of Sri Lanka is to conduct researches and studies in accordance with the social needs and to provide relevant recommendations accordingly. This study based on Matara district in compliance with the said task can be used to formulate the policies in relation to the future development activities, because it can help to increase the productivity of the ongoing development programmes, to identify the weaknesses of the same and to minimize such weaknesses.

5.4 Shadow study on vocational training and job placement – Matara district

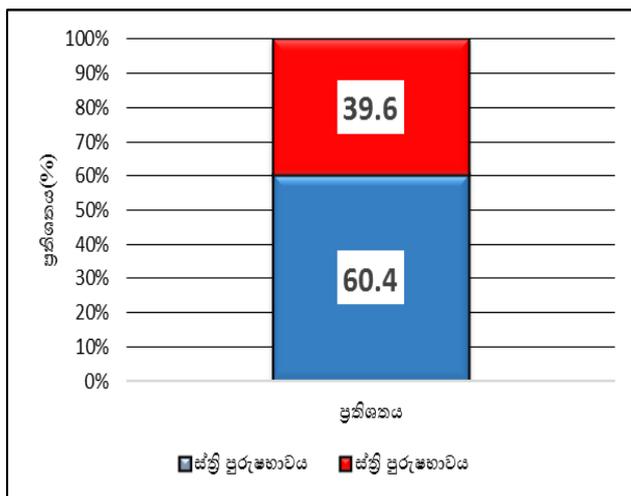
The public sector plays a major role in providing a vocational training for hundred thousands of youth in Sri Lanka. Really it is important to seek whether the said vocational training is sufficient and standard for the vocational progress and their life improvement and if not how the courses in vocational training institutes improved into standard level.

While the National Human Resources Development Council of Sri Lanka has conducted a tracer study targeting those who have got a training from the training institutes in Matara district, it has been studied through this research how far those trainees have achieved the success subsequent to three years from their training and the training process and other related activities.

This study was carried out as an investigative study. For this study, the National Human Resources Development Council of Sri Lanka selected the groups who followed the courses during the years 2011, 2012 attached to the vocational training institutes in Matara district such as Vocational Training Institute (VTA), National Youth Service Council (NYSC), Department of Technical Education and Training (DTET) and National Apprentice Industrial Training Authority (NAITA). While 3000 trainees out of 4881 were used for the study by

using strata samples and the questionnaires were distributed by post. According to the questionnaires received by us, a sample of 536 was used for this study.

Many things have been revealed by this study. The majority of the trainees were female and the male representation was in low level. Out of them 60.4% was female and 39.6% was male. Females' coming forward for vocational training is a good trend for a developing country.



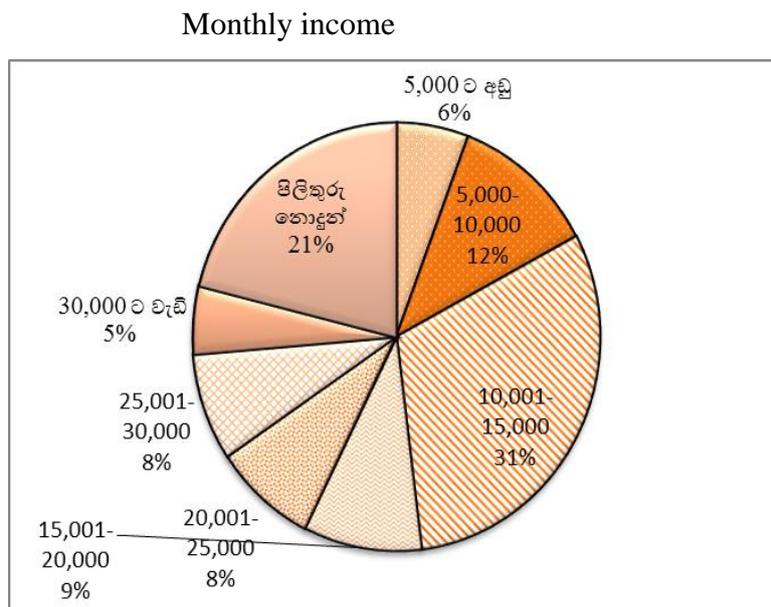
Tertiary and Vocational Education Commission in 2011 and 2012, labor market information magazine version indicates the courses completed vocational trainees, the majority are male. As it has been depicted in the labour market information bulletins by Tertiary and Vocational Education Commission, during year 2011 and 2012, the majority who has completed the courses is males. 30582 males (57%) and 23368 females (43%) have completed their training in the national level during year 2011 from Vocational Training Institute (VTA), National Apprentice Industrial Training Authority (NAITA), Department of Technical Education and Training (DTET) and Labour Market Information Bulletin, 2011) Similarly, 41971 males (54%) and 36491 females (46%) have completed their vocational training during year 2012, from the above institutes. (TVEC, Labour Market Information Bulletin, 2012)

However, as per the sample selected in relation to Matara district, the majority of the respondents were the female who have obtained the training and the amount of males was comparatively low.

The educational level of the trainees is in a satisfactory level. It is significant that a higher percentage has obtained the tertiary education. The most popular method for students focusing on the training courses is the awareness through their students who followed previous courses. Its percentage is 32%. Accordingly, it is important that the group who has followed the courses have a positive attitude about their courses.

The level of using necessary training aids is in a good status. Although all training aids are not available, the use of training aids required to teach the subject matters by these institutes is in an optimum level. The status of the training centers and their sanitation facilities are in a good level.

When considering about the job placement of the trainees, around 62% of them are engaging in any type of income generating source. It can be indicated as an effective condition. While a higher percentage among the students who are employed are earning a monthly salary of Rs 10,000 to 15,000 (approximately 31%), the percentage of trainees who is generating a Monthly income of Rs 15,000 to 30,000 is 25.8%. As a whole, it can be concluded that majority of the trainees is earning a good income. It can be given as follows.



Source : Sample survey 2014

As whole, vocational training institutes in Matara district is playing a major role for the vocational progress of the Sri Lankan youth community. Following proposals can be presented for further development of the said process.

Following proposals can be made as the suggestions in relation to the training and recruitment. Awareness through the students who have followed the course has become the most popular media for publishing about the courses. Therefore, the students studying at first can improve the strategies which encourage about it. In providing awareness about the courses, it is more suitable to use media or internet. The number of people who comes to follow the courses with the hope of obtaining an employment should be increased and the students should be encouraged during the course to do a job at the end of their courses.

When it is considered about the condition and the facilities of the centers, the facilities are in a very good level and it is necessary to maintain this situation. If it is possible to create diversity within the media of teaching, the monotony of the trainees can be driven away through this. Similarly, it can provide a further training and job placement; offer a permanent certificate within few months from the date of exam, or to issue at least a temporary certificate as soon as possible, if it takes time to issue the permanent certificate. It is important to encourage the trainees to obtain NVQ level certificate.

By taking into consideration about further training and job placement, the trainees can be directed for the job placement training relevant for training courses and to guide them for the employment in the fields relevant for the course, to increase the number of courses with high demand for employment, to revise the courses consistent with the market demand, making arrangements to lead the trainees for self-employments and foreign jobs and to taking follow up actions and to encourage the students during the courses to do a job at the end of the course compulsorily.

By implementing these proposals, it will help to further develop the standard of the vocational courses. It will be a great help to create a work force with a good vocational education.

5.5. Developing HR Strategy to build up Effective, Efficient and Quality Public Service

“Leadership is about lifting a person’s vision to higher sights, the raising of a person’s performance to a higher standard and the building of a personality beyond its normal limitations” (Peter Drucker).

There is no apposite methodology to building up managerial skills in the public sector in existing government policies in Sri Lanka. However some steps were taken to overcome this issue by the previous government with the support of some government institutions and some semi-government institutions. Presently, there is no any proper framework (commonly acceptable framework) when recruiting a right person to a right job in a managerial category and promoting an officer from a lower managerial category to higher managerial category has become a major issue in the public sector in Sri Lanka.

The National Human Resources Development Council of Sri Lanka which is under the purview of the Ministry of National policies and Economic Affairs have expected to facilitate and develop a HR strategy to buildup managerial skills in the public sector in Sri Lanka as a project proposal in 2015. The prime goal is to improve the efficiency, effectiveness and the quality in the public sector in Sri Lanka and the main objective is to build up a commonly acceptable competency based framework for the public sector in Sri Lanka.

An Expertise Committee comprising with four expertise from the Faculty of Management and Finance, University of Colombo, one representative from Sri Lanka Institute of Development Administration (SLIDA), one representative from the Ministry of Public Administration and Management, one representative from the Department of Management Services and one representative from the Asian Development Bank(ADB) has been appointed while Prof. W.P.G. De Alwis (Senior lecturer of Faculty of Management and Finance, University of Colombo) has been appointed as the chairperson of that committee.

Two successful committee discussions were held at the Faculty of Management and Finance and an initial competency framework for public sector was developed by the committee as a result of expertise ideas of that committee. According to the suggestion at the 2nd committee meeting held on **2015.10.09**, and the workshop held on **2015.11.03** for the middle level

managers in the public sector in Sri Lanka was at Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI).



Workshop held at HARTI

41 middle level Managers participated at this workshop representing various sectors in the public service. The Objective of this workshop was identifying the present situation about competency levels of middle level Managers in public sector and their views and suggestions to develop an initial competency framework (Competency Matrix) for effective, efficient and quality public service in Sri Lanka.

According to the study results of that workshop their management levels of skill can be categorized as shown in figure 1.

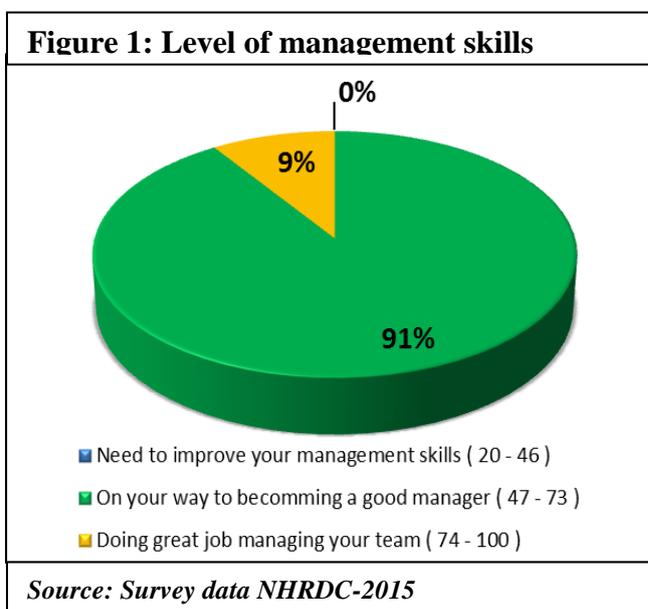


figure 1.

Out of responses from 32 middle level managers, majority of managers (around 91%) have become good managers and while 9% have done a great job of managing their team and no one represented the category of “Need to improve your management skills”. Hence we can say that the majority of middle level managers are not doing a great job as a manager at present in the public sector in Sri Lanka.

Therefore improvement of competencies will be a must to buildup managerial skills in the public sector in Sri Lanka. The project of “Developing a HR strategy to buildup managerial skills in the public sector” will be a valuable asset to address the above circumstances in the near future in Sri Lanka as well as the national level objective of the present government about citizen centric public service in Sri Lanka.

5.6 Strengthening and Promoting of SMEs

The National Human Resources Development Council (NHRDC) of Sri Lanka, has been targeted to empower the Small and Medium Industries through conducting training programmes in selected districts. Recently, three training programmes were held in Pollonnaruwa, Matara and Kandy District with the objective of enhancing of skills of SME entrepreneurs in Administration, Financial Management, Market Identification, Managerial Issues and Strategies and Policy Framework (Tax, Audit, and Registration).



SME holders participated at Matara



Awarding certificates to participants

At the above mentioned training programmes 250 SME entrepreneurs were participated; 86 from Polonnaruwa, 94 from Matara and 70 from Nawalapitiya Divisional secretariat, Kandy. These entrepreneurs are engaged different business in the divisional and district level and engaged in self-employment projects including Industrial (Manufacturing: Bricks, Carpentry, Spice products, Tailoring, Construction), Services (Saloon, Garages, Technicians, Black Smith workshop, wholesale & retail trade, pawning center, welding, astrology, Restaurants, homes & car sales, rent a car) and Agriculture (Livestock, Plantation, Horticulture). At the end of the training programme certificates had been distributed to the participants.

District	Date	Male	Female	Total
Polonnaruwa	15.12.2015	21	65	86
Matara	23.12.2015	37	57	94
Kandy, Nawalapitiya	30.12.2015	20	50	70
Total		78	172	250

Small and medium entrepreneurs encounter many difficulties when doing business such as financial management, access available services, networking with other institutes, marketing and promoting their products, and skills development with technical improvement. This training program provided a foundation to overcome these barriers.

Many entrepreneurs are unsuccessful due to inappropriate management of finance. This is one of the major causes for the failure of businesses in Sri Lanka. Most of the entrepreneurs who participated at the training were agreed that the training will add immense value to carry out the business efficiently and effectively.

The program targeted to promote a business by maintaining a decent financial control, tax management and legal issues when promoting a business. In addition, finding market opportunities and numerous aspects which considered when conducting training programme.

Particularly the following objectives achieved by the participants through this training programme

1. To develop skills in Administration, Financial, Market Identification, Process, Managerial Issues, Strategies and Policy Framework (Tax, Audit, Registration)
2. To develop a network with local level as well as public and private sector service institutions to build capacities of SMEs (Eg: Chamber of Commerce, District and Divisional level SME officers and etc).
3. To build entrepreneurial culture by training, network and private sector engagement.

Entrepreneurs expressed their gratitude to the NHRDC and District and Divisional officers for conducting the SME development training program and requested to conduct such kind of programme continually to develop their market, networking and other relevant skills.

5.7 Initiate the Skills Gap study covering Hospitality and Tourism Sector

Under the vision “Our Workforce Future Ready” of the NHRDC has conducted a research on “Initiate the Skills Gap study covering Hospitality in Tourism Sector” focusing on the human capital development in the sector. It was formed following two expertise committees for conduct this study under the chairmanships of Mr. Sunil Dissanayake and Mr. Miththapala.

- ❖ Skills and Job audit committee and
- ❖ Infrastructure and skills audit committee.

NHRDC collaborately done this study with the tourism industry persons, stakeholders and Universities. It was targeted 4 million tourist arrivals by 2020 in Sri Lanka. The report analysis carried out on employment generation in tourism sector, analysis of the upcoming new hotel infrastructure facilities, distribution facilities and distribution of regulated training programs island wide with the support of the relevant training institutions to give a better view of the training needs for growing tourism sector were tabled and discussed. We are expecting to monitor and promote the delivery of the skills and employees in tourism sector. Therefore based on report findings NHRDC is planning to conduct tourism sector promotion

awareness programme islandwide. Besides, NHRDC is playing a role of facilitating and monitoring the TVET sector and Private sector who plays major role in the tourism industry.

The forecasted report -“Tourism Industry Forecasts 2016-2020” written by Dr. Chandra Embuldeniya was handed over to the Hon. Prime Minister and Hon. John Amaratunga, Minister of Tourism and Christian Religious Affairs.



BMICH – Discussion with sub committee- Tourism Sector

5.8 To enhance the productivity and the standard of the National Human Resources Development Council of Sri Lanka

National Human Resources Development Council of Sri Lanka having the vision of “Our work force future ready” was applauded as an institute which carry out its functions in accordance with the ISO 9001:2008 International Standard Certificate for an efficient and effective service on behalf of developing the human resource in Sri Lanka.

According to the audit carried out by the Sri Lanka Standard Institute, our institute was again recommended as an institute which carries out its functions in complies with ISO 9001:2008 standard management system on 11-11-2015. We are dedicated to provide a quality service in consistent with the new ISO 9001:2015 standard management system introduced by the Sri Lanka Standard Institute.

6. Statement of Financial Status

As at December 31st 2015

	Note	2015	2014	In LKR Budgeted
ASSETS				
Current assets				
Cash and cash equivalents	1	2,323,986.29	2,981,759.97	347,184.85
Receivables	2	71,162.82	281,607.05	71,162.82
Inventories	3	562,194.63	447,930.23	560,000.00
Prepayments	4	179,949.64	165,183.29	180,000.00
Other Current assets	5	<u>2,131,857.17</u>	<u>1,516,677.46</u>	<u>2,100,000.00</u>
		5,269,150.55	5,393,158.00	3,258,347.67
Non-current assets				
Infrastructure, plant and equipment	6	6,599,800.71	7,266,852.17	12,800,000.00
Vehicles	6	5,197,328.77	7,285,479.45	5,200,000.00
Other assets	6	879,571.14	730,003.75	879,000.00
		<u>12,676,700.62</u>	<u>15,282,335.37</u>	<u>18,879,000.00</u>
Total assets		<u>17,945,851.17</u>	<u>20,675,493.37</u>	<u>22,137,347.67</u>
LIABILITIES				
Current liabilities				
Payables	7	316,701.07	383,959.20	300,000.00
Short-term Provisions	8	<u>318,242.82</u>	<u>237,742.82</u>	<u>240,000.00</u>
		634,943.89	621,702.02	<u>540,000.00</u>

Non-current liabilities				
Employee benefits	9	<u>1,860,905.88</u>	<u>1,592,855.75</u>	<u>1,860,000.00</u>
		<u>1,860,905.88</u>	<u>1,592,855.75</u>	<u>1,860,000.00</u>
Total Liabilities		<u>2,495,849.77</u>	<u>2,214,557.77</u>	<u>2,400,000.00</u>
Net assets		<u>15,450,001.40</u>	<u>18,460,935.60</u>	<u>19,737,347.67</u>
NetASSESTS/EQUITY				
<u>Capital contributed by</u>				
Contributed Capital		3,000,000.00	3,000,000.00	3,000,000.00
Revaluation Reserve		2,063,777.20	1,808,200.00	3,700,000.00
Government Grant – Capital		13,148,819.55	16,776,387.93	17,300,000.00
Accumulated Surplus/(Deficit)		<u>(2,762,595.35)</u>	<u>(3,123,652.33)</u>	<u>(4,262,652.33)</u>
Total Net assets/equity		<u>15,450,001.40</u>	<u>18,460,935.60</u>	<u>19,737,347.67</u>

Assistant Director (Finance)

Chairman

Date:

Date:

7. Statement of Financial Performance

for the Year Ended December 31st, 2015

In LKR

	Note	2015	2014	Budgeted
Revenue				
Government Grant - Recurrent	10	19,830,000.00	18,134,114.54	21,000,000.00
Government Grant - Capital	11	8,866,349.84	16,840,222.46	19,080,000.00
Other Grant	12	-	604,764.07	-
Profit on Disposal of Assets	13	(15,625.68)	1,346.44	-
Other revenue	14	112,813.48	279,061.74	113,000.00
Total Revenue		28,793,537.64	35,859,509.25	40,193,000.00
Expenses				
Wages, salaries and employee benefits	15	15,622,203.63	12,915,337.81	15,500,000.00
Grants and other transfer payment	16	3,939,763.41	12,273,441.07	13,080,000.00
Supplies and consumables used	17	674,309.01	268,558.17	900,000.00
Depreciation and amortization expense	6	5,193,891.31	4,927,597.71	6,000,000.00
Travelling, Subsistence & Allowances	18	147,587.50	264,326.50	1,500,000.00
Utility and Services	19	3,031,239.97	2,456,180.57	2,890,000.00
Maintenance Expenses	20	1,324,023.91	1,285,975.10	1,300,000.00
Other expenses	21	174,647.50	280,990.70	162,000.00
Total Expenses		30,107,666.24	34,672,407.63	41,332,000.00
Surplus/(deficit)for the period		(1,314,128.60)	1,187,101.62	(1,139,000.00)

8. Statement of Changes in Net Assets/Equity
for the Year Ended December 31st, 2015

In LKR

Attributable to owners of the controlling entity					
	Contributed Capital	Revaluation Reserve	Government Grant - capital	Accumulated Surpluses/ (deficits)	Total net assets/equity
Balance at December 31, 2013 B/F	3,000,000.00	1,833,030.00	17,583,167.18	(4,335,854.05)	18,080,343.13
Revalued surplus on disposed assets	-	(24,830.00)	-	24,830.00	-
Transfer to government grant - Revenue	-	-	-	-	-
Net revenue recognized directly in net asset/equity	-	-	4,108,088.46	270.10	4,108,358.56
Deficit/surplus for the period	-	-	(4,914,867.71)	-	(4,914,867.71)
Deffred Income charged to P & L	-	-	-	-	-
Surplus/Deficit for the period	-	-	-	1,187,101.62	1,187,101.62
Total recognized revenue and expenses for the period	-	(24,830.00)	(806,779.25)	1,212,201.72	380,592.47
Balance at December 31, 2014 carried forward	3,000,000.00	1,808,200.00	16,776,387.93	(3,123,652.33)	18,460,935.60
Balance at January 01, 2015 B/F	3,000,000.00	1,808,200.00	16,776,387.93	(3,123,652.33)	18,460,935.60
Revalued surplus on disposed assets	-	-	-	-	-
Transfer to government grant-Revenue	-	-	(3,882,047.84)	-	(3,882,047.84)
Net revenue recognized directly in net asset/equity	-	-	5,238,781.46	(26,114.42)	7,169,544.24
Deficit/surplus for the period	-	1,956,877.20	-	-	-
Derecognition of previous Revaluation surplus on revalued assets	-	(1,701,300.00)	-	1,701,300.00	-
Deffred Income charged P&L	-	-	(4,984,302.00)	-	(4,984,302.00)
Surplus/Deficit for the period	-	-	-	(1,314,128.60)	(1,314,128.60)
Total recognized revenue and expenses for the period	-	255,577.20	(3,627,568.38)	361,056.98	(3,010,934.20)
Balance at December 31, 2015 carried forward	3,000,000.00	2,063,777.20	13,148,819.55	(2,762,595.35)	15,450,001.40

9. Cash Flow Statement

Consolidated Cash Flow Statement for Year Ended December 31,2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit)	(1,314,128.60)	1,187,101.62
<u>Non-cash movements</u>		
Depreciation	5,193,891.31	4,927,597.71
Gratuity Expenses	268,050.13	930,305.50
prior year adjustment	-	-
		(4,914,867.71)
Nominal Depreciation Income	(4,984,302.00)	
Capital Grant Gain on Fixed Assets	-	(4,557.75)
Interest on Staff Loan	(74,331.71)	(57,055.97)
Audit Fee	-	78,160.00
(Gains)/losses on sale of property, plant and equipment	15,625.68	(1,346.44)
Increases (Decreases) in Consumable Stores	(114,264.40)	(110,224.49)
Increases (Decreases) in Pre payments	(14,766.35)	(35,323.29)
Increases (Decreases) in Staff Loans	(621,929.71)	(302,255.79)
Increases (Decreases) in Other Advances	-	20,000.00
Increases (Decreases) in Payables	(67,258.13)	(1,085,648.17)
Increases (Decreases) in Short Terms		
Provisions	80,500.00	-
Increase in other current assets	6,750.00	(9,000.00)
Increase / decrease in receivables	210,444.23	(31,045.55)
paid audit fee	-	(81,580.00)
Gratuity paid	-	(497,712.00)
Government Grant	781,952.16	4,108,088.46
Net cash flows from operating activities	(633,767.39)	4,120,634.98

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Furniture & Fittings	-	(139,495.60)
Purchase of Office Equipment		(622,261.00)
Purchase of Electricals Fixture	(37,600.00)	(13,899.00)
Purchase of Computers	(5,580.00)	(1,204,700.00)
Purchase of Vehicles	-	-
Interest on Staff Loan	74,331.71	57,055.97
Purchase of Software	-	(6,000.00)
Purchase of Books	(2,020.00)	(4,250.00)
Purchase of Other Assets	(56,075.00)	(601,339.00)
Proceeds from sale of plant and equipment	<u>2,937.00</u>	<u>17,960.00</u>
Net Cash flows from investing activities	(24,006.29)	(2,516,928.63)

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash flows from financing activities	-	-
Net increase/(decrease)in cash and cash equivalents	(657,773.68)	1,603,706.35
Cash and cash equivalents at beginning of period	<u>2,981,759.97</u>	<u>1,378,053.62</u>
Cash and cash equivalents at end of period	<u>2,323,986.29</u>	<u>2,981,759.97</u>

10. Notes to the Cash Flow Statement

Cash on hand and balances with banks		
People's Bank A/C No 119100120409161	472,404.47	1,001,931.27
Bank of Ceylon A/C 165197	1,851,581.82	1,979,828.70
	<u>2,323,986.29</u>	<u>2,981,759.97</u>

10. Notes

		2015	2014	Budgeted
<u>Cash and cash equivalents</u>	1			
People's Bank A/C No 119100120409161		472,404.47	1,001,931.27	317,184.85
Bank of Ceylon A/C 165197		<u>1,851,581.82</u>	<u>1,979,828.70</u>	<u>30,000.00</u>
		<u>2,323,986.29</u>	<u>2,981,759.97</u>	<u>347,184.85</u>
<u>Receivables</u>	2			
National Paper Company Ltd		-	1,770.00	-
National Institute of Fisheries and Nautical Engineering		-	208,674.23	-
Ministry of Youth Affairs & Skills Dev.		-	-	-
Nimal Bopage (ex-Chairman)		<u>71,162.82</u>	<u>71,162.82</u>	<u>71,162.82</u>
		<u>71,162.82</u>	<u>281,607.05</u>	<u>71,162.82</u>
<u>Inventories</u>	3			
Consumable Stores		<u>562,194.63</u>	<u>447,930.23</u>	<u>560,000.00</u>
		<u>562,194.63</u>	<u>447,930.23</u>	<u>560,000.00</u>
<u>Prepayments</u>				
Vehicle Insurance	4	149,949.64	165,183.29	150,000.00
Recoverable advance on Hall booking		<u>30,000.00</u>	<u>-</u>	<u>30,000.00</u>
		<u>179,949.64</u>	<u>165,183.29</u>	<u>180,000.00</u>
<u>Other Current assets</u>	5			
Staff Loan - Distress		2,120,607.17	1,498,677.46	2,100,000.00
Festival Advances		<u>11,250.00</u>	<u>18,000.00</u>	<u>-</u>
		<u>2,131,857.17</u>	<u>1,516,677.46</u>	<u>2,100,000.00</u>

Property, Plant & equipment (Note 06)

	Furniture & Fittings		Office Equipment		Electrical Fixtures & equipment		Computers		Software		Vehicles		Books		Other Assets	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Reporting Period 01.01.2015 to 31.12.2015																
opening balance	1,945,637.94	1,818,342.34	2,803,492.20	2,278,209.95	71,555.25	57,656.25	5,616,658.13	4,420,588.13	776,556.61	770,556.61	18,950,000.00	18,950,000.00	84,347.15	80,097.15	1,015,204.50	413,865.50
Additions	-	139,495.60	37,600.00	622,261.00	-	13,899.00	5,580.00	1,204,700.00	-	6,000.00	1,500,000.00	-	2,020.00	4,250.00	56,075.00	601,339.00
Adjustment	130,105.27	28,010.00	59,333.09	3,000.00	(5,420.00)	-	(744,338.90)	-	-	-	-	-	(5.00)	-	231,680.00	-
Disposals	-	(40,210.00)	(26,779.00)	(99,978.75)	-	-	(12,306.25)	(8,630.00)	-	-	(1,700,000.00)	-	-	-	(24,135.00)	-
Closing Balance	2,075,743.21	1,945,637.94	2,873,646.29	2,803,492.20	66,135.25	71,555.25	4,865,592.98	5,616,658.13	776,556.61	776,556.61	18,750,000.00	18,950,000.00	86,362.15	84,347.15	1,278,824.50	1,015,204.50
Accumulated Depreciation (year Beginning)	580,607.41	396,348.29	626,349.80	470,306.99	27,708.77	20,177.65	2,507,100.82	1,730,043.30	205,281.16	11,859.13	11,664,520.55	8,214,520.55	74,644.05	74,047.75	294,903.85	242,238.48
Adjustment	45,444.22	25,170.12	20,929.14	-	-	-	62,883.89	-	-	-	-	-	-	-	26,957.17	-
Depreciation (As per statement of Financial Performance)	207,574.32	187,763.95	286,635.82	253,002.55	4,453.13	7,531.12	803,311.88	782,616.39	194,139.15	193,422.03	3,588,150.68	3,450,000.00	1,059.96	596.30	108,566.37	52,665.37
<u>Less</u>																
Accumulated Depreciation on Disposal	-	(28,674.95)	(10,658.69)	(96,959.74)	-	-	(11,962.99)	(5,558.87)	-	-	-	-	-	-	(11,075.89)	-
Accumulated Depreciation on revalued assets	-	-	(1,925.00)	-	(6,099.96)	-	(1,483,899.20)	-	-	-	(1,700,000.00)	-	(405.00)	-	(9,035.00)	-
Closing balance	833,625.95	580,607.41	921,331.07	626,349.80	26,061.90	27,708.77	1,877,434.40	2,507,100.82	399,420.31	205,281.16	13,552,671.23	11,664,520.55	75,299.01	74,644.05	410,316.50	294,903.85
Net Carrying Amount	1,242,117.26	1,365,030.53	1,952,315.22	2,177,142.40	40,073.35	43,846.48	2,988,158.58	3,109,557.31	377,136.30	571,275.45	5,197,328.77	7,285,479.45	11,063.14	9,703.10	868,508.00	720,300.65

	2015	2014	Budgeted
Payable	Note 7		
IWSS Survey Payable	-	4,580.57	
NVQ Certificate Holders - Galle	-	19,000.00	-
NVQ Certificate Holders - Beliatta	-	6,000.00	-
Salaries & Wages - NIFNI	-	63,390.48	-
Telephone	19,961.80	11,472.19	20,000.00
Internet	13,690.00	11,123.58	13,000.00
News Paper Bill	3,030.00	1,820.00	3,000.00
Janitorial & Security	125,356.47	125,356.47	125,356.47
Local Travelling Payable	-	6,737.50	-
Other Services Payable	-	1,996.80	-
Salaries Temporary	27,122.00	30,396.32	22,000.00
Over Time	11,880.80	36,570.17	11,000.00
Holiday Payments	3,490.75	7,440.50	3,500.00
Electricity & Water Payable	53,453.68	57,074.62	53,453.53
Kilinochchi Survey Payable	-	1,000.00	-
Training for School Drop out Payable	4,325.47	-	4,000.00
SME Programme payable	32,097.60	-	28,000.00
Labour Market survey payable	18,582.50	-	13,000.00
Develop HR strategy payable	3,710.00	-	3,690.00
	<u>316,701.07</u>	<u>383,959.20</u>	<u>300,000.00</u>

<u>Short-term Provisions</u>	8			
Audit Fee – 2013		85,000.00	85,000.00	-
Audit Fee – 2014		81,580.00	81,580.00	81,580.00
Audit Fee – 2015		80,500.00	-	87,257.18
Provision for doubtful Debt-N.Bopage		<u>71,162.82</u>	<u>71,162.82</u>	<u>71,162.82</u>
		<u>318,242.82</u>	<u>237,742.82</u>	<u>240,000.00</u>

<u>Employee benefits</u>	9			
Gratuity Provision		<u>1,860,905.88</u>	<u>1,592,855.75</u>	<u>1,860,000.00</u>
		<u>1,860,905.88</u>	<u>1,592,855.75</u>	<u>1,860,000.00</u>

	Note	<u>2015</u>	<u>2014</u>	<u>Budgeted</u>
<u>Government Grant - Recurrent</u>	10	<u>19,830,000.00</u>	<u>18,134,114.54</u>	<u>21,000,000.00</u>
<u>Government Grant - Capital</u>	11			
Government Grant – Capital		3,882,047.84	11,920,797.00	13,080,000.00
Nominal Depreciation Income			4,914,867.71	6,000,000.00
Capital Grant Gain on Fixed Assets		<u>4,984,302.00</u>	<u>4,557.75</u>	<u>-</u>
		<u>8,866,349.84</u>	<u>16,840,222.46</u>	<u>19,080,000.00</u>
<u>Other Grant</u>	12			
Grant – Line Ministry		-	499,804.07	-
Stromme		<u>-</u>	<u>104,960.00</u>	<u>-</u>
			<u>604,764.07</u>	<u>-</u>
<u>Profit on Disposal of Assets</u>	13	<u>(15,625.68)</u>	<u>1,346.44</u>	<u>-</u>

<u>Other revenue</u>	14			
Miscellaneous income		8,901.20	173,908.14	8,900.00
Distress Loan Interest		74,331.71	57,055.97	74,519.43
CADREP		-	48,097.63	-
IWSS Survey		4,580.57	-	4,580.57
NVQ Certificate Holder - Galle		19,000.00	-	19,000.00
NVQ Certificate Holder - Beliatta		6,000.00	-	6,000.00
		<u>112,813.48</u>	<u>279,061.74</u>	<u>113,000.00</u>

<u>Wages, salaries and employee benefits</u>	15			
Salaries & wages		6,349,736.22	6,040,218.22	6,349,736.22
Acting salary		41,049.96	77,692.80	41,049.96
Special Allowance		1,140,090.33	1,101,577.04	1,140,090.33
Cost of Living Allowance		2,359,810.32	2,387,795.67	2,359,810.32
Interin Allowance		2,644,752.69	150,000.00	2,644,752.69
Transport Allowance		360,000.00	166,677.42	360,000.00
Fuel Allowance		323,850.00	340,006.45	232,850.00
EPF		1,409,619.21	1,096,756.05	1,409,619.21
ETF		352,405.12	274,189.45	352,405.12
Over time		91,894.00	132,582.86	91,894.00
Holiday payments		28,544.25	23,388.75	28,544.25
Salaries temporary		343,401.40	194,147.60	221,197.77
Gratuity Expenses		268,050.13	930,305.50	268,050.13
		<u>15,622,203.63</u>	<u>12,915,337.81</u>	<u>15,500,000.00</u>

Grants and other transfer payment 16

News Letter	80,928.70	169,810.52	200,000.00
Deyata Kirula Exhibition	-	762,508.68	-
Labour Market Study	298,004.54	298,004.54	950,000.00
Staff Training & Development	1,218,751.48	722,527.18	1,420,000.00
Middle East Migrant	-	350,794.40	-
Matara District Survey	490,156.72	499,804.07	660,000.00
Use to Technology to Improve work efficiency	-	29,437.37	400,000.00
Study On Disadvantage Families	-	1,455,638.27	-
Study to Holistic approach	-	866,720.24	-
NHRDC.gov.lk & improvement	-	589,650.07	-
Kilinochchi Survey –PPP approach	-	1,510,095.43	-
ISO Certification Programme	118,986.47	1,144,236.94	150,000.00
Monitoring & Evaluation Project	-	171,738.40	-
Exposure to Global HR Practices	-	-	4,000,000.00
Develop a HR Strategy to build leadership	162,655.00	-	570,000.00
Rakiya Aruna Program	964,655.37	-	1,070,000.00
Skill gap study technology sector	36,670.75	-	1,120,000.00
SME Training	302,099.53	-	1,080,000.00
Skills gap study Tourism sector	99,321.55	-	1,160,000.00
Education sector expenditure 1.5% of GDP to 6%	66,357.25	-	200,000.00
Project proposal on Degree/diploma for students	101,176.05	-	100,000.00
	<u>3,939,763.41</u>	<u>12,273,441.07</u>	<u>13,080,000.00</u>

<u>Supplies and consumables used</u>	17			
Stationary & office equipment		342,603.01	96,838.17	335,000.00
Fuel & lubricant		331,706.00	171,720.00	565,000.00
uniforms		-	-	-
		<u>674,309.01</u>	<u>268,558.17</u>	<u>900,000.00</u>
Depreciation and amortization expense	6	5,193,891.31	4,927,597.71	-
<u>Travelling, Subsistence & Allowances</u>	18			
local travelling & Subsistence		8,387.50	13,526.50	10,000.00
Allowance For Audit Members		78,000.00	66,400.00	104,000.00
Board Members Allowances		61,200.00	184,400.00	1,386,000.00
		<u>147,587.50</u>	<u>264,326.50</u>	<u>1,500,000.00</u>
Utility and Services	19			
Rates		40,320.00	40,320.00	40,000.00
Electricity		662,538.20	727,630.33	650,000.00
Water		42,825.32	41,320.09	60,000.00
Telephone charges & Rental		231,154.44	176,392.67	230,000.00
postage & telex charges		8,240.00	14,425.00	20,000.00
Janitorial service		593,927.64	386,768.66	540,000.00
Advertising		68,931.00	37,094.40	-
Security Service		910,349.50	804,750.00	682,000.00
Internet		142,621.40	104,680.42	140,000.00
Consultancy		-	10,500.00	-
other utility & other service		330,332.47	112,299.00	527,680.00
		<u>3,031,239.97</u>	<u>2,456,180.57</u>	<u>2,890,000.00</u>

Maintenance Expenses

Rep & Main. of Building & Structures	39,037.00	-	40,000.00
Rep & Main. of Plant Machinery	-	181,611.90	-
Rep. & main. of vehicles	386,873.49	739,786.70	400,000.00
Vehicle Insurance	358,770.10	307,844.00	400,000.00
Rep. & main. of Office Equipment	167,535.40	53,552.50	125,000.00
Rep. & main. of computer	43,825.50	-	50,000.00
Rep. & main. Of Other Assets	327,982.42	3,180.00	285,000.00
	<u>1,324,023.91</u>	<u>1,285,975.10</u>	<u>1,300,000.00</u>

Other expenses

Audit fee	-	78,160.00	85,000.00
News paper	68,825.00	16,940.00	9,000.00
Staff welfare	30,375.00	11,750.00	28,000.00
Medical Expences	3,546.00	4,999.00	5,000.00
Others Service Expenses	-	76,217.70	-
Refreshment	50,631.50	92,294.00	35,000.00
Library service	19,500.00	-	-
National paper Co.Ltd	1,770.00	-	-
	<u>174,647.50</u>	<u>280,990.70</u>	<u>162,000.00</u>

11. Notes, comprising a summary of significant Accounting Policies and other explanatory Notes

1. National Human Resources Development Council of Sri Lanka established under the Act No 18 of 1997. Under the power vested in the institution, it gives priority to all activities pertaining to Human Resource Development and implements policies for Human Resources Development.

2. Rendering of Accounts and Authorization to issue Financial Statements

As per the section 14 of Finance Act (No. 38 of 1971), National Human Resources Development Council of Sri Lanka as a public corporation shall, immediately after the end of each financial year of the corporation, prepare a draft annual report on the exercise, discharge and performance by the corporation of its powers, functions and duties during that year and of its policy and programme. Such report shall set out any directions given by the appropriate Minister to the corporation during the year. Copies of such report shall, within four months after the end of that year, be submitted to the appropriate Minister and to the Minister of Finance (if he is not the appropriate Minister), the Minister of Planning and the Auditor-General.

As per the section 14 of Finance Act (No. 38 of 1971), the accounts of a public corporation for each financial year shall be submitted to the Auditor-General for audit within four months after the close of that year along with any report on the accounts which the Auditor-General may require to be submitted in the manner specified by him. Any such corporation which contravenes or fails to comply with the preceding provisions of this sub-section shall be guilty of an offence under this Act and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees.

3. Statement of Compliance

Accounting convention of the National Human Resources Development Council of Sri Lanka is prepared in accordance with the Sri Lanka Public Sector Accounting Standards published by Institute of Chartered Accountants of Sri Lanka.

4. Measurement Basis

Financial Statements of the Council are prepared under the historical cost conversion, except for the revaluation carried out in year 2008 and 2011 by Department of Valuation of Sri Lanka, for certain Furniture and Fittings, Office Equipment, Electrical Fixtures and Equipment, Computers, Vehicles and other Assets.

5. Bases of Assets Valuation

5.1 Properties, Plant & Equipment are stated at cost/valuation less accumulated depreciation.

5.2 Depreciation is charged on all property, plant and equipment to write off the cost over the estimated useful life.

5.3 No depreciation is provided in the year of purchased and full year depreciation is provided in the year of disposal for assets purchased prior to the year 2009 and from year 2009 onwards depreciation is computed based on the date of purchase/ date of disposal of each asset.

5.4 Consumable stores are measured at the lower of cost and net realizable value.

6. Depreciation

Classes of Assets and depreciation rates are as follows. Classes of Assets are determined according to the nature and their usage of the entity.

Building & Structures	2.5%
Furniture & Fittings	10%
Office Equipment	10%
Electrical Fixtures & Equipment	20%
Computers	20%
Computer Software	25%
Vehicles	20%
Books	10%
Other Assets	10%

7. Comparative Figures

Figures of the last financial year have been re-classified and adjusted to make the comparability of financial statements.

8. Events after reporting Date

All material balance sheet events have been considered and made appropriate adjustments to or disclosures have been made in financial Statements.

9. Discontinuation of NHRDC Activities

As per the decision of the council dated 02nd August 2013, NHRDC activity of “Update the Web Site on Job Processing” is discontinued. Balance Capital Expenditure allocated to above activities is reallocated among other activities via revised budget.

10. Accounting to Government Grant

Recurrent Grant and Capital Grant received from the General Treasury are used to meet the recurrent and capital expenditure of the National Human Resources Development Council of Sri Lanka respectively. The amount incurred on NHRDC activities and an amount equal to the depreciation charged during the year is recognized as income on a systematic basis over the useful life of capital assets.

11. Retirement Benefit Cost

11.1 Defined Contribution Plan – EPF & ETF

All employees who are eligible for Employee Provident Fund contribution and Employee Trust Fund contribution are covered by relevant contribution funds, with receptive statues and regulations.

11.2 Retirement Gratuity

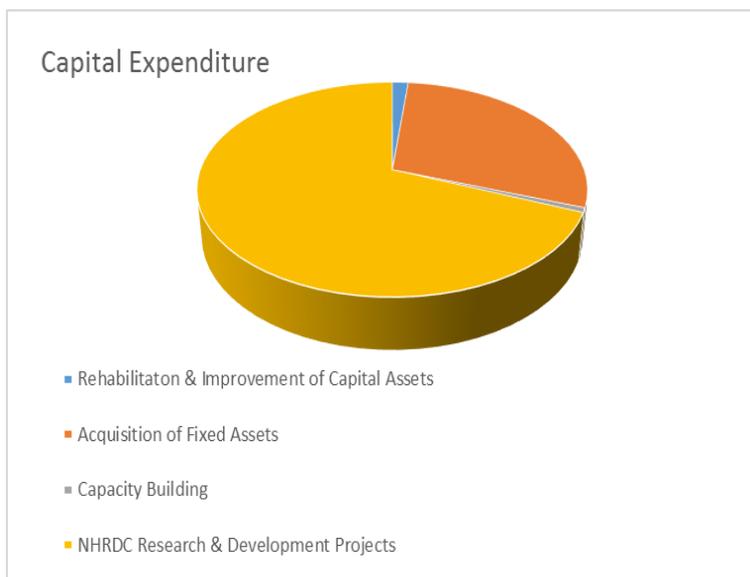
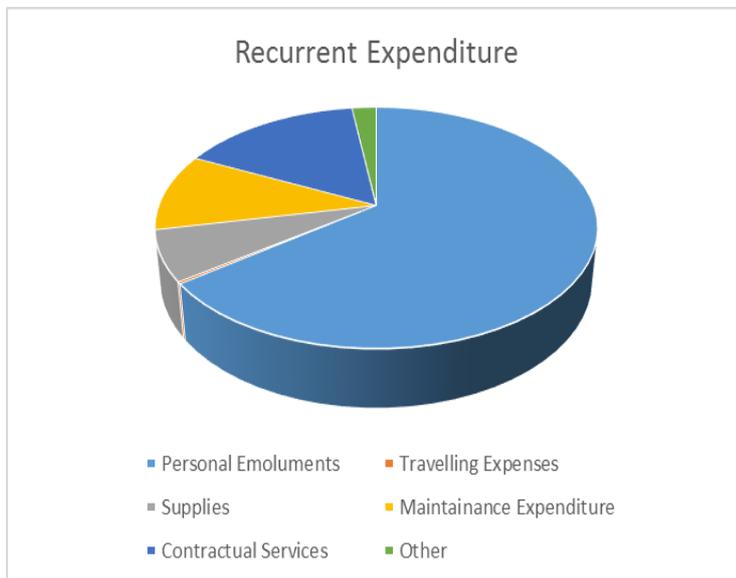
Provision is made in the financial statements for retiring gratuity, which may fall due for payments under the payment of gratuity Act No 12 of 1983 in accordance with LKAS No 19 of “Employee Benefits” for all employees. The gratuity liability is not externally funded or actuarially valued.

12. Financial Performance

All costs incurred in its operation and maintaining its capital assets, the council had functioned efficiently and has been charged to revenue. The Deficit/Surplus of the revenue expenditure has been arrived at after making provision for all known liabilities and depreciation of assets.

13. Cash Flow Statement

Statement of Cash flow is prepared using indirect method which is a prescribed by section 27 of Sri Lanka Public Sector Accounting Standard No 02.



12. Audit Quarries and Replies for the year 2015



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මගේ අංකය
எனது இல.
My No.

VTY/E/NHRDC/1/15/80

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

24 December 2016

The Chairman,
National Human Resources Development Council of Sri Lanka.

Report of the Auditor General on the Financial Statements of the National Human Resources Development Council of Sri Lanka for the year ended 31 December 2015 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971.

The audit of financial statements of the National Human Resources Development Council of Sri Lanka, comprising the statement of financial position as at 31 December 2015 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 24 of the National Human Resources Development Council of Sri Lanka Act, No. 18 of 1997. My comments and observations which I consider should be published with the Annual Report of the Council 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 issued to the Chairman of the Council on 07 December 2016.

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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka

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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 Auditing 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 judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council'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 Council'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

2 Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the National Human Resources Development Council of Sri Lanka as at 31 December 2015 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 Financial Statements

2.3 Accounts Receivable

Money recoverable to the Council from the former Chairman from the year 2012 and the value of inventory goods not returned amounting to Rs.71,162 had not been recovered even by the end of the year under review. A case had been filed in the Colombo District Court for the recovery of money amounting to Rs.31,050, thereof.

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

Instances of non-compliance with laws, rules and regulations are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
-----	-----
<p>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</p> <p>Financial Regulation 110</p>	<p>A Register of Losses and Damages had not been maintained.</p>
<p>(b) Public Administration Circular No.41/90 of 10 October 1990</p>	<p>Even though fuel consumption of vehicles should be tested every 06 months, it had not been conducted in respect of all vehicles.</p>



3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Council for the year under review had been deficit of Rs.1,314,129 as against the corresponding surplus of Rs.1,187,102 in the preceding year, thus indicating a deterioration of Rs.2,501,231 in the financial result as compared with the preceding year. Even though Grants and other transfer payments had decreased by a sum of Rs.8,333,678, the decrease of Treasury Receipts for expenditure on development activities by a sum of Rs.7,973,872 and the increase of salaries by a sum of Rs.2,706,865 had been the main reasons for this deterioration in the financial result.

In analyzing financial results of the year under review and of 04 preceding years, the financial result in the years 2013 and 2014 indicated a surplus and the financial result in the other years indicated a deficit. In considering personnel emoluments and depreciation on non- current assets, the contribution of the Council had shown a continuous improvement from Rs.3,446,541 to Rs.19,501,966 from the year 2011 to the year 2015.

4. Operating Review

4.1 Performance

The following observations are made.

The key objectives in terms of Section 14(1) of the National Human Resources Development Council of Sri Lanka Act, No.18 of 1997 are periodically reviewing those policies by examining all sectors of the National Human Resources Policy, examining the implementation of those programmes including employment, training and education, the enhancement of the quality of life, the designing of social protection for disadvantaged groups of persons.



The following observations are made in the achievement of the above objectives.

- (a) Programmes had not been prepared in the year under review by the Council for the achievement of the objectives of the application of Science and Technology for national human resources policies and the designing of social protection for disadvantaged groups and verifying the implementation of Human Resources Development designs and approved by the government programmes.

However, carrying out the function of reviewing the National Human Resources Policy in co-ordination with the Ministry of Labour had been entrusted by the Cabinet Subcommittee on Economic Affairs and as such, I was informed by the replies of the Chairman that the Council is deployed in that function in co-ordination with that Ministry at the observation level.

- (b) The following observations are made in the Performance against the action plan of the year 2015.

- (i) Even though it was reported that reports were presented to the Minister by completing 3 projects within the year, evidence on presented letters and dates was not made available to audit. According to the reply, the Chairman is acting as a Consultant of the Prime Minister, the relevant reports had been personally handed over to the Prime Minister who is the relevant Minister.

- (ii) The physical progress of 06 research projects proposed to be completed within the year had ranged from 60 per cent to 90 per cent.

- (iii) Only 37 per cent or a sum of Rs.2,521,137 had been spent out of the provisions made for the functions of the Action Plan of the year under review. Any expenditure had not been incurred for the preparation of the Project on policy statement for the "One Million Jobs Programme", to be completed within the year and it had been informed by the Chairman by his replies that the cost would be minimized as the resource persons being volunteers.



4.2 Management Activities

The following observations are made.

- (a) The members of the Council consists of 20 members including Secretaries of 11 major Ministries as Finance, Education, Labour, Youth Affairs, Science and Technology, Agriculture and Health and Chairmen of 04 Vocational Educational Institutions including the Chairman of the National Apprentice and Industrial Training Authority, the Chairman of the University Grants Commission and five officers with high experience in the field appointed by the Minister in terms of Section 3 of the National Human Resources Development Council of Sri Lanka Act, No.18 of 1997.

Even though 12 meetings should be held for a year, only 02 meetings were held in the year 2015. It was observed that proposals relating to the achievement of the objectives and the performance had not been presented and any such decisions had not been taken in those meetings.

- (b) The research reports in respect of preparing the Policy Statement for the creation of one million jobs which had been completed within the year and handed over to the Minister, preparing a set of proposals for the issuing of a Degree or a Diploma Certificate for all students who have passed three subjects in the G.C.E (Advanced Level) Examination and discussing the Government Proposal for increasing the expenditure for education from 1.5 per cent to 6 per cent of the Gross Domestic Product had not been presented for the approval of the Council.

- (c) It was observed that the number of members not participated at least once had been 05 and the number of members participated only to one session of the meeting had been 07 out of 19 members appointed in 02 meetings of the Board of Control held in the year under review.

It had been informed by the replies of the Chairman that participation for the meetings is difficult due to the members being busy and even though arrangement is being made for the amendment of the Act as a remedy for it, it had been temporarily suspended due to making changes to the institutional structure of the Council.



(d) A Steering committee had not been appointed in order to review research and guidance.

4.3 Uneconomic Transactions

A sum of Rs.208,674 had been spent uneconomically for food and beverages under this programme due to the non- attendance of 1759 persons out of 3000 persons, estimated for 02 “*Rakiya Aruna*” programmes in the year 2015.

5. Accountability and Good Governance

5.1 Internal Audit

An Internal Audit Unit had not been operated to ensure whether activities of the Institution are efficiently and effectively operated and sufficient methods of internal control are implemented in terms of the Management Audit Circular No.DMA/06 of 23 December 2011.

5.2 Budgetary Control

A variance ranging from 20 per cent to 3555 per cent between the budgeted income and expenditure and the actual income and expenditure were observed, thus indicating that the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

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



Areas of Systems and Controls

Observations

(a) Achievement of objectives

Not paying attention to prepare programmes and to allocate funds to achieve all objectives sufficiently stated in the Act and not taking action to achieve targets in terms of the Action Plan.

(b) Stationery Stock Control

Not taking action to control stationery stocks under a proper supervision by using issue orders of issuing materials and using Goods Received Notes in taking stationery to stock.

H.M Gamini Wijesinghe
Auditor General

Auditor General,
Department of Auditor General,
Battaramulla

Report of the Auditor General on the Financial Statements of the National Human Resources Development Council of Sri Lanka for the year ended 31 December 2015 in terms of Section (2) 14 of the Finance Act, No. 38 of 1971.

This relates to the Audit Report No. VTY/NHRDC/1/15/80 dated, 30.12.2016 relating to the above matter.

2.3 Accounts receivable

The case filed in District Court Colombo in order to recover the amount of Rs. 31,050.00 from the former Chairman to regain the inventory goods which had not been handed over will be heard on 21.05.2017.

2.4 Non - compliance with laws, rules, regulations

- (a) Agreed. The arrangements have been made to maintain a registrar with regard to the damages and losses from year 2016.
- (b) Necessary actions are being taken to by carrying out an fuel combustion testing for all the vehicles in every 6 month.

3.1 Financial Result

Agreed

The reasons for the increase in year 2014 comparing to year 2013 are new recruitments, increase of employees' salaries and new purchases.

4.1 performance

- (a) (i) Agreed.

Arrangements will be taken to submit the project reports prepared for the relevant year from the next year in writing, to the Minister.

- (ii) Agreed
- (iii) Agreed.

4.2 Management Activities

(a) New Board members were re-appointed twice in the same year, with the change of government in the months of January and August 2015. While the appointments of the Board members have been informed by the line ministry, a certain delay has taken place there.

While the progress of each project is reviewed at the Board meetings, suggestions of the Board members will be taken into consideration.

(b) Agreed

The Director was made aware in this regard at the progress review.

(c) Arrangements will be made to make the amendments to the Act subsequent to the change of organizational structure.

(d) Agreed.

Necessary actions will be taken to appoint a committee (Steering Committee) for research review and guidance in the future.

4.3 Non- economic transactions

In addition to the personal letters posted for the private candidates who sat for the G.C.E. (A/L) Examinations in year 2014 according to the list obtained by the Department of Examinations, the community was informed through banners, posters, media and Skill Development officials of the District and Vocational Training Institutes. Accordingly, every effort has been taken to ensure the students' participation and the purchases were made by accurately estimating the number of expected participants based on the letters sent and information obtained from skill development officers and other methods. Further, since it is not possible to obtain a large amount of food in the same day, prices were called and food was ordered in advance. But, since the number of participants for the day is out of our control and it is impossible to cut off the amount ordered in the same day the amount of money spent on it could not be controlled. However, the participation of these programmes was taken as a precedent for the programmes planned subsequently.

5.1 Internal Audit

Although it was discussed at the progress review meetings of the Ministry to make the audit activities done by the internal audit section of the Ministry, since we do not have an internal audit division in our institute, it did not give favorable outcomes. It is expected to recruit a

qualified internal audit staff for the institute subsequent to the structural changes expected to be made in the institute in future.

5.2 Budgetary Control

While the recurrent limit allocated for the institute during the year was 21 million, the institute has been able to afford up to 98.91% in maximum limit in terms of the budget within that allocation limit. It has been able to spend 100% of the total recurrent allocation issued by the General Treasury; the rest of the expenses could be made by the existed cash balance of the institute within the limit of allocation. Finance requesting forms have been sent for the General Treasury for the total amount of Rs. 21 million. It is not erroneous to bear expenses exceeding the recurrent money received in case where the allocation limit has not been exceeded.

6. System controls

a) Agreed.

The Action Plan was prepared in order to achieve the targets of the Act and the money has been allocated for each and every project. Although Rs. 1 million was allocated for the review of National Human Resource Development policy, since these review tasks of this policy has been assigned to the Ministry of Labour and no further cost has to be incurred on this, the relevant allocations were transferred to other projects during the amendment of the Action Plan.

Accordingly, it can not be agreed to the fact that no any actions have been taken to fulfill the objectives of the Act.

b).Necessary actions have been taken to formulate a proper strategy to control the stationary stocks.

K.A.Lalithadheera
Director
For the Chairman