

**Ministry of Youth Affairs and Skills
Development**

Vocational Training Authority of Sri Lanka



**Annual Report
2010**

Our vision

To be the leader of providing Technical,
Vocational Education and Training to the
Nation

Our Mission

To function as an Organization that Produces
Skilled Personnel to the level of national and
international skills standard.

Information on the Vocational Training Authority of Sri Lanka

Institution : Vocational Training Authority of Sri Lanka

Ministry : Ministry of Youth Affairs and Skills
Development

Address : 4th Floor, "Nipunatha Piyasa",
No, 354/2, Elvitigala Mawatha,
Colombo - 05.

E- Mail address : info@vtasl.gov.lk

Web Site : www.vtasl.gov.lk

Auditors : Auditor General
Dept. of the Auditor General

Bankers : People's Bank
Bank of Ceylon
Commercial Bank

Presentation

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

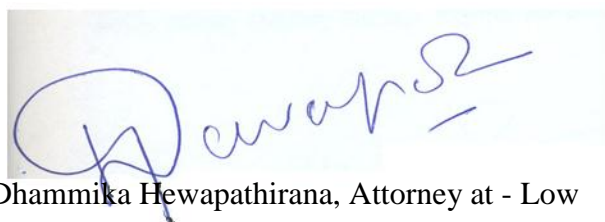
Hon. Minister,

Annual Report 2010

Vocational Training Authority of Sri Lanka

In Terms of para 25 of the Vocational Training Authority of Sri Lanka. Act no 12 of 1995 and para 14 (2) © of the Finance Act No 38 of 1971, I submit the Annual Report of the Vocational Training of Sri Lanka for the year 2010.

Yours truly,



Dhammika Hewapathirana, Attorney at - Low
Chairman,

Vocational Training Authority of Sri Lanka,

31 January 2011.

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REPORT OF THE BOARD OF DIRECTORS

Vocational Training Authority of Sri Lanka established under the Sri Lanka Vocational Training Authority Act No. 12 of 1995 is in the process of giving training to rural young boys and girls through a network comprising of 06 National Vocational Training Institutions 22 District Vocational Training Centres and 236 Rural Vocational Training Centres.

These 2010 Establishments implemented under the Ministry of Youth Affairs and Skills Development engaged in the following activities in the year 2010 and its progress is described in the future chapters.

- ❖ Giving vocational training to young boys and girls through the preparation of vocational Training programs, and giving them the required training directly or from other Institutions to enable them to acquire skills.
- ❖ Conducting National Vocational Tests, final tests and issuing National Vocational Certificate.
- ❖ Launching Research and Development Programs on Vocational Training.
- ❖ Provision of Career guidance and counselling.
- ❖ Implementation of training of trainers programs in order to carry out Vocational Training Programs effectively and efficiently.
- ❖ Provide employments to those who had Vocational Training for further Training and provide facilities to start self employments.
- ❖ Conducting of Workshops to develop skills through building up of connections with public and private sector institutions.
- ❖ Extend the vocational training to rural areas.

During the Year 2010 the Vocational Training Authority of Sri Lanka has made the following achievements:-

- Construction of the District Vocational Training Center (Kappalthurai) in Trincomalee and Vocational Training Centre at Serunuwara under the Korean Import Export Bank Loan Aids and taking initial steps to make Orugodawatta National Vocational Training Institute as a Centre of par excellence.
- Provided a Special Contribution towards Gampaha Accelerated Development Project.
- Out of the 28445 trainees enrolled for the training courses in 2010 24,537 completed training.
- Commenced 03 Courses at Narahenpita National Vocational Training Institute with a view to direct disabled young boys and girls to vocational training.
- Out of the students who completed training in 2009 referring 8305 to employment while they were being trained.
- During the year 2010 up to now finding foreign jobs to 130 persons, local jobs for 4370, self employment to 826 persons aggregating 5326 trainees.
- Conducted short term Workshops with 3229 persons, in various fields in collaboration with Alumax (Pvt) Ltd., A.B.Mayuri Co., Lanka Tiles Co., David Peiris Co., Nature Beauty Creations Co., and Oriflames private Company to develop their skills with a view to build up connections with the state and private sectors.
- Provision of Career guidance and counselling services to school children, schools leavers, parents and trainees in vocational training field by conducting 2205 Workshops throughout the Island.
- Conducting 40 Entrepreneurship Development Training Programs and 24 programs to make awareness in Entrepreneurship with the participation of 1228 young boys and girls.
- Providing loan facilities in a sum of approximately 21.84 Million for 148 trainees who selected the field of self employment.

In addition Vocational Training Authority of Sri Lanka received the assistance of the projects implemented under the Foreign Funds for the Year 2010 in order to perform the assignments in the Vocation Training field.

PROGRAMS AND TARGETS FOR THE YEAR 2011

- Introduction of Courses that match the local and foreign labour market by enhancing the quality of vocational training and 33,930 Trainees have been Trained.
- Making available training opportunities to handicapped boys and girls who have been deprived of the equal status of the Society to get employment and to find self employment.
- Find employment to the trainees by applying new management strategies and to find a market value to the ongoing courses.
- Attend to primary functions for the opening of Hotel Schools in places such as Nilaveli, Potuvil, Inamaluwa where tourist industry has expanded and commencement of a Hotel School in Hikkaduwa.
- Make a contribution to national development by developing the District Vocational Training Centre in the Monaragala District pursuant to the "Dayata Kirula" National Exhibition 2011.
- Deleting Courses of low demand identified from the methodologies and expansion of Courses with high demand and improve the required infrastructure.
- Making available training opportunities for the detainees in prison.
- Commencement of an Adobe Certified School in the National Information Technology Centre at Narahenpita.
- Action taken to supply with training equipment with modern technology by HMIT Project of the Indian Government to District Vocational Training Centre at Nuwara Eliya.
- Construction of Vocational Training Centers at Mullativu and Kilinochchi Districts with the aid of World University Services Canada and action taken to supply with training equipment of modern in technology.
- Action taken to construct Vocational Training Center in the Mullativu district under UNICEF Project Aid and supply training equipment, Apprentice allowance, and bicycles etc. for Vocational Training in the districts of Jaffna, Kilinochche, Vauniya and Mannar.

Dhammika Hewapathirana, Attorney-at-Law
Chairman
Vocational Training Authority of Sri Lanka

02. Introduction

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

03. Structure of Vocational Training Authority of Sri Lanka

The Board of Control of Vocational Training Authority of Sri Lanka consists of 12 members including, Chairman and Vice Chairman.

1	Mr.Dhammika Hewapathirana, Attorney- at- Law Vocational training Authority of Sri Lanka (From 12 – 05 – 2010)	Chairman
2	Mr. Leslie Weeramantri, Attorney- at-Law Vocational Training Authority of Sri Lanka (from 11- 05- 2010)	Vice Chairman
3	Mr.U.G.K.Samarasekera Additional Secretary, Ministry of Youth Affairs And Skills Development (From 15 – 07- 2010)	Member
4	Mr. P.Ranepura Additional Secretary, Ministry of Higher Education (From 15- 07- 2010)	Member
5	Mr.Herath Yapa Commissioner of Labour (Development) Labour Dept. (From 15 -07 – 2010)	Member
6	Mrs. H.N.N.Gunasekare Director (Planning) Ministry of Industries and Commerce (From 15 -07- 2010)	Member
7	Mr. Keerthi Kaluarachchi Attormey – at – Law (From 15 – 07- 2010)	Member
8	Mr. Senaka Saratchandra, Attorney – at – Law Notary Public and Commissioner of Oaths (From 17 – 08 -2010)	Member
9	Mr. Nimal Weeratunga Co-coordinator (Media and Public Relations) Agri and Agrarian Services Insurance Board (From 19 – 08- 2010)	Member
10	Dr. Tissa Jinasena Chairman, National Apprenticeship and Technical Training Authority (From 01 – 09- 2010)	Member
11	Mr. Udaya Hiththatiyage Managing Director, D.E.Technologies (From 01-09-2010)	Member
12	Rear Admiral Daya Sadagiri, RSP, VSV, USP Vocational Training Authority of Sri Lanka (From 07- 05- 2010)	Chairman

13	Mr.D.G.Dayaratne Vocational Training Authority of Sri Lanka	Vice Chairman
14	Mr. W.R.V.P.Gamunu Samarasiri Director, Department of National Planning	Member
15	Mr. H.D.A.Wiekramasinghe Director of Management, Colombo International Service Private Limited (till 24-02-2010)	Member
16	Mrs. D.B.Pearl Weerasinghe Additional Commissioner General of Labour Labour Department (till 07-05-2010)	Member
17	Mr. Titus Jayawardena Additional Secretary, Ministry of Industrial Development (till 07-05-2010)	Member
18	Mr. N.P.V.C.Piyatilleke Senior Assistant Secretary, Ministry of Youth Affairs (till 07-05-2010)	Member
19	Engineer Commander Lionel Pinto Specialist Consultant, Ministry of Vocational and Technical Training	Member
20	Mr. Ananda Mapalagama General Manager, Diesel & Motor Engineering company (till 07-05-2010)	Member
21	Mr. G.R.Perera Veteran Dancer (till 07-05-2010)	Member
22	Mr. Amal Senalankadhikara Chairman, National Apprenticeship and Technical Training Authority (till 07-05-2010)	Member
23	Mr. D.U.S.Wickramarachchi Director, Department of Audit Management	Member
24	Mr. H.M.Gunasekera Director General, National Planning Department (till 22-12-2010)	Member

No. of Director Board Meeting held this year – 06

No. of Audit & Management Committee Meeting held this year – 02

The Chairman is working as the Chief Executive Officer of the Vocational Training Authority of Sri Lanka assisted by a Vice Chairman, Director General, and 5 Directors with a Staff of 1623 members.

SENIOR MANAGENENT STAFF

Chairman	Mr.Dhammika Hewapathirana, Attorney-at- Law
Vice Chairman	Mr.Leslie Weeramantri, Attorney- at-Law
Specialist Advisor	Major General M.T.W.Ponnampereuma (till 30-04-2010)
Director General	Mr. W.A.Ranaweera (Actg.) till 15-12-2010
Directors	1. Mr.C.Vidanapathirana 2. Mr.G.M.P.A.Gallaba 3. Mr.K.J.Koralage 4. Mr.S.A.D.H.Chandrakumara 5. Mr.K.Sarath Ananda (Actg.)
Deputy Directors	1. Mr.Mahinda Jayatilleke 2. Mr.H.M.A.Herath 3. Mr.W.D.Fernando
Chief Internal Auditor	1. Mr. H.U.Kariyawasam
Assistant Director	1. Mr. N.D.P.Dhammika 2. Mr.W.W.Soysa 3. Mr.N.S.D.Navaratne 4. Mr.C.R.Samaraweera 5. Mr.D.R.S.L.Dasanayaka 6. Mr.U.K.Nanda 7. Mr.D.M.A.Bandara (till 15-10-2010) 8. Mr. H.W.R.P.Wijesekara 9. Mr. N.K.J.de Silva 10.Mr.P.M.Perera 11.Mr.T.D.S.Sangadasa 12.Mr.A.K.Arachchige 13.Mr.W.G.Wijeratne 14. Mr.T.Vinodaraja 15. Mr.V. Kamaladasan 16. Mr.S.Abeygunasekera 17.Mr.A.A.Jabeer 18. Mr.M.M.A.Kyum 19. Mr.G.V.P.N.Perera 20. Mr.E.A.D.S.Senaratne
Secretary of the Board of Directors/ Legal Officer	1. Mrs.A.A.H.I.Amaratunga

Although a Staff of 1933 members is approved for Vocational Training Authority of Sri Lanka for the year 2010 only 1621 members have been recruited as at 31-12-2010 according to the provisions of Management Service Dept.

	POST	APPROVED STAFF	STAFF AS AT THE END OF THE YEAR	VACANCIES/ SURPLUS AT THE END OF THE YEAR
1	Director General	1	1	0
2	Director	5	4	1
3	Deputy Director	5	5	0
4	Chief Internal Auditor	1	1	0
5	Deputy Director	25	19	6
6	Senior Training Manager	10	6	4
7	Accountant	2	1	1
8	Training Manager	38	32	6
9	Secretary of the Board of Directors/Legal	1	1	0
10	Administrative Officer	1	1	0
11	Secretary	5	8	3
12	Manager (Transport)	1	0	1
13	Manager (Supplies)	1	1	0
14	Manager (Printing)	1	1	0
15	Audit Officer	1	1	0
16	Systems Analyst	1	1	0
17	Training Officer	33	28	5
18	Research Officer	2	2	0
19	Planning Officer	2	2	0
20	Testing & Evaluation Officer	3	0	3

21	Investigation Officer	1	0	1
22	Accounts Assistant	22	22	0
23	Audit Assistant	4	1	3
24	Programme Officer	42	29	13
25	Senior Instructor	26	24	2
26	Career Guidance Officer	13	11	2
27	Job Placement Officer	24	18	6
28	Project Assistant	115	59	56
29	Chief Stores Officer	1	1	0
30	Chief Clerk	2	1	1
31	Supervisor (Printing)	1	1	0
32	Instructor	1179	1016	163
33	Building Supervisor	1	0	1
34	Hostel Caretaker	2	1	1
35	Stenographer/Typist	5	5	0
36	Stores Officer	24	24	0
37	Clerks/ Typist	88	86	2
38	Accounts Clerk	3	1	2
39	Audit Clerk	3	1	2
40	Shroff	1	1	0

41	Computer Operator	5	5	0
42	Type Setter (Printing)	1	1	0
43	Receptionist /Telephone Operator	2	2	0
44	Machine Operator (Printing)	1	1	0
45	Book Binder (Printing)	1	1	0
46	Printing Assistant	3	2	1
47	Driver	32	32	0
48	K.K.S.	3	4	1
49	Watcher	72	58	14
50	Storekeeper	3	2	1
51	Labour	89	74	15
52	Sanitary Labour	3	3	0
	TOTAL	1931	1618	316

04. TRAINING OF THE STAFF

Special attention was drawn to the training of Staff for the year 2010 and by way of the Training Programs organized to develop the knowledge, attitudes and skills of the Staff one Officer was sent for an overseas training program and 1301 officers were participated for local training programs.

Officers of various groups did not participate for more than two training programs. Out of these Officers 655 are Officers belonging to Academic Staff while 646 were Officers of non-academic Staff.

Details of each training program are set out below.

LOCAL TRAINING (ACADEMIC STAFF) - 2010

	Field of Training	No. Participated
01	Making aware the new Instructors in accreditation	09
02	Making awareness program in. National Vocational Qualifications and competency based training	34
03	Awareness program in Trained Methodology - Sinhalese Medium Tamil Medium	37 68
04	Training Workshop - "Towards Excellence"	224
05	Skill Development Program	
	Machinist	28
	Landscaping	02
	Information Technology	67
	Workshop in electronic metal plating of jewellery	07
	Motor mechanism training	02
	High quality pattern making	01
	Metal heat treatment programme	01
	Electronics Fields	34
	Plumbing Technology	05
	Repair of Farm machinery & equipment	06
	Higher Certificate Course on Management	40
	Workshop on Management Training	90
	TOTAL	655

LOCAL TRAINING (Non- academic Staff) – 2010

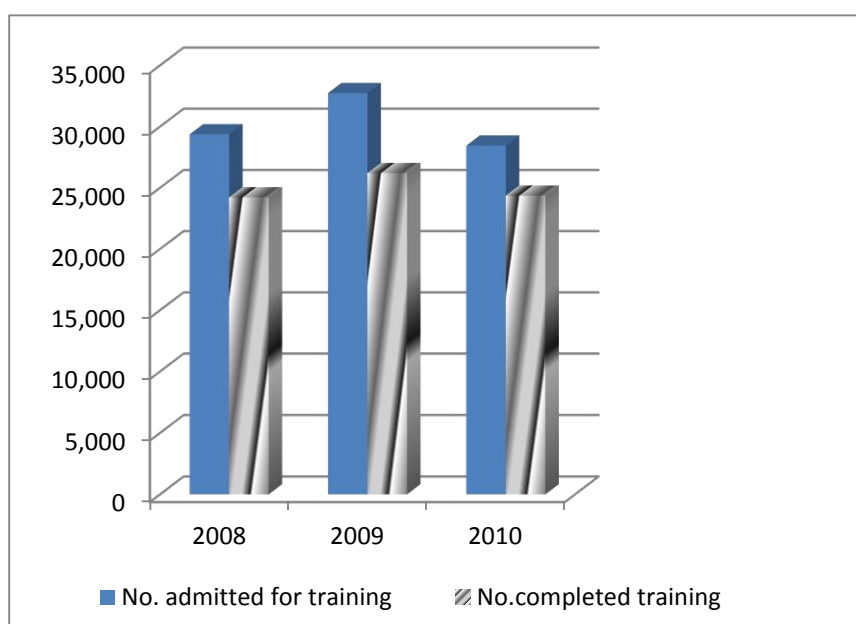
	Training Program	No. Participated
01	Tender procedure (Constructions)	05
02	Seminar on the principles of Accountancy	03
03	Transport Management	02
04	English Course	05
05	Development of Library materials	02
06	Power of Leadership and its art	04
07	Human Resource Management	02
08	Training Workshop "Towards Excellence"	214
09	Information Technology Systems (Training)	47
10	Personality Development	118
11	Disciplinary procedure	01
12	Preparation of Audit plan	28
13	Marketing Training	10
14	Training of Executive Officers	70
15	Workshop to make awareness in financial matters	135
	TOTAL	646

05. Vocational Training to young boys and girls by way of the implementation of Vocational Training Programs

Out of the 264 Vocational Training Centers established throughout the country 81 Training courses were implemented under 18 training fields. Accordingly 28,445 apprentices were recruited for training in the year 2010 out of which 24,537 completed training. This number included the apprentices recruited for entrepreneurship Development programs and Skill Development programs.

Year	2008	2009	2010
No. admitted for training	29,367	32,740	28,445
No. completed training	24,220	26,200	24,537

ADMISSIONS / LEAVING VOCATIONAL TRAINING



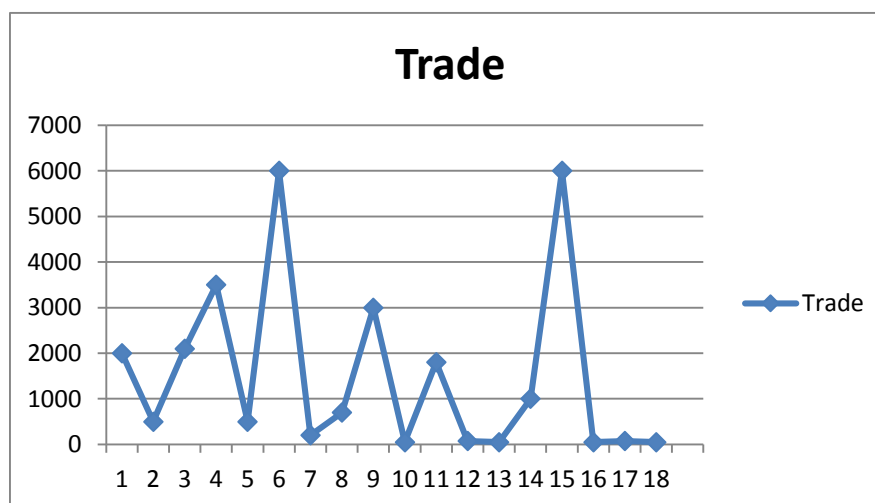
**COURSES CONDUCTED BY THE VOCATIONAL
TRAINING AUTHORITY OF SRI LANKA**

Field	Course and duration	No. of Trainees
1. Building Construction	Masonry, (06 months)	650
	Masonry and plumbing Technician (12 months)	103
	Masonry and plumbing Technician (18 months)	17
	Plumbing Technician (06 months)	370
	Draftsman (12 month)	157
	Quantity Surveyor (06 months)	78
	Quantity Surveyor Diploma (12 months)	22
	Quantity Surveyor Diploma (12 months)	15
2. Electronic	Radio/Television and Associated Equipment Technician (12 months)	257
	Radio/Television and Associated Equipment Technician (18 months)	26
	Radio Technician (06 months)	12
	Equipment Technician (06 months)	38
	Repair of mobile phones (12 months)	63
	Office Equipment Technician (12 months)	18
3. Auto motive Technician	Motor mechanic (12 months)	459
	Motor Mechanic (18 months)	79
	Motor Vehicle electrician (12 months)	83
	Motor Vehicle Aircondition technician (12months)	17
	Heavy Vehicle Driver (03 months)	70
	Light Vehicle Driver (03 months)	03
	Motor Vehicle Painter (06 months)	86
	Motor Cycle and Three Wheeler Technician (12 months)	218
	Motor Cycle Technician (06 months)	709
	Farm Machinery and Equipment Technician (12 months)	80
	Three Wheeler Technician (06 months)	89
	Motor Vehicle Fitter (06 months)	126
	Farm Equipment Technician (06 months)	46
4. Electrical	Electrician (12 months)	425
	Electrician (06 months)	1868
	Repairer of household electrical and electronic Equipment (06 months)	116
	Refrigeration and Air conditioning Technician (12 months)	384
	Winder of electronic motors (6 months)	480

5. Food Technology	Bakery (06 months)	282
	Manufacturer of fruits and milk associated produce (06 months)	47
6. Information Technology	Computer Assistant (06 months)	3262
	Computer Hardware Technician (06 months)	324
	Course on Information Technology Certificate (06 months)	1262
	Cisco Computer Network (300 hours)	172
	Course on Information Technology Diploma (12 months)	235
	Computer Hardware technician A+ (06 months)	136
7. Printing	Offset Litho Machine Operator (06 months)	37
	Computer compositor (06 months)	12
	Graphic Designer (06 months)	239
8. Hotel & Tourism	Cook (12 months)	23
	Cook (06 months)	478
	Hotel Manager (06 months)	10
	Steuart (06 months)	29
	Room boy (04 months)	29
9. Metal related	Machinist (12 months)	245
	Machinist (18 months)	19
	Fitter – General (12 months)	32
	Brass Welder / Sculptor(06 months)	08
	Aluminum Fabricator (06 months)	654
	Metal Fabricator (12 months)	60
	Welder (12 months/ 06 months)	980
10. Gem & Jewellery	Jewelery technician (handwork) (12 months)	49
	Stone Setting (06 months)	44
	Gem cutter (06 months)	23
11. Wood related work	Wood carving technician (06 months)	84
	Carpenter (Furniture) (12 months)	226
	Carpenter (Furniture) (06 months)	978
	Carpenter (Buildings) (06 months)	50
12. Agriculture	Nursery control and butting (06 months)	61
	Cultivation of vegetables & Fruits (06 months)	23
	Flora culture (06 months)	51
13. Office Management	Secretarial function (09 months)	66
	Diploma in Secretarial function (12 months)	09
14. Peraonal & Social	Landscaping (06 months)	167
	Artist in beauty culture (03 months)	903
	Hairdressing (03 months)	404
	Hairdressing– gents (06 months)	36
	Montessori teacher Training	15

15. Fabrics & Garments	Pattern maker (06 months)	188
	Juki Machine Operator (1 ½ months)	256
	Juki Mechanic (06 months)	1017
	Stitching of clothes – Ladies & children (06 months)	1957
	Stitching – gents clothes (06 months)	355
	Curtain printer (06 months)	183
	Supervisor of garment products (06 months)	45
	Fabric cutter (06 months)	31
	Work study Assistant (06 months)	25
	Garment Quality Control (06 months)	139
16. Fisheries	Motor boat mechanic (12 months)	40
	Motor boat mechanic (Outer engine)	55
17. Rubber, Plastic and Leather related Products	Manufacture of leather products (06 months)	88
18. Technical Management	Diploma in technical management (06 months)	37
TOTAL		23334

Demand for various fields in 2010



06. Career Guidance and Counselling Programs

Vocational Training Authority of Sri Lanka through its Career Guidance and Counselling Centers established throughout the island guides the young boys and girls to select the jobs suitable to them according to their choice and qualifications.

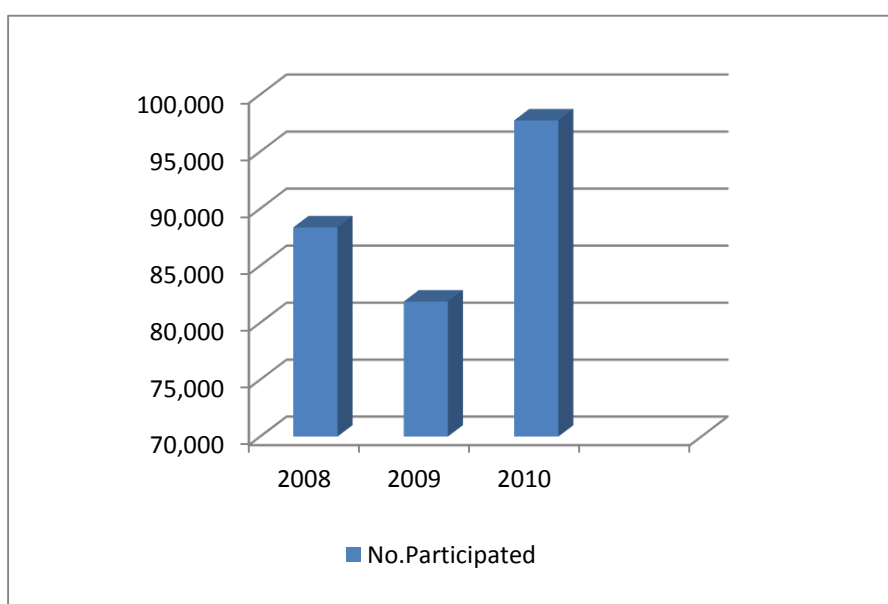
By way of these programs in the year 2010 97,736 persons could be given awareness through 2,205 programs conducted for school children. School leavers, apprentices undergoing training, parents and field Officers.

IMPLEMENTATION OF CAREER GUIDANCE PROGRAMS IN 2010

Targeted Group	No. of Programs held	No. participated
School children	479	30,089
School leavers	571	25,918
Trainees	367	12,270
Parents	326	13,706
Others	462	15,753
TOTAL	2,205	97,736

CONDUCTING OF CAREER GUIDANCE PROGRAMS

Year	2008	2009	2010
No. participated	88,356	81,852	97,736



07. FINDING EMPLOYMENT

Under the job finding Program employments were found to 5326 trainees on district level. Out of them 4370 persons were given local jobs, 130 persons foreign employment and 826 were directed to self employment. In order to implement this program 60 local and foreign Employment Agencies were registered. Finding employment in such manner Vocational Training Authority of Sri Lanka was able to contribute approximately 577 Million Rupees to the national economy

INFORMATION ABOUT FINDING EMPLOYMENT

	District/National Vocational Training Center	Local	Foreign	Self	Total
1	Head Office	78	04	-	82
2	N.V.T.A.- Narahenpita	109	10	19	138
3	N.V.T.A.- Orugodawatta	203	06	04	213
4	N.V.T.A.- Ratmalana	112	05	11	128
5	N.V.T.A.- Niyagama	86	05	36	127
6	N.V.T.A.- Baddegama	38	-	06	44
7	Colombo	280	01	11	292
8	Gampaha	183	04	25	212
9	Kalutara	202	02	32	236
10	Galle	462	13	88	563
11	Matara	327	01	32	360
12	Hambantota	327	03	36	366
13	Badulla	235	02	27	264
14	Monaragala	156	02	40	198
15	Ratnapura	143	-	27	170
16	Kegalle	249	05	96	350
17	Kandy	210	12	36	258
18	Matale	132	02	78	212
19	Nuwara Eliya	68	-	09	77
20	Polonnaruwa	135	-	12	147
21	Anuradhapura	78	04	23	105
22	Kurunegala	214	06	72	292
23	Puttlam	104	07	26	137
24	Ampara	164	32	59	255
25	Trincomalee	75	04	21	100
	TOTAL	4370	130	826	5326

CONTRIBUTION TO THE NATIONAL ECONOMY BY FINDIN EMPLOYMENT

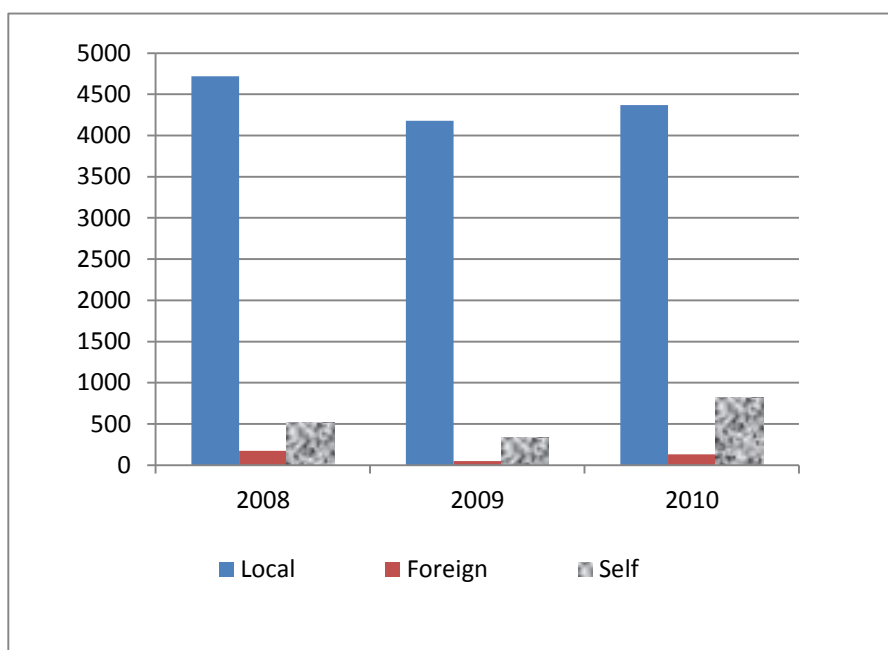
Category	No. found employment	Contribution to the national economy Rs.Million
Local	4,370	416.93
Foreign	130	49.49
Self	826	110.48
TOTAL	5,326	576.90

- ❖ The income received by the Apprentices who were found employment in 2010 has been approximately estimated.

NO FOUND EMPLOYMENT

Year	Local	Foreign	Self	Total
2008	4720	172	524	5416
2009	4197	47	338	4582
2010	4370	130	826	5326

- ❖ Only the information with regard to the persons found employment by the Vocational Training Authority of Sri Lanka



08. Conducting of Workshops for the development of skills through the building up of relationship between Government and Private Sector Establishments.

This Program is conducted for those who are in the Vocational Training field to improve their knowledge and skills and with a view to give modern technical knowledge in the changing world. Accordingly in the year 2010, thirty four such programs could be conducted for 05 fields with the help 06 Government and private Sector Establishments and out of them 3229 got the opportunity of developing their skills

PROGRESS OF SKILL DEVELOPMENT PROGRAMS

Program	No. Of Programs	No. Participated	Sponsoring Establishment
Laying of tiles	12	503	Lanka Tile Co.
Beautyculture	18	2549	Natures Beauty Creation (Pvt) Co. Oritlame (Pvt) Co.
Repair of three wheelers And motor cycles	02	106	David Peris Private Company
Bakery	01	38	A.B.Mayuri Co.
Aluminum	01	33	Alumax Private Co.
TOTAL	34	3329	

09. SIGNING OF MEMORANDUMS OF UNDERSTANDING

Out of the several methods adopted to achieve the objectives of the Vocational Training Authority of Sri Lanka and to develop Vocational Training opportunities and develop the quality, 13 Memorandums of Understanding with various Establishments were signed in the year 2010.

1. Those who are following and those who followed Bakery Courses and those are engaged in jobs a Memorandum of Understanding was signed with A.B. Mayuri Lanka (Pvt) Ltd. To implement programs.
2. Signing of an Agreement by National Gem & Jewellery Authority for the implementation of the Incorporated Training Courses.
3. Signing of an Memorandum of Understanding to implement Vocational Training Programs incorporated with Rajarata Kantha Foundation.
4. Signing of a Memorandum of Understanding with Tharanga Learners to give light vehicle training to apprentices.
5. Signing of a Memorandum of Understanding with Rev.Dr.Walpola Wimalagnana Thero to maintain Wattala Flash Vocational Training Center.
6. Signing of a Memorandum of Understanding with LG.CMOTI to train heavy vehicle and equipment operators and issue Certificates.
7. Singing a Memorandum of Understanding with Ranmali Associated International (Pvt) Ltd. to conduct training courses in beaunculture and hair dressing patterns.
8. Signing a Memorandum of Understanding with Global Sports Lanka (Pvt) Ltd. To conduct Vocational Training Courses on the operation of Juki Machines/printing/sticking.

9. Signing a Memorandum of Understanding with Forut Establishment for the provision of uniforms, apprentice allowances, transport allowance to the apprentices of the Kilinochchi District.
10. Signing of a Memorandum of Understanding with World University Service of Canada (WUSC) to conduct carpentry, motor cycle mechanics, computer hardware courses in the Anuradhapura District.
11. Signing of a Memorandum of Understanding with Sri Lankan Institute for Local Government to conduct training courses in computer sector for the Local Government Sector Officers in the Western Province.
12. Signing of a Memorandum of Understanding for the reinstallation of a Security Camera System to the Colombo National Museum and for its operation system.
13. Signing of a Memorandum of Understanding with the Ministry of Education to give Mechanical training (CCNA) to 15 selected school teachers.

10. CONDUCTING OF ENTREPRENEURSHIP DEVELOPMENT PROGRAMS

Entrepreneurship Development Programs are conducted as a guideline to start small and middle grade businesses to those who are engaged in the Vocational Training field. In the year 2010, 868 persons could be given services by 40 such programs throughout the Island. Further during the period of training for selected programs business knowledge and skills could be given to 1004 persons by 66 "Know about Business" programs.

11. ISSUE OF VOCATIONAL SKILL CERTIFICATE ES

Another important task of the Vocational Training Authority of Sri Lanka is to assist the professionals without a certificate Vocational Training engaged in the Vocational Training field to establish their qualifications. It is a significant feature to note that most of the persons who come to get the vocational qualifications established are those looking for overseas jobs.

Accordingly the Vocational Tests conducted in the year 2010 are as follows:

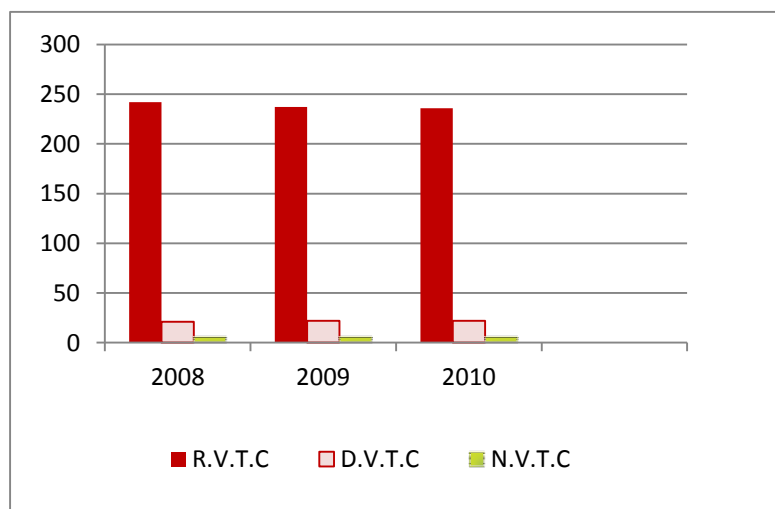
VOCATIONAL TESTS - 2010

Serial No.	Field	No. of vocational tests conducted		
		Nat.Voc.Tr.Ins. Narahenpita	Nat.Voc.Tr.Ins. Orugodawatta	Nat.Voc.Tr.Ins. Ratmalana
1	Electrician	-	30	35
2	Welder	01	12	27
3	Motor Mechanic	01	-	20
4	Mechanic	01	02	01
5	Refrigeration and Air conditioning Technician	-	02	10
6	Computer Assistant	01	03	01
7	Plumber	-	08	22
8	Aluminum maker	-	01	07
9	Mason	-	11	19
10	Carpenter	-	17	88
11	Building painter	-	06	-

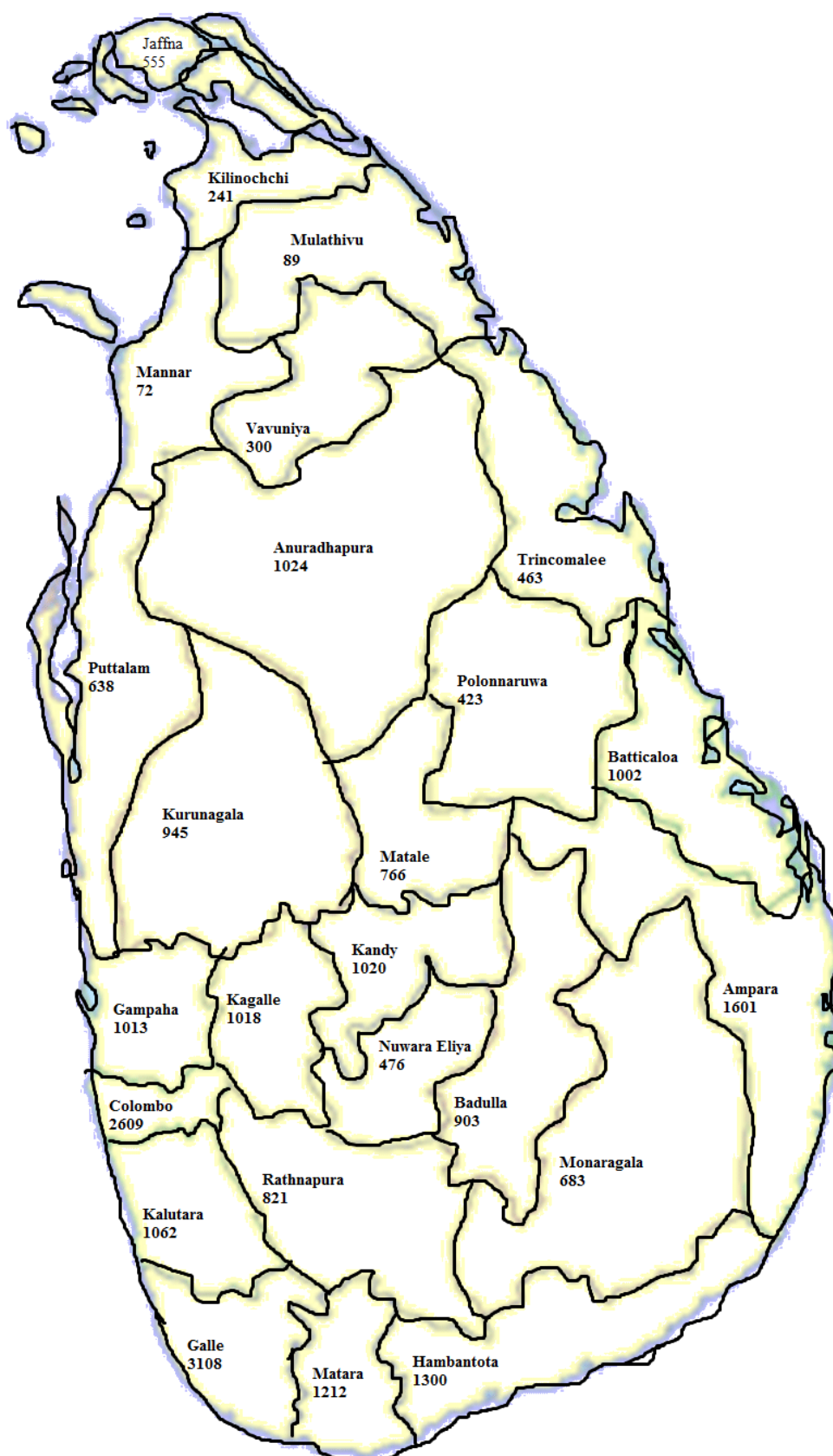
12	Tinkering	-	02	07
13	Laying of tiles	-	01	-
14	Computer hardware Technician	01	-	-
15	Motor Vehicle Air conditioning Technician	01	-	03
16	Hydraulic Machine	-	-	03
17	Electronic	-	-	01
18	Bakeryman	01	-	-
19	Computer networking	01	-	-
	TOTAL	08	95	244

INFORMATION ABOUT CENTRES

Year	2008	2009	2012
Rural Vocational Training Centers	242	237	236
District Vocational Training Centers	21	22	22
National Vocational Training Centers	06	06	06
TOTAL	269	265	264

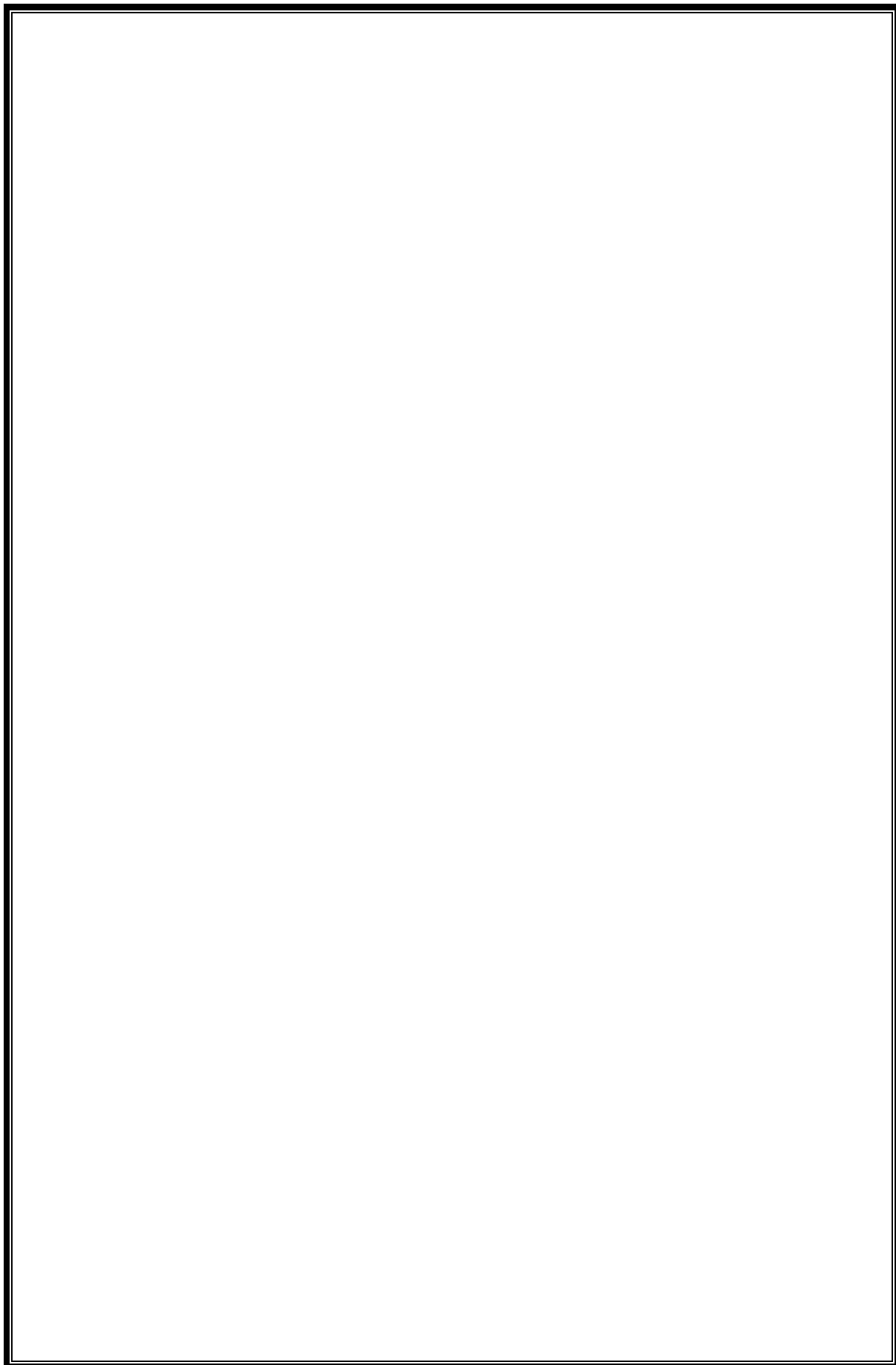


Extension of Training Centers and No. of Apprentices - 2010



1.3 Challenges

- Lack of Instructors who can perform training using modern technology and the difficulty to pay them high salaries.
- Minimizing of the difference between the training field and job opportunities.
- Insufficiency of capital and recurrent provisions allocated by the Government considering it as a service providing Institute.
- Inability to provide equal facilities to all Vocational Training Institutes functioning throughout the Island.
- Lack of sufficient financial facilities to provide infrastructure facilities to Vocational Training Centers.
- Launching of sufficient promotional programmes to make aware of the society of the importance of vocational training.
- There is a competition with the private sector Institutions that provide vocational training.
- As the facilities provided by the Nongovernmental Organizations and other Institutions in relation to vocational training are more it is not possible to provide facilities up to the same standard.
- Great effort has to be made to attract young boys and girls for vocational training.
- Young boys and girls tend to follow courses in computer and planning, which have a less labour demand than the Courses in technical level.



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05. Cash Flow Statement for the year ended 31 st December 2010	06
06. Statement of Changes in Net Assets for the year ended 31 st December 2010	07
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FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2010
Vocational Training Authority of Sri Lanka

During the year under review a total grant of Rs. 902,929,071.44 was released to the Authority by the Treasury and the Ministry, the details are given below.

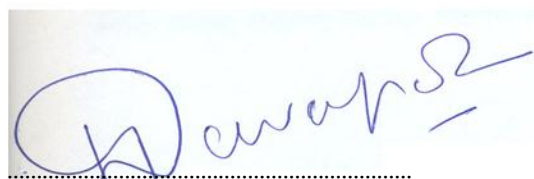
1.1 Government Grant	Allocation (Rs)	Amount Released (Rs)
Treasury Grant - Recurrent	670,000,000.00	669,400,000.00
Treasury Grant - Capital	230,000,000.00	230,000,000.00
TVEC - Fund	4,181,871.44	3,529,071.44
Total	904,181,871.44	902,929,071.44

1.2 Income	Budgeted (Rs)	Income Earned Net (Rs)
Income	48,500,000.00	81,516,380.25

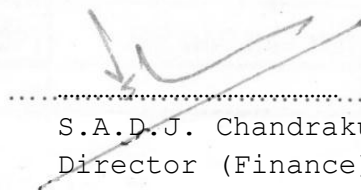
The Financial Statements for the year ended 31st December 2010 are presented herewith for the approval of the Board of Directors.

The following documents are included:

01. Statement of Financial Position as at 31st December 2010
02. Statement of Financial Performance for the year ended 31st Dec.2010
03. Cash flow statement for the year ended 31st December 2010
04. Statement of changes in Net Assets for the year ended 31st December 2010
05. Notes to the Financial Statement



Dhammika Hewapathirana
Chairman

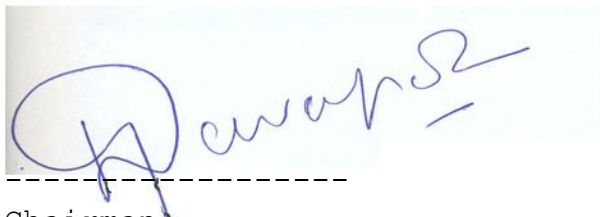


S.A.D.J. Chandrakumara
Director (Finance)

**STATEMENT OF THE BOARD OF DIRECTORS
ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2010
VOCATIONAL TRAINING AUTHORITY OF SRI LANKA**

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

Financial rules and procedures prescribed by the Vocational Training Authority of Sri Lanka have been complied with, and the systems of controls have been maintained as far as practicable to ensure & safeguard the assets and effectiveness and efficiency of the transactions. To best of our knowledge, the Financial Statements for the year ended 31st December 2010 have been prepared satisfactorily and exhibits a true and fair view of the financial position of the Vocational Training Authority of Sri Lanka.

A handwritten signature in blue ink, appearing to read 'D. Amarasinghe', is written over a horizontal dashed line.

Chairman

On behalf of the Board of Directors
Vocational Training Authority of Sri Lanka

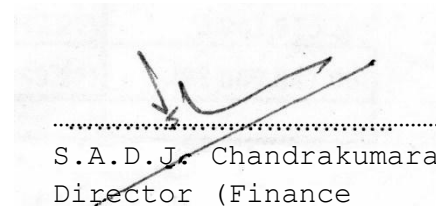
VOCATIONAL TRAINING AUTHORITY OF SRI LANKA
STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2010

	Note	2010 (Rs.)		2009 (Rs.)	
<u>ASSETS</u>					
Non - Current Assets					
Property plant and equipment	2	4,806,419,684.20		4,066,119,439.73	
Capital Work in progress	3	25,281,530.72		15,867,188.19	
Other Financial Assets					
Fixed Deposit		<u>25,000.00</u>	4,831,726,214.92	<u>25,000.00</u>	4,082,011,627.92
Current Assets					
Inventories	4	18,255,911.77		21,992,113.75	
Receivables	5	49,625,212.30		20,461,272.90	
Staff Loans	6	37,813,510.62		34,216,430.09	
Cash and cash equivalent	7	<u>112,895,321.00</u>	<u>218,589,955.69</u>	<u>50,595,793.86</u>	<u>127,265,610.60</u>
TOTAL ASSETS			<u>5,050,316,170.61</u>		<u>4,209,277,238.52</u>

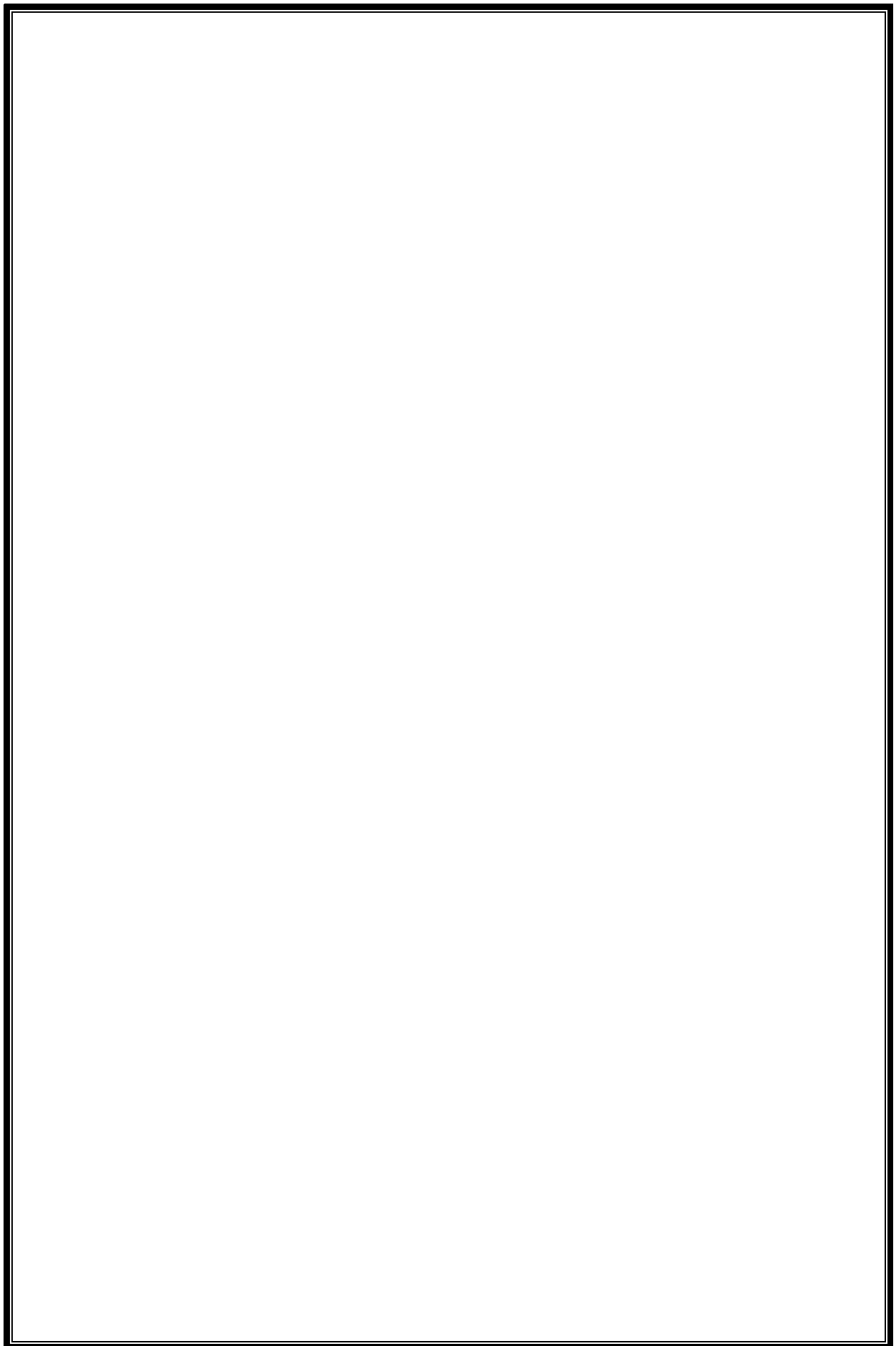
<u>EQUITY & LIABILITIES</u>					
Accumulated Surplus (Deficit)		-493,129,667.33		-496,962,809.16	
Gov.Grant - Capital	8	<u>56,466,698.12</u>	-436,662,969.21	<u>22,166,071.75</u>	-474,796,737.41
Non - Current Liabilities					
Differed Income Grant	9	2,897,836,747.24		2,150,682,802.84	
Revaluation Surplus	10	2,319,991,544.97		2,319,991,544.97	
Provision for Gratuity	11	<u>132,691,552.50</u>	5,350,519,844.71	<u>138,979,598.75</u>	4,609,653,946.56
Current Liabilities					
Payables	12	107,927,361.37		65,064,681.56	
Accrued expenses	13	<u>28,531,933.74</u>	136,459,295.11	<u>9,355,347.81</u>	74,420,029.37
TOTAL EQUITY & LIABILITIES			<u>5,050,316,170.61</u>		<u>4,209,277,238.52</u>

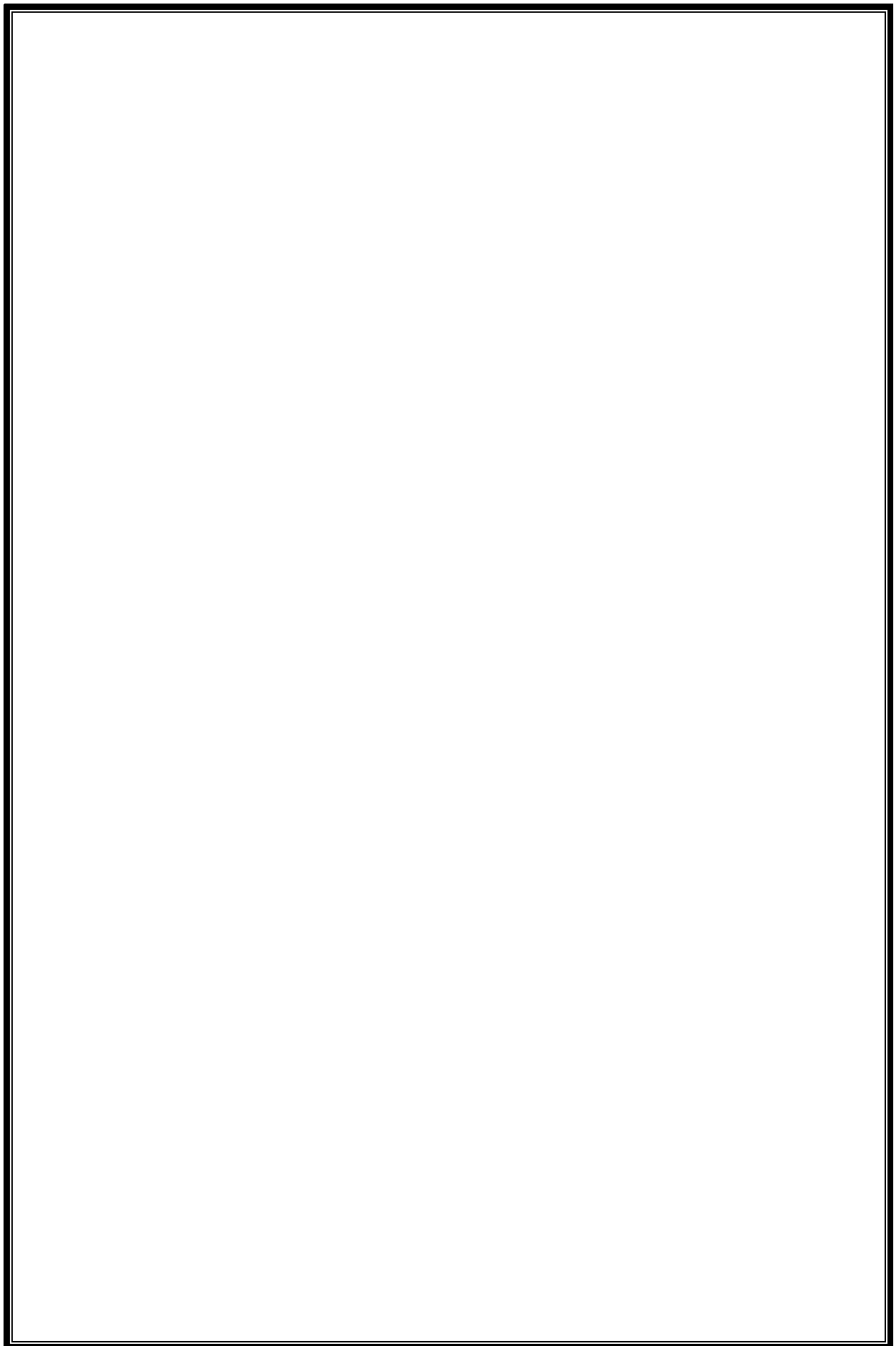


Dammika Hewapathirana
Chairman



S.A.D.J. Chandrakumara
Director (Finance)





VOCATIONAL TRAINING AUTHORITY OF SRI LANKA

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER 2010

(ILLUSTRATING THE CLASSIFICATION OF EXPENSES BY NATURE)

Description	Note	2010 (Rs.)	2009 (Rs.)
<u>Operating Revenue</u>			
Recurrent Grant		669,400,000.00	656,500,000.00
Differed Income Grant		361,647,822.28	157,473,584.33
<u>Other Income</u>			
Other Income	14	69,842,362.96	67,052,326.29
Production Unit Income (Net)	15	11,674,017.29	20,752,672.51
Fund Received For Special projects	16	87,331,718.48	30,070,691.21
		<u>1,199,895,921.01</u>	<u>931,849,274.34</u>
<u>Operating Expenses</u>			
Staff Cost	17	504,643,596.69	489,877,027.08
Travelling	18	4,837,752.84	6,334,760.82
Supplies and consumable used	19	15,710,588.57	18,412,249.68
Maintenance	20	18,879,833.72	22,675,179.50
Contractual services	21	67,491,059.93	69,794,265.66
Staff Training		5,620,285.80	6,777,748.18
Promotional & Carrier Guidance		14,717,692.69	16,983,413.18
Job placement, Research & Entrepreneurship	22	3,725,093.44	5,228,487.84
Depreciation		361,647,822.28	157,473,584.33
Other operating expenses	23	113,088,048.87	120,081,298.05
Expenditure on Special projects	24	87,331,718.48	30,070,691.21
Finance Cost	25	468,291.73	354,811.08
Total operating expenses		<u>1,198,161,785.04</u>	<u>944,063,516.61</u>
Net Surplus /(Deficit) for the period		<u>1,734,135.97</u>	<u>(12,214,242.27)</u>
Statements of Accumulated Surplus/Deficit			
Balance as at 1st January		(496,962,809.16)	(96,060,847.00)
Prior Year Adjustment	26	2,099,005.86	(388,687,719.89)
As Restated		(494,863,803.30)	(484,748,566.89)
Net surplus/(deficit) for the period		1,734,135.97	(12,214,242.27)
Balance as at 31st December		<u>(493,129,667.33)</u>	<u>(496,962,809.16)</u>

VOCATIONAL TRAINING AUTHORITY OF SRI LANKA

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st DECEMBER 2010

	2010 (Rs.)	2009 (Rs.)
<u>Operating Activities</u>		
surplus (deficit) for the period	1,734,135.97	-12,214,242.27
Prior year adjustment		-388,687,719.89
Adjustmebt for:		
Depriciation	361,647,822.28	157,473,584.33
Amortization of differed income grant	-361,647,822.28	-157,473,584.33
Gratuity provision	19,197,253.12	29,093,605.61
Gratuity paid	-7,267,008.82	-4,172,474.99
Prior year adjustment	2,099,005.86	0.00
Revaluation Loss	0.00	388,687,719.89
(Increase) / Decrease in receivables	-29,163,939.40	-7,026,032.23
(Increase) / Decrease in Staff Loans	-3,597,080.53	-11,318,745.89
Increase/(Decrease) in payable	42,862,679.81	5,578,468.89
Increase/(Decrease) in accrued expenditure	958,295.38	-1,363,722.73
(Increase)/Decrease in inventories	<u>3,736,201.98</u>	<u>1,534,054.61</u>
Net cash flow from operating activities	30,559,543.37	110,911.00

<u>Investing Activities</u>				
Purchases of property plant & Equipment	-1,062,095,691.99		-196,897,333.06	
Work in Progress	<u>-9,414,342.53</u>		<u>12,569,894.19</u>	
Net cash flows from investing activities		-1,071,510,034.52		-184,327,438.87
<u>Financing Activities</u>				
Government Grant Capital	230,000,000.00		103,200,000.00	
Other Income Grant	<u>873,250,018.29</u>		<u>62,504,536.86</u>	
Net cash flow from Financing Activities		1,103,250,018.29		165,704,536.86
Net increase/decrease in cash & cash Equivalents		62,299,527.14		-18,511,991.01
Cash & cash equivalents at beginning of period		50,595,793.86		69,107,784.87
Cash & cash equivalents at end of period		112,895,321.00		50,595,793.86

VOCATIONAL TRAINING AUTHORITY OF SRI LANKA

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31st DECEMBER 2010

Description	Accumulated Fund	Government Grant Capital	Differed Income Grant	Revaluation Surplus	Gratuity Provision	Total
Balance as at 1st January 2009	-96,060,847.00	36,213,177.29	3,189,621,156.98		114,058,468.13	3,243,831,955.40
Opening balance Adjustments		4,575,796.47	104,830,495.87			109,406,292.34
Opening balance Adjustments						
Adjusted Opening balance	<u>-96,060,847.00</u>	<u>40,788,973.76</u>	<u>3,294,451,652.85</u>		<u>114,058,468.13</u>	<u>3,353,238,247.74</u>
Grant received during the year		103,200,000.00	184,327,438.07		29,093,605.61	316,621,043.68
Amount transferred to differed income Grants		-121,822,902.01				-121,822,902.01
Amortization for the year			-157,473,584.33			-157,473,584.33
Surplus / (Deficit) for the year	-12,214,242.27					-12,214,242.27
Payment for the year					-4,172,474.99	4,172,474.99
Opening balance	-388,687,719.89		-1,170,622,704.55	2,319,991,544.97		760,681,120.53

Adjustments						
Balance as at 31st December 2009	<u>-496,962,809.16</u>	<u>22,166,071.75</u>	<u>2,150,682,802.04</u>	<u>2,319,991,544.97</u>	<u>138,979,598.75</u>	<u>4,134,857,208.35</u>
Adjusted opening balance	<u>-496,962,809.16</u>	<u>22,166,071.75</u>	<u>2,150,682,802.04</u>	<u>2,319,991,544.97</u>	<u>138,979,598.75</u>	<u>4,134,857,208.35</u>
Prior year Adjustmet	2,099,005.86					2,099,005.00
Grant received during the year		230,000,000.00			19,197,253.12	249,197,253.12
Amount transferred to differed income Grants		-195,699,373.63	1,068,949,391.92			873,250,018.29
Amortization for the year			-321,795,447.52			-321,795,447.52
Surplus / (Deficit) for the year	1,734,135.97					1,734,135.97
Payment for the year					-7,267,008.82	-7,267,008.82
Accrued for the year					-18218290.55	-18218290.55
Balance as at 31st December 2010	<u>-493,129,667.33</u>	<u>56,466,698.12</u>	<u>2,897,836,746.44</u>	<u>2,319,991,544.97</u>	<u>132,691,552.50</u>	<u>4,913,856,874.70</u>

01 - ACCOUNTING POLICIES

1.0 Corporate Information

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

1.2 The notes to the financial statements on pages **04** to **28** form an integral part of the financial statements.

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

1.4 General Policies

1.4.1 Statement of Compliance

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

1.4.2 Basis of preparation

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

1.4.3 Comparative Information

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

1.4.4 Events after the balance sheet date

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

1.5 Taxation

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

1.5.1 Deferred tax

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

1.6 Valuation of Assets and Their Measurement Bases

1.6.1 Recognition of Fixed Assets

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

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

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

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

- (i) Expected useful life time of the asset
- (ii) Intended purpose of the asset.
- (iii) Durability of the asset
- (iv) Whether the asset is a consumable or not

1.6.2 Inventories

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

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

1.6.3. Property , Plant and Equipment

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

b) Deprecation

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

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

c) Capital Work-in progress
Projects are valued at cost of work completed.

1.6.4 Receivables

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

1.6.5. Cash and Cash equivalents

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

1.7 Liabilities and provisions

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

1.7.2 Staff Gratuity

Up to year 2007 the VTASL had making a provision for gratuity only for employees who completed 5 (five) years of service. This policy has been changed from the year 2008 to be in conformity with SLAS 16. The backlog of the provision for past year has been debited to a prior year adjustment account.

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

The Gratuity liability is not assessed on Projected Unit Credit Method as the Gratuity liability is funded by General Treasury. No fund has been created in respect of this liability.

1.7.3 Defined Contribution Plans

Employees Provident Fund & Employees Trust Fund

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

1.7.4. Government Grants and Subsidies.

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

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

1.7.5 Provisions and Contingent Liabilities

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

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

1.8 Income & Expenditure Statement

1.8.1 Revenue Recognition

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

The following specific criteria are used for recognition of revenue.

a) Grants received for recurrent expenditure

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

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

c) Income from training courses

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

d) Income from student production units

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

e) Rental Income

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

f) Other income is recognized on an accrual basis

1.8.2 Expenditure Recognition

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



2.1 Adjustment to the opening balance

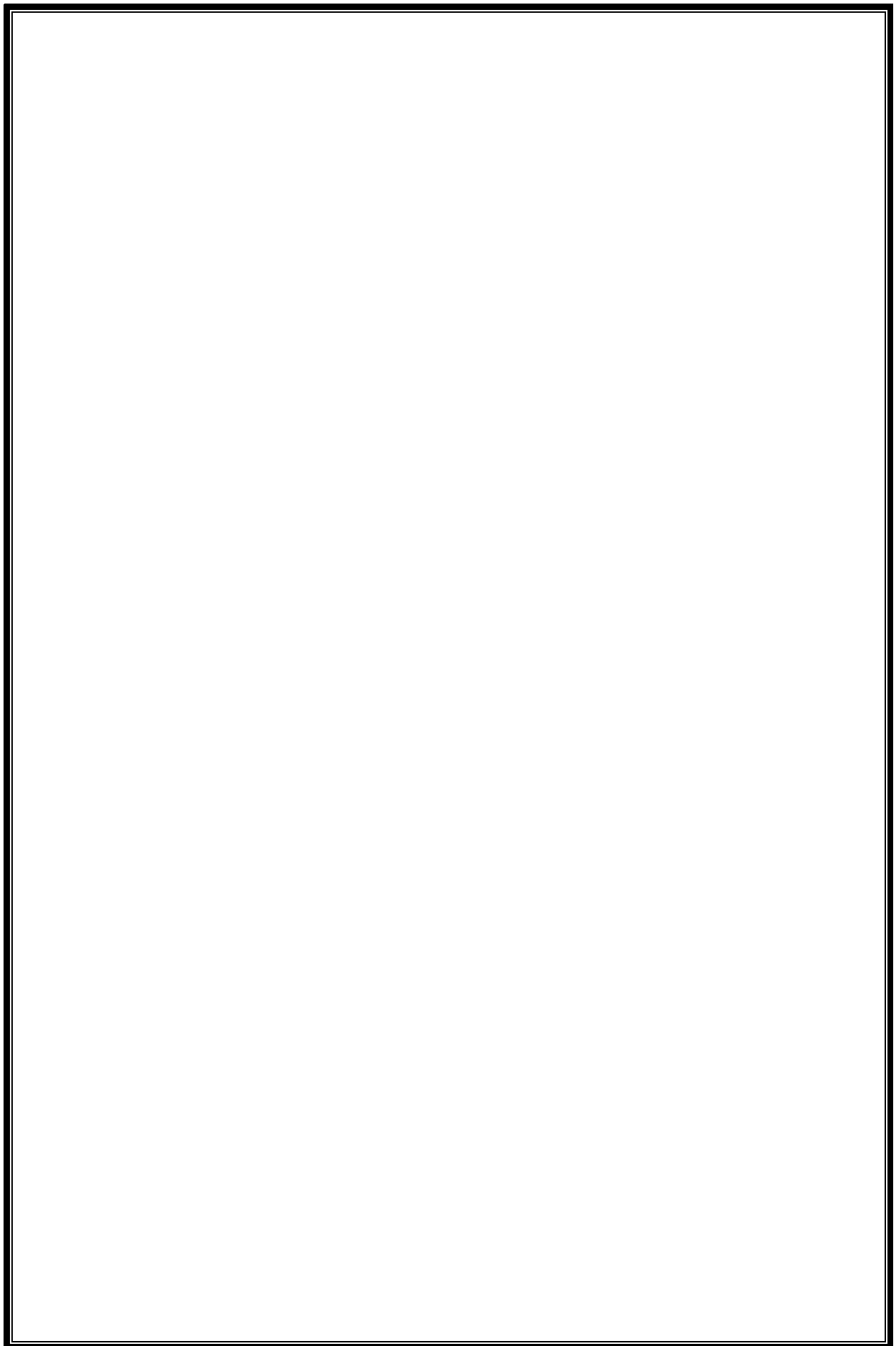
Notes to the Financial Statements

2	Property, Plant & Equipment										in Rs.
	Land	Building & Improvement	Motor Vehicles	Furniture & Fittings	Training Equipments	Office Equipments	Electrical Equipments	Computer Equipments	Plant & Machinery	Total	
Cost or Valuation											
At the beginning of the year	1,657,328,701.92	2,130,374,423.77	64,027,793.47	56,870,406.46	218,183,293.03	18,555,647.96	1,771,542.57	67,262,941.64	49,070,648.00	4,263,445,398.02	
Additions during the year	50,620,953.00	305,853,289.37	70,214,269.65	80,036,801.78	405,272,108.86	39,210,296.31	145,595.24	101,860,391.29	8,881,986.49	1,062,095,691.99	
At the end of the year	1,707,949,654.92	2,436,227,713.14	134,242,063.12	136,907,208.24	623,455,401.89	57,765,944.27	1,917,137.81	169,123,332.93	57,952,634.49	5,325,541,090.81	
Accumulated Depreciation											
At the beginning of the year	0.00	106,518,721.16	16,006,948.37	5,687,039.88	43,636,658.56	1,855,564.66	354,308.52	13,452,588.34	9,814,129.60	196,971,650.57	
Charge for the year	0.00	116,485,449.60	29,558,778.69	13,122,016.84	115,963,748.67	5,591,037.96	312,565.86	31,134,148.92	9,627,700.98	308,673,430.68	
At the end of the year	0.00	223,004,170.76	45,565,727.06	18,809,056.72	159,600,407.23	7,446,602.62	666,874.38	44,586,737.26	19,441,830.58	505,645,081.25	
Written Down Value											
As at 31st December 2010	1,707,949,654.92	2,213,223,542.38	88,676,336.06	118,098,151.52	463,854,994.66	50,319,341.65	1,250,263.43	124,536,595.67	38,510,803.91	4,806,419,684.20	
As at 31st December 2009	1,657,328,701.92	2,023,855,702.61	48,020,845.10	51,183,366.58	174,546,634.47	16,700,083.30	1,417,234.05	53,810,353.30	39,256,518.40	4,066,119,439.73	

The land and Building related to USAID constructed building and Dept, Labour transferred. Properties have been recounted on cost value. The difference raised in the adjustment has been charged to differed income and revaluation surplus respectively.

<u>Cost or Valuation</u>			
<u>Assets category</u>	<u>Opening Balance before adjustment</u>	<u>Adjustment made</u>	<u>Opening Balance after adjustment</u>
Land	1,653,842,701.92	3,486,000.00	<u>1,657,328,701.92</u>
Building & Improvement	1,333,326,928.48	797,047,495.29	<u>2,130,374,423.77</u>
Total	<u>2,987,169,630.40</u>	<u>800,533,495.29</u>	<u>3,787,703,125.69</u>

<u>Depreciation</u>			
<u>Assets category</u>	<u>Opening Balance before adjustment</u>	<u>Adjustment made</u>	<u>Opening Balance after adjustment</u>
Building & Improvement	66,666,346.40	39,852,374.76	<u>106,518,721.16</u>
Total	<u>66,666,346.40</u>	<u>39,852,374.76</u>	<u>106,518,721.16</u>



Notes to the Financial Statements

2.2 Unvalued Land & Buildings

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

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

The valuation of the above Land & buildings will be accounted in the year 2011

2. The buildings constructed on USAID donations have been completed in year 2008. An adjustment has been made against the revaluation of USAID donated Buildings to increase its actual cost incurred.

3. The following Buildings are constructed on funds from skill Development Project at lands which are not belongs to VTA . The valuation of the above land & building will be included in year 2011.

- Vocational Training Center Bingiriya - Kurunegala
- Vocational Training Center Veyangoda - Gampaha
- Vocational Training Center Yakkalamulla - Galle
- Vocational Training Center Niyagama - Galle
- Vocational Training Center Ruwanwella - Kegalle
- Vocational Training Center Kantale - Trincomale
- Vocational Training Center Hambanthota - Hambanthota
- Vocational Training Center Waskaduwa - Kalutara
- Vocational Training Center Haldumulla - Badulla
- Vocational Training Center Welimada - Badulla
- Vocational Training Center Wellawaya - Monaragala
- Vocational Training Center Bibila - Monaragala
- Vocational Training Center Mihinthale - Anuradhapura
- Vocational Training Center Galnewa - Anuradhapura
- Vocational Training Center Thabuththegama - Anuradhapura
- Vocational Training Center Rajanganaya - Anuradhapura
- Vocational Training Center Minneriya - Polonnaruwa
- Vocational Training Center Yatiyanthota - Kegalle
- Vocational Training Center Kilinochchi - Jaffa
- Vocational Training Center Rathmalana - Colomo

4.The cost value Rs 343,911,343.95 of building projects constructed by USAID donations are accounted in the books of accounts on the basis of "substance over form" in SLAS 18. The legal ownership of those lands was not transferred.

5. The value of following properties transferred from Dept, of labour which has been accounted on cost basis.

- Kalthota
- Ruwanwella
- Batticaloa
- Gampola

6. The following Motor Vehicle used by VTA which has not been valued as the legal Ownership of them were not transferred. The Valuation of these vehicle will be accounted in the year 2011

- | | |
|------------|--------------|
| • 18-5640 | • 64-1602 |
| • 301-8720 | • 32-2835 |
| • 54-9655 | • 32-2837 |
| • 56-4622 | • 33-9402 |
| • 56-1622 | • 64-9724 |
| • 56-4644 | • 64-3186 |
| • 56-4647 | • 31-6449 |
| • 53-5210 | • 63-0316 |
| • 53-0490 | • 62-2015 |
| • 53-6168 | • 62-4815 |
| • 32-2836 | • 26-8167 |
| • 31-3142 | • WP QD-3612 |

Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs.	Rs.
3	<u>Capital Work in Progress</u>		
Anuradhapura		4,866,475.13	3,435,435.15
Kegalle		1,128,036.42	0.00
Head Office		2,925,677.29	0.00
Kandy		2,293,085.99	0.00
Hambantota		0.00	5,109,274.20
Narahenpita		2,174,806.09	0.00
Kalutara		4,351,994.06	0.00
Galle		2,124,132.91	0.00
Marawila		0.00	1,267,448.24
Niyagama		0.00	4,200,400.00
Matara		0.00	551,112.82
Nuwara Eliya		652,214.32	0.00
Gampaha		1,311,971.00	0.00
Matale		898,918.24	0.00
Batticaloa		1,183,429.25	0.00
Colombo		1,370,790.02	0.00
Badulla		0.00	449,993.70
Ampara		<u>0.00</u>	<u>853,524.08</u>
		<u>25,281,530.72</u>	<u>15,867,188.19</u>
4	<u>Inventories</u>		
Training Materials		13,189,406.63	17,512,596.93
Stationary		4,205,879.34	3,323,518.22
Raw Materials (Printing)		854,351.80	1,098,252.60
Other Consumables		<u>6,274.00</u>	<u>57,746.00</u>
		<u>18,255,911.77</u>	<u>21,992,113.75</u>

* Value of stocks as at 31.12.2010 at Galle and Jaffna Districts has not been taken to the accounts

5 Receivables

Advances for programs	2,149,206.14	400,006.64
Deposit for compansation	485,778.72	485,778.72
Deposits	102,000.00	602,000.00
Ministry of Vocational Training & Rural Industrial	4,097,520.24	4,097,520.24
Miscellaneous Debtors	10,000.00	10,000.00
Shortage of income	224,030.00	81,130.00
Receivable course fees	17,847,467.50	12,200,215.00
Prepayments	1,202,837.70	1,094,901.49
Receivable Income	725,095.56	2,396,302.02
Ministry of yourth affirs	21,173,175.36	0.00
Receivable project fund	2,873,221.56	3,213,992.46
Salary Advance	30,000.00	0.00
State Organizations	4,144,544.97	4,144,544.97
Trade & Other receivables	<u>5,682,781.59</u>	<u>2,857,328.40</u>
	60,747,659.34	31,583,719.94
Less:- Provision for Bad Debts	<u>11,122,447.04</u>	<u>11,122,447.04</u>
	<u>49,625,212.30</u>	<u>20,461,272.90</u>

Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs.	Rs.
6 <u>Staff Loans</u>			
Balance at the beginning of the year	34,216,430.09	22,897,684.20	
Add: Loans granted during the year	<u>28,584,032.16</u>	<u>34,779,480.96</u>	
	62,800,462.25	57,677,165.16	
Less: Repayments during the year	<u>24,986,951.63</u>	<u>23,460,735.07</u>	
Balance at the end of the year	<u>37,813,510.62</u>	<u>34,216,430.09</u>	

7 Cash & Cash Equivalents

Cash in transit	21,738,350.33	523,168.47
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Gold coins	7.1	73,200.00	65,450.00
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Cash at Banks

Peoples Bank	68,297,443.28	42,555,297.44
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Bank of Ceylon	349,414.31	1,007,995.37
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Commercial Bank	21,407,864.31	4,607,958.78
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Petty Cash Imprest		81,529.25
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Cheque in hand	971,333.76	1,694,447.55
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Cash in hand	<u>57,715.01</u>	<u>59,947.00</u>
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	<u>112,895,321.00</u>	<u>50,595,793.86</u>
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- 7.1 Two gold coins has received as rewards from Seylan Bank. Each gold weight is 8.02 gram and each gold value is 22.03 karat.

8 Government Grant - Capital

Balance at the beginning of the year	22,166,071.75	40,788,973.76
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Add: Grants received during the year	<u>230,000,000.00</u>	<u>103,200,000.00</u>
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	252,166,071.75	143,988,973.76
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Less: Transfers to Differed Income Grant	<u>195,699,373.63</u>	<u>121,822,902.01</u>
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Balance at the end of the year	<u>56,466,698.12</u>	<u>22,166,071.75</u>
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Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs.	Rs.
9	<u>Differed Income Grant</u>		
Balance at the beginning of the year		2,150,682,802.84	3,294,451,652.85
Add: Transfers during the year	9.1	<u>1,068,949,391.92</u>	<u>184,327,438.87</u>
		<u>3,219,632,194.76</u>	<u>3,478,779,091.72</u>
Less: Amortized for the year		321,795,447.52	157,473,584.33
		<u>2,897,836,747.24</u>	<u>3,321,305,507.39</u>
Less: Opening Balance Adjustment	9.2	0.00	1,170,622,704.55
Balance at the end of the year		<u>2,897,836,747.24</u>	<u>2,150,682,802.84</u>
9.1	Transfers to Differed Income		
Government Grant - Capital		195,699,373.63	121,822,902.01
Other Grants		<u>873,250,018.29</u>	<u>62,504,536.86</u>
		<u>1,068,949,391.92</u>	<u>184,327,438.87</u>
9.2	Adjustment to Differed Income Grant		
Rs. 1,170,622,704.55 has been adjusted to opening balance of Differed Income Grant for the correction of entries in revaluation to note 2.1			
10	<u>Revaluation Surplus</u>		
Balance at the beginning of the year		2,319,991,544.97	0.00
Add: Opening Balance Adjustment		<u>0.00</u>	<u>2,319,991,544.97</u>
Balance at the end of the year		<u>2,319,991,544.97</u>	<u>2,319,991,544.97</u>
11	<u>Provision for Gratuity</u>		
Balance at the beginning of the year		138,979,598.75	114,058,468.13
Add: Charge for the year		<u>19,197,253.12</u>	<u>29,093,605.61</u>
		<u>158,176,851.87</u>	<u>143,152,073.74</u>
Less: Payments during the year		<u>7,267,008.82</u>	<u>4,172,474.99</u>
		<u>150,909,843.05</u>	<u>138,979,598.75</u>
Less: Accrued 2010/2011		<u>18,218,290.55</u>	<u>0.00</u>
Balance at the end of the year		<u>132,691,552.50</u>	<u>138,979,598.75</u>

Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs .	Rs .
12	<u>Payables</u>		
Audit Fees		400,000.00	400,000.00
Cashier Deposit		25,000.00	25,000.00
Cheque cancelled		0.00	324,273.15
Compensation (S.M.A.Construction)		0.00	979,507.80
Current Accounts		0.00	300,000.00
Daily diary printing (Printing School)		0.00	169,632.32
Employee Provident Fund		5,626,557.52	5,838,059.81
Employee Trust Fund		842,502.48	875,859.13
Deposit		119,500.00	249,500.00
Keen Mission		0.00	781,238.04
Lecture fees		776,310.00	1,810,128.75
Other Creditors		26,970,146.11	4,405,000.40
Project funds Payable		31,762,009.30	14,788,576.01
Ranmalee Associated		100,000.00	175,000.00
International Pvt Ltd			
Received in Advance		520,000.00	799,000.00
Refundable Tender Deposit		2,630,786.99	2,278,199.88
Retention Money		7,114,339.93	7,008,249.28
Staff Incentive payable		83,410.00	39,730.00
Stationary		13,500.00	268,699.13
Trade Creditors		28,465,657.13	20,291,621.87
Unpaid Salary & Wages		1,423,627.54	1,660,843.23
W & O.P		0.00	355,307.97
Withholding Tax		<u>1,054,014.37</u>	<u>1,241,254.79</u>
		<u>107,927,361.37</u>	<u>65,064,681.56</u>

Notes to the Financial Statements

	2010	2009
	Rs.	Rs.
13 <u>Accrued expenses</u>		
Carrier Guidance	36,555.00	39,350.00
Electricity	1,053,590.44	1,220,293.34
Examination & Evaluation	246,017.10	1,069,963.54
Fuel & Lubricant	32,650.00	53,200.00
Gratuity	18,218,290.55	0.00
Part Time Expenses Payable	1,022,279.36	565,366.00
Janitorial Services	21,200.00	148,083.00
Job Placement	70,000.00	174,500.00
Maintenance	424,468.59	514,701.60
News papers & periodicals	6,880.00	28,050.00
Other	848,084.26	289,815.50
Other Allowance	127,600.00	95,493.29
Overtime & Holiday pay	326,971.63	132,514.53
Quality Management Payable	0.00	38,500.00
Postage	59,262.06	45,443.10
Promotional Activities	408,636.00	148,794.00
Rent, Rates & Taxes	243,000.00	144,000.00
Season tickets	982,667.84	842,066.35
Security Charges	516,986.40	381,105.00
Staff Training	0.00	760,750.00
Stipend	1,746,434.29	1,306,774.51
Telephone	1,351,559.16	594,688.38
Transport	21,400.00	87,710.00
Travelling	228,620.06	111,468.93
Vehicle hire charges	118,804.00	146,877.07
Water	419,977.00	<u>415,839.67</u>
	<u>28,531,933.74</u>	<u>9,355,347.81</u>

Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs.	Rs.
14	<u>Other Income</u>		
Auction Income		906,094.00	425,278.48
Course fees		57,661,909.80	52,847,549.50
Daily diary Income		0.00	2,138,250.00
ED programmes		50,100.00	19,000.00
Exam fees		0.00	74,262.00
Fines		129,841.00	210,546.49
Finish goods		16,015.00	0.00
Gold Coin Income		7,750.00	7,984.00
Hall Income		937,875.00	1,052,815.00
Hostel Fees		315,200.00	103,967.24
Insurance claim		0.00	598,355.95
Katharagama circuit Bangalow		119,100.00	51,600.00
Loan Interest		1,359,453.19	956,418.84
Miscellaneous		1,902,099.97	1,375,911.79
Non Refundable Tender deposit		395,500.00	513,345.00
Record Book Income		0.00	1,074,150.00
Registration fees		4,947,250.00	4,557,667.00
Rent		1,008,000.00	940,750.00
Supply Registration		<u>86,175.00</u>	<u>104,475.00</u>
		<u>69,842,362.96</u>	<u>67,052,326.29</u>

Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs.	Rs.
15 <u>Production Unit Income</u>			
Abeypusa		0.00	147,814.22
Academy of Hair & Beauty		1,182,834.06	1,785,442.82
Aluminium Partition		0.00	(127,175.74)
Carpenter		76,865.50	3,413.50
Exam Fees		70,302.25	786,655.00
Hotel School		451,165.00	309,934.00
Koggala		(47,503.00)	38,434.75
Lands Caping		0.00	900.00
Maintanace		0.00	25,078.13
Other		293,610.06	166,206.77
Part time		5,898,339.26	14,965,418.90
Printing School -Galle		6,940.88	(96,535.40)
Printing School -Narahenpita		1,190,293.79	1,980,077.60
Repair of A/C & Refrigerator		0.00	6,960.26
Repair of Computers		0.00	(10,877.03)
Repair of Vehicle		0.00	70,821.68
Trade test		587,340.25	676,737.57
Vehicle Service		212,181.10	23,365.48
Record Book Expenses		1,751,648.14	0.00
Welding		<u>0.00</u>	<u>0.00</u>
		<u>11,,674,017.29</u>	<u>20,752,672.51</u>

Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs.	Rs.
16	<u>Funds on Special Projects</u>		
HMTI Project		0.00	10,825,031.54
Inter Labour Organization		1,627,104.75	31,542.00
Mahinda Chinthana		0.00	91,950.00
Manik Farm		0.00	8,513,516.07
NECCDEP Project		0.00	1,900,104.10
Niyagama Special Project		71,036,019.49	550,935.34
Other Project		1,238,404.65	1,152,455.50
PLAN Project		0.00	69,000.00
Secretarial Practise Programme		0.00	914,317.50
LC Disability Resource Centre		67,672.00	0.00
TVEC		79,650.00	0.00
World Vision		468,327.55	0.00
WUSC		12,814,540.04	4,514,665.94
Youndiriya		<u>0.00</u>	<u>1,507,173.22</u>
		<u>87,331,718.48</u>	<u>30,070,691.21</u>
17	<u>Staff Cost</u>		
E.P.F. & E.T.F.		48,961,748.75	47,999,247.69
Other Allowance		390,150.00	593,945.25
Pension Contribution		77,217.79	138,271.54
Salaries & overtime		435,583,925.03	412,051,956.99
Staff Gratuity		<u>19,630,555.12</u>	<u>29,093,605.61</u>
		<u>504,643,596.69</u>	<u>489,877,027.08</u>

Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs .	Rs .
18	<u>Travelling</u>		
Domestic		4,768,576.44	4,780,931.11
Foreign		<u>69,176.40</u>	<u>1,553,829.71</u>
		<u>4,837,752.84</u>	<u>6,334,760.82</u>
19	<u>Supplies and Other Consumables</u>		
Stationary & Office Requisites		6,295,142.12	9,607,164.31
Fuel & Lubricant		9,098,599.26	8,212,733.06
Others		<u>316,847.19</u>	<u>592,352.31</u>
		<u>15,710,588.57</u>	<u>18,412,249.68</u>
20	<u>Maintenance</u>		
Vehicle		8,894,714.98	7,774,834.15
Plant & Machinery		4,324,387.43	5,440,839.20
Building		<u>5,660,731.31</u>	<u>9,459,506.15</u>
		<u>18,879,833.72</u>	<u>22,675,179.50</u>
21	<u>Contractual Services</u>		
Audit Fees		272,769.75	480,858.00
Advertisement		670,239.52	1,640,694.00
Consultation and Professional Fees		95,000.00	5,305,190.00
Electricity		31,564,959.06	29,081,623.15
Hire Charges		1,432,909.93	3,639,317.14
Insurance		1,862,383.54	1,162,918.86
Janitorial service		2,878,745.41	3,008,177.78
News Papers & Periodicals		387,779.00	536,343.50
Postal Charges		959,804.03	1,010,928.79
Rent		2,426,537.17	1,892,968.61
Security Charges		9,099,996.01	7,976,831.28
Staff Welfare & Other		37,237.20	209,787.50
Telephone Charges		7,124,641.85	5,665,822.37
Transport		1,594,682.87	2,464,848.77
Water		<u>7,083,374.59</u>	<u>5,717,955.91</u>
		<u>67,491,059.93</u>	<u>69,794,265.66</u>

Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs.	Rs.
22	<u>Job placement, Research & Entrepreneurship</u>		
Curriculum Development		313,978.00	1,206,130.00
On the Job Training & Monitoring		164,780.69	1,497,934.27
Entrepreneurship Programs		1,614,141.00	879,648.00
Job Placement		967,964.75	869,171.57
Private public partnership		560,607.00	341,461.00
Research & Tracer Study		<u>103,622.00</u>	<u>434,143.00</u>
		<u>3,725,093.44</u>	<u>5,228,487.84</u>
23	<u>Other Operating Expenses</u>		
Tools & Consumables		4,937,383.15	0.00
Bad Debts		2,415,750.00	0.00
Examination & Evaluation		4,812,648.47	6,132,208.27
Honorarium		590,443.89	752,875.96
IT Examination Fees		170,250.00	208,200.00
Legal Fees		981,437.00	173,838.99
Miscellaneous		2,615,969.53	1,633,525.58
Quality Management Accreditation		690,038.50	1,170,509.09
Season Tickets		5,935,971.11	6,998,717.38
Special Training Programme		476,785.50	2,307,829.00
Stipend Allowance		19,291,465.62	23,281,039.68
Training Materials		<u>70,169,906.10</u>	<u>77,422,554.10</u>
		<u>113,088,048.87</u>	<u>120,081,298.05</u>

Notes to the Financial Statements

	<u>Note</u>	2010	2009
		Rs.	Rs.
24	<u>Expenditure on Special Projects</u>		
HMTI Project		0.00	10,825,031.54
Inter Labour Organization		1,627,104.75	31,542.00
Mahinda Chinthana		0.00	91,950.00
Manik Farm		0.00	8,513,516.07
NECCDEP Project		0.00	1,900,104.10
Other Projects		1,238,404.65	1,152,455.50
PLAN Project		0.00	69,000.00
Secretarial Practise Programme		0.00	914,317.50
LC Disability Resource Centre		67,672.00	0.00
TVEC		79,650.00	0.00
World Vision		468,327.55	0.00
Niyagama Special Project		71,036,019.49	550,935.34
WUSC		12,814,540.04	4,514,665.94
Youndiriya		<u>0.00</u>	<u>1,507,173.22</u>
		<u>87,331,718.48</u>	<u>30,070,691.21</u>
25	<u>Finance Cost</u>		
Bank Chages		<u>468,291.73</u>	<u>354,811.08</u>
		<u>468,291.73</u>	<u>354,811.08</u>

Notes to the Financial Statements

26. Revaluation loss Rs. 388,687,719.89 was erroneously posted to differed income account is corrected in 2010 by making adjustment to the accumulated surplus / deficit account.

27. Commitments and Contingencies

a) Litigation against the Authority

The court cases pending were as follows

	<u>31.12.2010</u>	<u>31.12.2009</u>
Provincial High Court of Appeal	01	---
Supreme Court	---	02
Appeal Court	---	01
District Court	02	03
Labour Tribunal	---	01
Human Rights Commission	---	03
Department of Labour	---	01
Arbitration Centre	---	---
	03	11
	==	==

b) Capital Commitments

There were no material capital commitments as at 31.12.2010

VOCATIONAL TRAINING AUTHORITY OF SRI LANKA
AUDITR & MANAGEMENT COMMITTEE
PERFORMANCE 2010

1) Committee Members

Mr.D.U.S.Wickremarachchi	Chairman of the Committee	} till April 2010
Mr.Titus Jayawardena	Member of the Committee	
Mr.G.R.Perera	Member of the Committee	

Mr.U.G.K.Samarasekara	Chairman of the Committee	} after April2010
Mr.Herath Yapa	Member of the Committee	
Mr.Nimal Weeratunga	Member of the Committee	

2) No. of Meetings held during the year – 02

Following are some of the important decisions taken by the Audit & Management Committee in 2010.

1. When preparing the List of Fixed Assets inclusion of the value of fixed assets which do not belong to the Authority but vested in the Authority in various ways.
2. Taking action to prepare a hand book relating to disciplinary procedure parallel to the hand book prepared with regard to the administrative matters of the Authority.
3. Taking early action to answer audit queries made during the past 3 years which remain unanswered.

15-09-2010

Auditor General,
Auditor General's Department,
Independence Avenue,
Colombo 7

**Report of the Auditor General on the Financial Statements of the
Vocational Training Authority of Sri Lanka for the year ended 31 December
2010 in terms of Section 14 (2) C of the Finance Act, No. 38 of 1971**

The following answers are presented to you on the Audit Inquiry no. JF/H/VTA/FA/10, dated 19-08-2011, forwarded to us by you on the above matter.

1.2 Responsibility of the Management for the Financial Statements

It is accepted that the Management is responsible for the preparation of the financial statements in accordance with the relevant Accounting standards and preparation of the financial statements that are free from material misstatements whether due to fraud or error, and designing, implementing and maintaining internal control, fair preparation of accounting estimates.

2.2 Comments on the Financial Statements

2.2.1 Not accepted.

The trial balance combined with the head office ledger was presented on 02/03/2011. A detailed trial balance was requested by the Audit division on 03/05/2011 in addition to this and it was handed over on 06/05/2011.

The books, schedules and files requested by the Audit division were submitted for audit and answers can be provided if it is specifically mentioned as to what other books were not produced.

2.2.2 (a) Not accepted.

Budget allocations are not made for the printing of journals and record books. These books are printed by the revenue accrued by selling them. If there is any profit from the selling of those books, that profit is indicated in the income and expenditure account.

Revenue accrued from the selling of books in each district is indicated separately in district accounts and the expenses incurred by the head office for the printing of these books when preparing the final accounts is deducted from that sales revenue and has been correctly indicated in the revenue account as the net revenue.

(b) Though this has been mistakenly copied in the profit and loss account it has not made any affect on the net outcome of the original statements.

(c) Not accepted.

As no loss in this regard has been specifically identified it has only been revealed by the notes of the accounts.

(d) Not accepted.

Rs. 33.7 millions has been balanced in the accounts as the value of buildings that were destroyed by Tsunami. (Journal notes 183) Lands, buildings and motor vehicles are revealed in account notes and steps will be taken to enter them in accounts after the transfer of property rights.

(e) This report could not be presented due to a defect in the computer system. But steps will be taken to present it in future.

2.2.3 Shortcomings in accounts

(a) The amount entered in the working progress accounts that has been incurred for the renovation of the fifth floor will be corrected in the accounts of the year 2011.

(b) The Centre Rapid Development Projects have initiated these development activities in the month of December 2010 and payments had been made after the completion of those activities which are balanced in the final accounts of the year 2010. Accordingly all the development activities have been commenced in the year 2010.

(c) Not accepted.

The amount of VAT due from the two companies which constructed the training centres under US aids has been entered under the credit of the account.

(d) Not accepted.

The expenses incurred by us are entered in the accounts and steps will be taken to enter them in accounts upon reassessment after the transfer of these vehicles.

(e) Steps will be taken to correct this in the accounts of the year 2011.

(f) The retained tax upon payments has been entered in the due order and steps have been taken to reimburse them to the Inland Revenue Department.

(g) Not accepted.

Capital allocations have not been used to purchase this computer software.

(h) Not accepted.

The value of the buildings that is provided to us by the Niyagama project has been correctly entered into the accounts.

(i) A substantial amount from the total amount to be recovered for the no-pay leaves as mentioned in the audit inquiry has been recovered by 31/12/2010. Though the balance amount is not a due amount by the accounts of 31/12/2010, all the amounts indicated upto now have been recovered.

(j) We can not agree on the amount due from officers mentioned in the audit inquiry and steps will be taken to recover that amount from the relevant officers after it is correctly calculated.

(k) Not agreed.

This condition is not reflected in the recurrent expenses accounts of each district in the year under review. (The building maintenance ledgers of each district are attached herewith.)

2.2.4 Unreconciled Accounts

(a) Not accepted.

The financial statements do not reveal the difference between the value of buildings shown in the financial accounts and the value as per assets revaluation.

(b) Not accepted.

There is no difference between the total sum of the balance of the bank current accounts mentioned in the financial statements and balance in cash books as you have indicated.

(c) The sum of Rs. 361,647,822 that is entered in the deferred revenue of the financial statements has also been entered under depreciations and it does not have any affect on the total financial result. It is accepted that the way this be presented should be corrected.

2.2.5 Unidentified balances

The capital grants received from the Treasury has been added to the balance of the capital grants account brought forward from the last year and they will be spent for the capital affairs of this year and the balance amount is not returned to the Treasury by the end of the year. That balance will be used for the capital purchasing of the next year.

2.2.6 Accounts Receivable and Payable

- (a) There are several very old debtor balances included in the debtor balance totaling Rs. 60,747,659.34 and Rs. 11,122,447.04 from that value has been included as doubtful debts and steps will be taken to writ off that amount in future.
- (b) Since the officers who are relevant to the advance amount of Rs. 129,773 are not in the service at the moment, it has been difficult to obtain information in this regard. But this balance will be covered within next year with the approval of the Board of Directors. The total balance of the advances has been paid off.
- (c) A sum of Rs. 11,122,447.04 has not been written off from accounts as bad debt and it has only been reserved as doubtful debt with the approval of the Board of Directors.
- (d) We have in our possession the files we had presented to the Ministry on these balances and the value mentioned in the financial statements is accurate accordingly.
- (e) There are no outdated balances within the creditor balance of Rs. 28,465,657 which is included in the payable balances.
- (f) Steps will be taken to settle these amounts in the year 2011.
- (g) The sum of Rs. 1,962,181 due by the German Technological Institute (GTZ) to the project has not been claimed by that project and steps will be taken to enter that amount as income for the next year.
- (h) This is not reflected in the account statements.
- (i) These unpaid salaries will be adjusted in the accounts of this year.

2.2.7 Lack of Evidence for Audit

Not accepted.

Property Plant Equipment/ Computer Hardware and Software

The Fixed Assets Register of the Vocational Training Authority of Sri Lanka has been maintained by a computer system and as there are a large number of fixed asset items, there is a difficulty to obtain their printed copies. But details of every purchase of fixed assets in all the years are presented to the audit by now.

The details on the purchase of fixed assets in the year 2010 have been presented to the audit on 08/03/2011 and the list of fixed assets can be examined at any moment via the internet.

Reports were prepared on stock and fixed assets by verifications at the end of every year and the stock verification reports were called to the head office to confirm the stock balance of the Final Accounts. These reports were presented for audit as the Fixed Assets Verification Reports were not presented for audit in the previous year and they were not requested by the audit in the year 2010. Fixed Assets Verification Reports of some districts have been received by the head office for examination. And steps can be taken to call for the other verification reports in future if required.

Lands

The title deeds of all the lands that belong to the Authority are in the administration division and they had been produced at every time as requested by the audit.

Work-in- Progress

Reports on the continued work had been produced to the audit on 08/03/2011. The detailed files on them are with construction division and can be produced at any required instance.

Fixed deposits

This fixed deposit is the bond deposit of the cashier of the head office and its fixed deposit certificate can be produced at any required instance.

Stock

Reports have been prepared after stock verification at the end of every year and the district stock verification reports and head office stock verification reports have been presented for audit.

Receivable Balance

Detailed reports on the receivable balances have been provided to the audit at every requested instance and you have also presented audit inquiries based on these reports. (JF/F/VTa/AQ/2010/42)

Employee Board Loans

The detailed registries on the employee board loans have been produced for audit on 08/03/2011.

Cash in Transit

The detailed schedules for this are prepared and they have been produced for audit on 08/03/2011.

Bank balance- People's Bank

The combined balance sheet has been prepared and produced for audit.

Bank balance- Commercial bank- Bank balance- Bank of Ceylon

Written requests have been sent to the relevant banks to receive balance verifying letters. The audit division directly receives those balance verifying

letters and all the balance verifying letters received by us have been provided for audit.

Cheques in Hand

The Accounts division has all the details on the cheques in hand and they can be produced at any instance.

Allocation of remuneration

The remuneration schedules with regard to the allocations of remunerations have been presented for audit on 08/03/2011.

Payable Balances

The relevant schedules on payable balances and the creditor time analysis have been presented for audit and you have also provided audit inquiries based on those reports.

Accumulated expenses

The detailed schedules on the accumulated expenses have been provided for audit on 08/03/2011.

Other revenue

The receipts with regard to the other revenue of the head office have been presented for audit on 10/05/2011 and the district office receipts can be produced for audit depending on the requirements.

Transport expenses/ Supplies and other consumer expenses/ maintenance expenses/ contract services/ Expenses for job based research and entrepreneur special projects/ revenue, financial expenses

The cash books, paying vouchers and ledgers on these expenses have been presented for audit on 10/05/2011.

Legal fees

Case details and files are in the custody of the secretary of Board of Directors and can be forwarded at required instances.

2.2.7

(a) These allocations were used for the development of the centres and the expenditure estimates for them have been prepared. The district centres were renovated according to them.

(b) Not accepted.

All the information on the 212 journals of the year under review has been presented and the discrepancies have also been noted. Further information on this has also been presented with the letter dated 13/06/2011.

(c) Financial Statements, Income and Expenditure Cash books, Journal Notes, Ledger and Bank Reconciliation Reports of the national and district centres, have been submitted for audit.

(d) Correcting the incorrect entering of the amount earned by the district office as revenue not as revenue.

2.2.8 Not providing answers to the audit inquiries and requests for information

(a) Eight of the audit inquiries out of 41 in the year 2010 were presented by 30th of

June 2011. Answers to 13 audit inquiries were presented by 7th September 2011.

Five of the audit inquiries out of 10 in the year 2009 were presented by 30th June 2011.

Three of the audit inquiries out of 10 in the year 2008 were presented by 30th June 2011.

(b) Steps will be taken to provide answers to the letters of request of information needed for the audit.

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

(a) Accepted.

(b) As per the Payment of Gratuities Act, No. 12 of 1983 employees of the Vocational Training Authority are at service in all the offices around the island and after an employee has left the service, a considerable time is spent to obtain information about the sum of money that is due from that employee to the Authority.

It is hereby informed that prompt steps will be taken in future to obtain information of employees who leave the service and provide them with gratuities within one month of his leaving as per the Payment of Gratuities Act, No. 62 of 1992.

(b) According to Financial Regulations this amount has been spent for the development of the centres and they are adjusted in accounts as capital expenditures. Apart from the balance of Rs. 129,773 from the Advance Accounts Balances that is shown in the Final Accounts, the remaining balances are duly settled. Bank Reconciliations have been prepared on due dates and they can be produced for audit at any required instance.

After the accident of the cab vehicle numbered 59-0267 that belongs to the Ampara district office, it has been decided to recover money from the responsible officers by the appointment of a committee.

Necessary actions have been taken with the approval of the Board of Directors to proceed with regard to the accident of the vehicle numbered 19-9958.

Steps have been taken to provide the running charts of 23 vehicles out of 58 inquired vehicles after they were requested by the government audit division in the year 2010. They have not made any request for the remaining 35 running charts and the running charts can be provided at any instance. Likewise we have taken steps to provide the running charts of the year 2011 to the government audit division at every three month without their request.

(d) It is accepted that according to the Circular dated 11 October 2002, vehicles should be hired on the maximum rent of Rs. 40,000 per month. However, as the prices of vehicles are higher at present than 2002, it is accepted that there were instances on which this maximum rent limit had to be exceeded. The vehicles numbered 50-4858 and 64-6565 were not hired by our institute. The vehicle numbered 65-8998 is removed from hire at present.

(e) Not accepted.

This is a highly irresponsible statement. Actions have been taken to perform in accordance with the institutional Circulars by the use of the Procurement Guidelines which were used as the guidelines for our constructions. The inquired matters have been fulfilled.

(f) It is shown that the government auditors do not have an understanding about the nature of the institute that is under their review. The Public Administration Circulars are not applicable to state statutory authorities. However for the benefit of the institute a committee has been appointed with my approval to examine the fuel consumption of vehicles and further steps will be taken.

(g) Official vehicles are reserved for four Directors and the Media Coordinator for official purposes. A vehicle is released for the Media Coordinator for media matters. The Vocational Training Authority of Sri Lanka is an A Grade institute and it is the largest institute to supply skilled workers to the job market. We are producing annually an amount of 25,000 apprentices after the successful completion of training courses and even the whole university system only releases annually a less number than this amount. However transport facilities have also been provided for officers below the rank of Directors for official purposes in other semi- governmental institutions.

(h) The vehicle reserved for the Director (Finance) is hired on monthly rental

basis. Its contractual running distance is 2500 KM and Rs. 18 is charged for every additional kilo meter. Therefore the vehicles numbered 59-0289 and 64-0565 are deployed for the official purposes of the Director (Finance) with the aim of retaining their running distance within the contractual running distance of 2500 KM.

The vehicles numbered PB-6243 and KI-2564 were used by me on days when my official vehicle numbered KI-3601 was sent for repair to the agent company. In addition to this, these two vehicles had been used for official duties outside office of the other officers.

Apart from the vehicles reserved for the Deputy Chairman, the reserved vehicles numbered PB-6243 and KI 2564 had been used alternatively at times when his official vehicles were under repair. And the above two vehicles were also used for official duties outside office.

(i) This Public Administration Circular does not apply to our institute which is an Authority. However the former Chairman's approval had been taken for this.

(j) The Establishment Code

(k) (i) The relevant officers have been released for those institution as per the written requests made by the President's Secretariat and Secretaries of the Ministries.

(ii) The Vocational Training Authority is not a government department. It is not entitled to any government holidays. Therefore the Establishment Code is not applied and though we have volunteered to use it as a guide, we are not bound by it. Only the Shops and Office Employees Act applies to us. Therefore the payment of 1 ½ hour over time for one hour based on that, is correct.

(iii) We have not yet produced this type of report to the Auditor General.

(iv) Not agreed.

The guarantor's 40% limitation from salary is a compulsory requirement when employees' apply for loans.

3

3.1.2 (a) Not agreed.

This total amount has been paid in the year 2010 under the approval of the Board of Directors with a direction by the Court.

(b) The total payment has not been made yet and the steps will be taken to recover the total retained tax at the time the final payment is made.

(c) A large part of the transfer of lands and buildings are being conducted at present and accordingly the following land transfers are completed.

<u>District</u>	<u>Name and Address of the Vocational Training Centre</u>
Hambantota	Vocational Training Centre, Welipitiya Middeniya. National Vocational Training Centre Mirijjawila.
Polonnaruwa	Vocational Training Centre, Nagalakanda Vihara mawatha, Minneriya
Moneragala	Vocational Training Centre, Kumaradasa Mawatha, Wellawaya
Moneragala	Vocational Training Centre, Mahiyangana Road, Bibila
Badulla	Rural Vocational Training Centre, Diwithotawela Welimada

Badulla	Rural Vocational Training Centre, Kiriwanagama Road, Haldummulla
Gampaha	Katana Vocational Training Centre, Kaludiyawatta Baeline Road Kadirana South
Colombo	Vocational Training Centre, Galagedara Padukka
Kalutara	Rural Vocational Training Centre, Panapitiya
Gampaha	District Vocational Training Centre, Bandaranayaka Road Veyangoda
Badulla	Vocational Training Centre, Abegoda Bandarawela
Hambantota	Vocational Training Centre, Eraminiyaya Junction Angunakolapelassa
Anuradhapura	Vocational Training Centre, Mahawilamula Thabuththegama
Trincomalee	District Vocational Training Centre, Yowun Mawatha Kantale

(d) The double cab vehicle shown in the inquiry has been transferred by the Ministry for the use of the Authority. Therefore the Authority had repaired and used it. The expenditure incurred for the repair need not be recovered from the Ministry and these repairs had been done with the approval of the Tender Board of the Authority.

- (e) The 2009 audit had shown that these accounts have been inert and as these projects are concluded, this sum of money was used to provide loans to the employees in the year 2010.
- (f) The approval of the Board of Directors is not required for the establishment of the Task Force. However the approval of the Board of Directors was required to use and transfer the sum of money that is allocated under various Expenditure Heads to continue the activities that were initiated by the Task Force. Accordingly, the approval for the use of money was obtained by this. The expected role of the Task Force was fulfilled within 1 ½ months of its establishment.

Though a monthly progress report was required to be presented to the Board of Directors on the activities performed by the Task Force, such report had been presented one time and at every time the Assistant Director of that section was questioned verbally by the Board of Directors, he had presented about the progress.

3.2.1 Performance

- (a) All the information requested for the audit was provided. The points mentioned in the inquiry can not be accepted.
- (b) The sum of money earned by the registration of apprentices is shown in accounts and according to this the number of apprentices enrolled is correct.
- (c) There is no record of any other single institute or government or private sector institute in Sri Lanka that conducts more than 5000 job placements annually and such number of high job placement should be commended.

Though the statistics, as inquired, reveal a decrease in job placements, there is no substantial reduction in job placements. And this has occurred as a result of not including the following job placements in the above statistics.

- The job placements done by consultants not being included in statistics.
- The number of jobs sought by the apprentices on their own not being included in statistics.

Another obstacle for job placement is that the reluctance of the apprentices who reside in outstations to migrate to the Colombo district where job opportunities are available and their weakness in English language proficiency.

- (d) The presented information with statistics is incorrect. The correct operative plan is as followed.

	Target	Performance
Registration of Job Placement Companies	100	74
Job Market	10	13
Educating the Factory Owners	25	13

- (e) Accepted.

- (f) The number of apprentices enrolled in the year 2010, mentioned here as 17,310 was incorrect. It should be corrected as 23,344. Though the documents presented by you shows an increase in the number of apprentices enrolled for the carpenter (building) course as 42 in 2009 and 92 in 2010, you have interpreted it as a decrease in the number of enrolments of apprentices.

The incorrect entering of the number of enrolled apprentices in the year 2010, has provided a wrong interpretation of the trainings in our institution.

- (g) Though the inquired programmes were conducted as expected, provision of loan facilities is decreased due to the following factors.

- The reluctance of the apprentices who participate in entrepreneurship development training programmes to obtain loans
- The inability of the apprentices, who are willing to obtain loans, to fulfill Bank conditions such as bonds and securities.
- Facing legal impediments with regard to loan expected areas (Eg. wood technology)

- (h) The inquiry contains information only.

3.2.2 Management Inefficiencies

- (a) (i) The tender has been awarded to the supplier selected by the Tender Board after calling for quotations after obtaining a list of five suppliers.

- (ii) The contract was separated as two stages due to the fact that the first stage of preparing the framework of the office premises and the second stage included the furnishing of internal decorations such as furniture, carpet and curtains. Though the first stage was to be done within the premises, the initial steps of the second stage were to be done outside the institution and this was carried out in this manner to minimize time consumption.
- (iii) There were two Technical Evaluation Committee Reports and recommendations have been provided to the correct value of Rs. 1,341,347.25 in one report and to the other value of Rs. 1,242,485.20 in the second report which had a mathematical error. The reduced value of Rs. 98,862.05 has occurred as a result of the prior mentioned mathematical error.
- (iv) The second Technical Assessment Committee has conducted a meeting on a date after 22nd November 2010 and a discrepancy between the dates has occurred due to the omission of amending the quotation opening date for the second time when the same copy of first technical assessment committee report was amended in the computer.
- (v) Only five items out of 28 items in the Job List are applied for constructions. Painting, fixing doors and bottom belts and removing the quarter arranged for taking lunch were done day and night and internal reservations and reconstruction activities have rapidly been done. All the other remaining items are internal decorative goods such as furniture, electric and computer equipments and carpets. All these items are brought pre- packed. Though an institutional invoice was issued as soon as all these goods were brought into the premises, payments had been made on 22/12/2010 only after the due completion of the work. But the date of completion of the second stage has been mistakenly mentioned in the Final Payment Certificate as 29/12/2010. The correct date of payment is 22/12/2010.

(vi) The materials removed in the renovation activities are listed and a separate file has been maintained. The cost for the renovation of the fifth floor is shown in the Final Accounts under the work- in- progress. The value of the materials removed in the renovation has already been noted to enter into the Final Accounts of 2011.

(vii) The contract was not only for the renovation of buildings. As the office equipments were made to suit the office premises, the furniture could not be purchased from a manufacturing company. Therefore the contract given to this company was to decorate the office to suit the premises.

(b) Not disclosing accurate information- The opinion on his is not clear.

Not identifying the ownership of vehicles- This is an irresponsible statement.

Not conducting Open Biddings - This is also an irresponsible statement. According to the 2.14.1 of the Procurement Guidelines it is sufficient to have three quotations from 3 institutions under the market price reconciliation system.

Paying of Rs. 18 for every excess kilo meter- This is not a fault. Any cab service company imposes such conditions.

Not crossing the cheques- Though it is not correct to issue a cheque without crossing it as per the Financial Regulations, there are instances when cheques are issued without crossing on the request made by payee. At such instances payments are made only after a confirmation that the correct payee is being paid.

The vehicle is owned by the officer who uses it- This is also an irresponsible statement.

The Clause 1.12 of the Chapter XLVII is applied to the government officers only. The employees of the Vocational Training Authority are not government employees.

(c) As per the 2.14.1 of the Procurement Guidelines the registration of suppliers of the Institute of Constructing Training and Development (ICTAD) is not compulsory. The department Procurement has been engaged on committee basis by identifying the construction of partition walls, ceilings, preparing the electric circuits and fixing the doors and windows as the first stage and constructing the internal decorations of the two laboratories, carpeting the floors and modifying the walls as a final touch as the second stage. Though the telephone numbers of the company, for which the contract was given, were included in the other two companies we had not awarded the contract to those two companies. Quotations for both these stages were called on the same day with the aim of receiving the goods for the second stage as soon as the conclusion of affairs of the first stage. The apprentice daily record books confirm that they were engaged in practical trainings at computer laboratories on 24/01/2011 as shown in the work completion Certificate. Therefore it is evident that this is an irresponsible statement.

(d) (i) Out of the four contracts under review, quotation formats had been issued to five registered contractors for the contracts number 1 and 4. Quotation formats are issued to less than five contractors for the contract number 2 and 3. However as a cost around Rs. 90,000 had to be spent for one paper advertisement, the requirements on the Clause (3.4) (c) were not fulfilled and the contract has been awarded after considering that by the Tender Board. At the same time we have issued BID documents only to the suppliers who are registered in the ICTAD.

(ii) Not accepted. This statement has made without any proper reading of the terms of the tender.

The tender has been awarded to the contractor based on the lowest bid. It is a sum of Rs. 1,199,015.42 that is a deduction of 13% discount from the amount of Rs. 1,386,145. It is not the amount of Rs. 1,298,808 as mentioned in the inquiry. The Technical Assessment Committee can not consider any discount that was not given by the contractor. There is the possibility of one contractor to forward the discounts mentioned in the BID Document and another contractor not to forward the same. The contractor who had forwarded the discounts has had presented those discounts even

before the opening the tender. Accordingly there is no any loss occurred as mentioned in the inquiry. When a contractor has considered a contract amount with deducting a not given discount, this matter can even be brought before Courts by the other contractors. The inquiry should have been done after a thorough study.

(iii) Not accepted.

The contract was formed on 29th November 2010 and the site was handed over to the contractor on 08/12/2010. The constructions were to be completed within four month from that date, i.e. by 08/04/2011. But the construction work was not done as expected due to the floods that affected most parts of the island. However when the site was inspected on the goods needed for the construction had been gathered and the construction work had been resumed. On the second inspection of the site conducted on 13/06/2011, around 55% of the construction work had been completed. The relevant contractor had completed the work mentioned in the Bill of Quantity and handed over the constructions on 07/07/2011.

- (iv) A sum of Rs. 4,967,063 had been paid by 23/02/2011, the date mentioned in the inquiry the work had to be extended for 60 days (on two occasions) during the contracted period due to heavy rain and floods. Meteorological reports were also taken into consideration for this matter. The construction work was not completed even by March 2011 and as the work was not completed by the due date, the Assistant Director- Constructions has sent a letter to this company on 25/02/2011 stating that a fine would have to be imposed for each delayed date. The fine will be recovered at the final payment. This task is not yet completed.

- (e) The Technical Evaluation Committee has been 4 ½ months delayed on this item due to the fact that the suppliers had not provided samples which should complete the quality of our goods including specifications.

The sections of the syllabus that were not covered due to the lack of the necessary equipments will be covered by the further training.

- (f) (i) A sum of Rs. 25,565,039.00 was estimated for 192 centres by the existed budget allocations by the amendment of the Action Plan of the year 2010 with the aim of implementing the 2011 Training Plan. The relevant budget allocations were made based on the estimates provided by the district office in consideration with the building and the classification of classes.
- (ii) Work in the washing area is completed. Materials needed for the construction of a safe fence around the premises have been bought by the balance amount. The other construction works are under progress at present.
- (iii) There is no such inquiry.
- (iv) The renovation of the roof of the centre is completed after the preparation of the estimates and calling of quotations under the rapid development programme of centres.
- (v) Is been contracted.
- The district centre has not purchased the material with this regard and the issued checks are withheld by the head office. The Chief Internal Auditor is conducting an investigation on this.

(v) As mentioned in the inquiry the 20 litres of paint, obtained under the “Rapid Environment Decorating Programme of the Beautiful Gampaha” were insufficient to paint 4600 square feet buildings of the centre and some more paints had to be purchased again. An estimate was prepared and paint was purchased for a sum of Rs. 28,413 and the balance of the amount Rs. 40,000 allocated to the development of the centres was reimbursed in the district accounts. Rs. 60,000/= was spent for the partition of classrooms and all renovations have also been completed.

(vi) As mentioned in the inquiry, actions were taken to obtain allocations under the concept of renovation of training centres to the partitioning of classrooms and construction of a dressing room which had been in need. But a reception counter and 4 chairs were purchased as per the instructions of the Tertiary Education Commission to conduct the Beauticulturist course and Hairdressers Course on NVQ 4 level and to maintain a Beauticulture centre in the same level. As a result of that the Beauticulturist and Hairdressers Course has obtained the accreditation level of 4 from 26/05/2011.

(vii) Although the renovations were delayed due to the island wide heavy rain, all the renovations have been completed by the beginning of the year 2011.

(viii) The sum of Rs. 3,357,746.00, as mentioned in the inquiry, is for a new construction in the Talbot Town Vocational Training Centre and the allocation of Rs. 2,356,601.00 had also been made for the internal renovation of the computer lab. The specifications and plans on the renovation of the computer laboratory are filed in the district office in Talbot Town, Galle.

(ix) There is no inquiry on this number.

(x) The funds to the district offices are allocated on the basis of the budget estimates and the definite capital allocations which are provided at the beginning of the year. Though funds can be provided by the definite identification of the capital expenditure, the funds for the recurrent expenditure cannot be provided as such. Funds for both capital and recurrent expenditure are provided to the districts at the same time by the head office. Therefore it is not correct to consider this excess amount only as capital expenditure.

(g) The inquired course has been transferred to another area by the programme on placing training courses in districts based on the national standard system. The irregularity of the electricity system in the centre has occurred due to an imbalance of the “loads” in the electric system. As this course is moved to another place there is no need to do any corrections as inquired.

(h) Steps will be taken to produce information on the expenditure for the training of employees that were not presented for the audit in the year under review.

A 10 day course was conducted at the National Training Centre in Narahenpita in the weekends, by the employment of resource persons from our own institution for 10 instructors who were identified under the practical programme for the improvement of technical skills of the instructors. A sum of Rs. 181,800 was spent for this. A four day extended training programme was conducted in the Thomson Electric and Motor Engineers Company for the instructors of the electric motor winding courses.

(i) As per the Cabinet Paper No. 05/0555/018/002, dated 07/04/2005 approval has been given to the institutions under the Ministries to transfer printings to the Youth Services Ltd outside the tender procedures. Accordingly this action has been taken by the institution.

(j) Transport facilities should be provided in a way that provides an effective contribution to the transportation of the officers (group transportation) of the institution by the used vehicles. If single person transportation is conducted an excess expenditure has to be incurred as per the running kilo meters.

As one group vehicle among these, provides transportation facilities to the government Auditor, it is further stated that it has exceeded the limitations on distance based on the Circulars.

(ii) This jeep vehicle has been sent to the Matara Preethi Motors for repair for a sum of Rs. 4,45,294 as per the due tender procedures. An estimation of Rs. 65,000.00 has been provided by the same garage for the fixing of a new differential as it was required in the process of repair. Though there was a higher price for this, the Director General decided that the vehicle could not be taken to another company which had bided a lower price as the vehicle was already under repair. At the same time a new vehicle had to be hired for the district office for the excess period of time if this was done by another garage. Therefore the differential was fixed by the same garage.

(iii) The dates on the bills are not mentioned due to a mistake of the company which had presented the bills.

(iv) A sum of Rs. 62,407.50 has been paid on 29/07/2009 to the Dimo Company (Agent Company) for the repair. After five months from that repair on 04/12/2009, the V belt has been broken. Though a request was made to the company to do the repair free as claiming that this had occurred as a result of a fault of the previous repair, it was refused by that company and we had bear the cost for this repair.

3.2.3 Operating Inefficiencies

(a) Answers are provided by the report of 2009-14 (2)

(b) Answers are provided by the report of 2009-14 (2)

(c) Insurance coverage has not been obtained for this three-wheeler and the motor cycle and therefore action will be taken to inform the

Department of Registration of Motor Vehicles and to remove the registered numbers of those vehicles from usage.

(d) This is an inquiry of year 2009 and it is difficult to provide answers to the relevant year since it is being included once again in the report of 2010-14 (2) as the year of review and as a result of wasting time of our officers for that matter there will not be adequate time available to answer the inquiries.

(e) The 3.2.3 (C) answer mentioned above for the second time is applicable.

(f) Inquiry regarding conducting Courses

(i) It is difficult to provide answers since it has not been clearly mentioned as to which time and the stage the amount of apprentices have been obtained for the courses subjected to the inquiry.

(ii) The dropout rate around 14 % of apprentices from courses for various reasons is due to some unavoidable reasons in the vocational training field.

(iii) There were defects on the matters stated in the inquiry and the rectifications are mentioned below with explanations for those defects.

	Centre	Course	Officers employed	Explanations
1	Dehiattakandiya	Tailor	K.C. Kumari C.K. Kodithuwakku	The same lady officer is addressed by these two names. Information is not correct accordingly.
2	Thirukkovil	Computer Operator	M.I.M. Raees	Only a Carpenter Instructor is employed by this name.
			A.B.M.M. Jabeer	The Plumbing Instructor was resigned from service. Therefore information is not correct.
3	do	Electric Motor Mechanic	U.L.J. Ahamad	Course Instructor
			P. Kamalaaswaram	Is a Computer Instructor. Is resigned from service. Therefore information is not correct.
4	Kahatagasdigiliya	Electrician	M.M. Chandrasiri	DVTC- - Anuradhapura
			Y.K.J.Bandara	Course Instructor
5	Mihinthalaya	Computer Hardware Technician	H.S.J.Gunarathne	Course Instructor
			W.G.D. Lakmal	Technical Demonstrator of the WUSC Institute.

6	Baddegama NVTI	Computer Operator	R.P. Alas	Course Instructor
			T. B. Chaminda	Name is not clear
7	Giranduru Kotte	Motorcycle and Three-wheeler	H.M.A.B.Abeykoon	VTC Giranduru Kotte
			W.A.D. Wijethunga	VTC Ampara Therefore information is not correct.
8	Haldummulla	Fitter	S.A.N. Gunathilake	Course Instructor
			Prasanna	DVTC Hambantota
9	Passara	Carpenter	K.M.D.N.Disanayake	As R.M.N.R.Bandara is resigned from service
			R.M.N.R.Bandara	K.M.D.N.Disanaya ke is appointed.
10	Passara	Tailor	A.M.S.Aththanayake	Course Instructor
			G.F. Robert	Resigned from Service
11	Kalawanchikudi	Tailor	S.S.Devi T.Shivaranhany	Course Instructor
12	Gothatuwa	Motorcycle and Three-wheeler	J.S.Paranawithana	Course Instructor
			D.G.N.Bulathsinhala	DVTC- Kegalle
13	Lakwirusewana	Computer Application Assistant	A.K.T.D.K.Abeysinghe	Course Instructor
			A.T. Witharana	A.T. Vitharana NVTI transferred to Baddegama.

3.2.4 Administrative Inefficiency

- (a) The amount of an Rs.808, 890/- mentioned in the Inquiry for the purchase of course materials in Gampaha District is incorrect. The correct value is Rs. 3,423,238.67.
- (b) Inquired details are not clear.

3.2.5 Resources of the Authority given to other Government Institutions

- (a) (i) These eight officers were released on the requests made by Presidential Secretariat and the secretaries to Ministers. Four of them had not been released on salary re-imburement basis.

(ii) The person bearing the service number 733 namely (K.G. Sisira Kumara) has obtained an appointment at the Vocational Training Authority with effect from 01st of October 1998 and salary had been paid by Vocational Training Authority from that day on wards. As mentioned in the Inquiry, due to a mistake in the information presented by us on 25th January 2011, it was stated that the salaries were being paid by the Vocational Training Authority from 01st July 1996. Therefore the appointment date should be corrected as 01st October 1998 and salaries were being paid from that day onwards.

Service No 69 – This person was being employed at the Ministry of Labour and Vocational Training from 11th October 1995 and on written advice of Secretary to Hon. Minister, a clerical appointment had been given by the Vocational Training Authority with effect from 10th October 1995

- (iii) Not accepted. This person was released to Samurdhi Authority with effect from 12th March 2008 on salary re-imburement basis. Although it was mentioned in the Audit Inquiry that the salaries were being paid by the Vocational Training Authority from January 2009 to May 2010, those salary re-imburements were being continued until April 2011.

- (b) The vehicles numbered 64-9724, KI-2563, KI-2565, GV-8588 that are belong to the Authority, were released to the Assistant Officers of the Chief Counting Officer at Ministry of Youth Affairs and Skill Development.

As mentioned on the Inquiry only two Maruti vehicles numbered of KD-4331 and HZ-8481 out of five vehicles obtained on rent basis are being currently used. The rest of three vehicles are already being removed from tent basis.

3.2.6. Slow moving idle and underutilized assets.

- (a) Not accepted.

There is no such Current Account balance which was not utilized for any of the functions in the year under review

- (b) There was a case filed against the driver of the double cab vehicle bearing No. 59-0627, which was met with an accident and the driver has been acquitted from all charges. An Internal Inquiry was carried out regarding the said double cab vehicle and it has been recommended to recover the loss from the officers who are responsible.

As the investigations regarding the motor car bearing No. 19-9958 was not carried out successfully so far, the relevant inquiry has been initiated by a committee appointed on my advice.

Repairs of the lorry bearing No. 26-8167 was deferred as adequate allocations were not approved in the previous years, but the relevant repairs were completed in 2010 and it has been used.

- (c) The reasons for late commencement of courses are reporting for duty after maternity leave and transfer of apprentices to other centers where courses can be conducted effectively due to the insufficient participants for courses.

- (d) The officer who served as the Receptionist of the Authority had taken maternity leave from the end of the year 2010 and after reporting to the duty she had obtained a short term transfer because of the infant child.
- (e) Measures are being carried out for the initial wiring which is needed to obtain three phase electricity and action will be taken to provide electricity as soon as possible.
- (f) Inquired matters are also mentioned under the Clause 3:2:2 (g) and the same reply is applicable for this as well.
- (g) Not accepted. Training materials are not idle. According to a policy decision of the Ministry, the High Speed Sewing Machine Operator Course at Kandana Vocational Training Center is functioning at the Brandix company in Genehimulla, Weligampitiya with collaboration with the Brandix company.

The Household Electric Equipment Repair Course at the Welisara Vocational Training Center which is closed, has been transferred to the Vocational Training Center at Divulapitiya.

3.2.7 Identified Shortages

- (a) A manufacturing unit of Aluminum Processing Maintenance, Air conditioner and deep freezer repairing, Computer repairing and Vehicle repairing was not carried out in Ambepussa Vocational Training Centre in the year under review. Although the Koggala Hotel School revealed a loss of Rs. 41,503, when taking all the manufacturing units together, it reveals a profit of Rs. 11,674.017.
- (b) Not accepted. The products produced by the Pansilgoda Vocational Training Centre have been transported to the District Centre as the products from the practical exercises of the apprentices.
- (c) Internet facilities from Sri Lanka Telecom Company were obtained only for a network connection which can be used only at the office premises. Since that fixed line network connection could not be used for the duties outside the permanent office and due to the slow connection of the internet access, (HSDPA) High Speech Mobile Internet Connection was obtained from the Dialog Private Company on my approval.

- (d) The sum of money that was not covered by an insurance policy for vehicle accidents that had taken place in the previous year, can not be recovered from the relevant officer. In this regard-

After the vehicle, bearing No. 31-6449, met with an accident, the repair charges were covered from the insurance company with a due amount of Rs. 15,000. That amount had been sustained by the owner of the garage.

After the vehicle, bearing No. 56-4644, met with an accident the repair charges covered from the Insurance Company was less than the estimate of the garage. The balance had been sustained by the owner of the garage.

Since the driver of the vehicle, numbered 64-1602, who was driving it at the time of the accident was punished by the Court and the Assistant Director of Kandy had not mentioned anything about his driving in this statement, as it seems that there is no need to punish the driver for the second time, it was not decided to recover the amount which was not covered from the insurance.

- (e) There is no position called the “Chief Accountant” in our institution. According to the applications received for the newspaper advertisement, interviews were conducted and an Assistant Accountant had been this appointed for this position, which was subsequently cancelled by the Ministry of Youth Affairs and Skills Development.
- (f) Previous flood level at the office was measured and 6 inch tall walls were built in nearly each and every entrance as a pre-preparation measurement. But as the flood situation at this time was severe and it had taken place in the mid night, the pre- preparation measures were not adequate. But the District office has been shifted to the old Divisional Secretariat of Maharagama by now as a permanent solution.

- (g) Although as per the report of JF/H/VTA/AQ/2(1)/06 dated 22.01.2007 presented by the Government Audit Section on the matter under review, the measures were taken to charge from the salary of the officers who were selected for and not completed the programme, measures were taken to repay that money according to the decision of the letter numbered IR/21/13/2010 of 15.10.2010 sent by the Commissioner of Labour after considering the complaint made to the Labour Department by the Independent Workers Union. According to that decision, we are unable to recover that money.

3.2.8 Transactions not supported by adequate authority.

- (a) Not accepted.
Such payment has not been made in the year under review.
- (b) The Vocational Training Authority is not a Government Department. It is not even entitled to a public holiday. Accordingly, although we have volunteered to use the Establishment Code as a guideline, we are not bound by it. The Establishment Code is not applicable as well and what is relevant to us is the Shops and Office Employees Act. Accordingly as it is legitimate to follow this Act for annual leave and overtime allowances of the employees, the Authority has not made any excess payment for over time allowances.
- (c) This bad debt which was written off for dropouts of the courses was carried out with the due approval of the Board of Directors.
- (d) According to the Section viii of the Public Administration Circular No. 11/2006 dated 14th July, 2006, approval of the Secretary to the Ministry was obtained by the Chairman and the Vice Chairman for the additional fuel. Other Directors have obtained approval for the additional fuel subject to my approval.
- (e) Subject to my approval, a Taxi has been reserved with a monthly fuel allowance of 100 liters and monthly vehicle rent of Rs. 32,500.00.

- (f) For this the repairs have been carried out according to the approved Tender Procedure.
- (g) I can not agree with the amount stated in the audit inquiry to be recovered from the officers and action will be taken to recover that amount from the relevant officers in the year 2011.

3.2.9 Non Economic Transactions.

- (a) Due to the non receipt of adequate allocations, although the repairs and fixings could not be completed by the audited date, fixing under review had been completed after receiving the relevant allocations.
- (b) Although the Goods Verification Board has recommended destroying 15 cane chairs which are under review, they are not removed from the centre as yet, those had been observed at the audit. 4 Steel cupboards have been listed.

The following items have been provided as the equipments on shortage.

Analog Multi meters -	2
Digital Multi meters -	2
Dial Gage Stand -	2
Vernier -	4
Micro Meters -	2
Dial gage -	1

The equipments of the Household Electric Technician Course have been identified by the Stores Verification Board as the items to be destroyed.

3.2.10. Human Resources Management

Variance of the staff grades has been recorded as 114 in the note made regarding the employee category. But the variance should be amended as 14. This is an exaggeration that there is an excess of employees.

(a) Accepted. But at the examination conducted to recruit officers, after considering his qualifications and experiences, he was granted the salary he agreed to join this institutions and the maximum salary from our institution. This was done after considering the positions he had held at SLTB and the experience he had gained from working as a manager in some pioneer companies in the private sector (such as the SINGER)

(b) According to the decisions of the Committee on Political Victimization, 02 Secretary posts have been granted on the super numerary basis in year 2002. Subsequently one secretary post had also been granted in year 2010. With the adding of these 3 new posts, the existed 5 secretary posts have been increased upto 8 positions.

I further state that this post has been granted on the service requirement by suppressing a vacant managerial post existing in our institution.

(c) Answer for this has been given in (a) and (b).

(d) Programme Officer - A Board of Interview, after considering the qualifications and experiences, the above post was placed in the salary step of Rs. 21,880/- with a few increments. Subsequently on the basis of an appeal made by her, she was placed in the maximum salary step of Rs. 31,380/- of the relevant post with all the increments. This officer is also a permanent employee of the SLTB and she has been recruited temporary based on the secondary basis and on contract basis. Therefore action was taken to pay her the agreed salary during that period.

Transport Manager. - The post of Transport Manager of the Transport section was vacant by this time. As there was no other experienced or qualified person to cover the duties of that post, after considering the pre qualifications and experience of this person (5 years of experience as a work supervisor in SLTB Depot, Katubedda and official vehicle Supervisor of the SLTB Main Office) he was appointed to carry out the duties. It is further stated that this person is an officer recruited temporary on secondary basis and was placed in the salary step of Rs. 20,055/- which is above 5 increments, after considering the qualifications by an Interview Board.

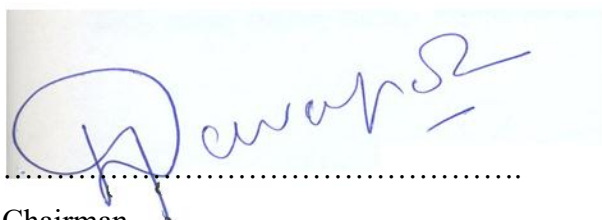
- (e) The reply given at (d) above for the Transport Manager is relevant for this also.
- (f) When referring the apprentices who have completed the training of this Authority to Government and private sector employments, the need of an experienced officer's full time service was felt from a long time to carry out the co-ordination activities with the relevant institutions. As it was decided that obtaining the service of such officer was suitable for the recruitment of apprentices in year 2011, it was decided to recruit an officer on contract basis with marketing qualifications and experience as a speedy action. An appointment was granted as such after examining the qualifications by an Interview Board from the Vocational Training Authority, by placing the post on a salary step of Rs. 46,655.00 as reviewed.
- (g) This person was recruited for the post of Sports Advisor in our institution. Her qualifications and experience was examined by an Interview Board for internal promotions on 17.03.2011. she has been appointed as an Additional Secretary on contract basis for the post of Covering Secretary on the basis of experience gained from SLTB and private sector as a professional Secretary for the fulfillment of the need of an additional officer for office of the Chairman,. In addition to these duties she has been appointed as the Instructor of the Secretarial Practices course.

- (h) Mr. S. A. D. J. Chandrakumara, who served as the Director Finance and who is relevant to the following matter, was recruited by obtaining the approval of the Board of Directors and placed in the salary step agreed at the interview. By considering his service experience and the salary obtained from the institutions he worked previously, he was placed in the salary step of Rs. 50,630.00 by adding 11 salary steps of the post of Director. This has been done with the approval of the Board of Directors.
- (i) Accepted
- (j) At the beginning of year 2010, two officers were appointed as Deputy Director Administration and Mr. D. J. Chandrakumara who served as the Director-Finance was appointed as the Director-Finance and Administration according to service requirements. One Deputy Director retired from service on his own consent and the other Deputy Director was given a service extension of 6 months and was appointed as the officer related to the field of hotel in the training section. To avert such existed vacancies, two trained managers were appointed to carry out the duties of the Deputy Directors. The Administration Section was vested with my direct supervision. Subsequently, the Director-Finance was attached as an Assistant Director in charge of the Finance section to the Administration section. An officer was appointed as the Acting Director of Administration with effect from 22.06.2011 and the other Assistant Director was transferred to the training section.
- (k) Accepted. This post has become vacant due to the voluntary resignation of the inquired person. This post has to be filled on acting basis continuously, as the permanent officer for this post has been released to the Sri Lanka Samurdhi Authority on secondary basis with the approval of the Board of Directors.

- (1) An officer was appointed to fill the vacancy of this post by the conduct of a suitable interview. Subsequently, with the notice from the Investigation Unit of the Ministry to me to suspend that post until the completion of their internal investigation, it was suspended temporarily. As this is a temporary suspension and a permanent recruitment can not be made, an officer who faced that interview has been appointed from 27.06.2011 as an acting appointment. Mr. P. A. Ratnasinghe, the other officer who served as the Accountant, is also retired from 04.08.2011. It is proposed to fill those vacancies by calling applications internally.

3.2.11 The due approval of the Board of Directors has been obtained for the 2010 Corporate Plan.

3.2.12 Although variances can be seen in each subject, recurrent and capital budget heads have not been exceeded when taking them in summary.

A handwritten signature in blue ink, appearing to be 'Ratnasinghe', is written over a dotted line.

Chairman

Vocational Training Authority of Sri Lanka.



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல
My No

} JF/F/VTa/FA/10

ඔබේ අංකය
உமது இல
Your No.

}

දිනය
திகதி
Date

} 30 December 2011

Chairman,
Vocational Training Authority of Sri Lanka.

Report of the Auditor General on the Financial Statements of the Vocational Training Authority of Sri Lanka for the year ended 31 December 2010 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Vocational Training Authority of Sri Lanka for the year ended 31 December 2010 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 Section 25 of Vocational Training Authority of Sri Lanka Act No. 12 of 1995 and Section 13(1) of the Finance Act, No. 38 of 1971. My comments and observations which I consider should be published with the annual report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act was issued to the Chairman of the Authority on 20 July 2011.

1.2 Responsibility of the Management for the Financial Statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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1.3 Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. Audit opinion, comments and findings in this report are based on review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation. Sub - sections (3) and (4) of the 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.

2. Financial Statements

2.1 Opinion

In view of the comments and observations appearing in this report, I am unable to express an opinion on the financial statements of the Vocational Training Authority of Sri Lanka for the year ended 31 December 2010 presented for audit.

2.2 Comments on Financial Statements

2.2.1 Presentation of Financial Statements

According to the Public Enterprises Circular No. PE/PE/21 dated 24 May 2002, the financial statements should be presented to audit within 60 days after the close of the financial year. Even though the financial statements for the year under review were presented to audit on 28 February 2011, the connected trial balance was furnished only on 06 May 2011.

2.2.2 Non - compliance with Sri Lanka Accounting Standards

The following instances of non-compliances were observed during the course of audit.

- (a) In presenting the financial statements with consistency in terms of Standard No. 3, assets and liabilities and income and expenditure should not be set off against each other. Nevertheless the net income arising after deducting the expenditure amounting to Rs. 3,023,102 from the income amounting to Rs. 4,774,750 according to the Day Books and Record Books had been shown as the income of the Production Units. These incomes as well had not been separately shown in the financial statements.
- (b) Depreciation on buildings computed as Rs. 39,852,375 in respect of the preceding year for the rectification of the opening balance of the preceding year had been shown as depreciations for the year under review contravening Standard No. 10.
- (c) Instead of accounting for the depreciation on the assets purchased from the Government grants as the deferred income grants as the income under the operating income in the Statement of Financial Results for the year under review, the total depreciation of fixed assets for the year amounting to Rs. 361,647,822 had been shown as the deferred income, thus contravening Standard No. 24.

2.2.3 Accounting Deficiencies

The following accounting deficiencies were observed during the course of audit.

- (a) The expenditure amounting to Rs. 2,925,677 on the modernisation work of the fifth floor completed as at 31 December 2010 had been shown under the work - in- progress in the accounts.
- (b) A sum of Rs. 26,272,090 paid in December 2010 for 192 repair works on which work had not been commenced, had been shown in the accounts as expenditure of the year.
- (c) Even though Value Added Tax of Rs. 21,172,947 had remained payable to 02 firms of contractors which constructed Training Centres under the United States Aid Programme, provisions had not been made for those liabilities. Those had also not been disclosed in the financial statements.

- (d) The value of 04 motor vehicles taken over from the United States Aid Programme in the year under review amounting Rs. 4, 918,575 had not been brought to account . As such the value of the Motor Vehicles had been understated by an equal amount in the Statement of Financial Position.
- (e) The value of 13 three -- wheelers, 10 motor cycles and 03 tractors purchased for training purposes in the preceding year amounting to Rs. 5,618,718 had been brought to account under the motor vehicles instead of being brought to account under the training equipment.
- (f) Withholding Tax amounting to Rs. 35,960 recovered from payments had not been shown in the accounts.
- (g) Even though a computer software for accounting work had been purchased at a cost of Rs. 900,000 in the year 2009, action had not been taken to capitalise and amortise it.
- (h) The security deposits amounting to Rs. 2,032,000 made for obtaining electricity supply for 07 of the 09 building constructed under the United States Aid Programme and the buildings of the Niyagama Project had not been disclosed in the financial statements.
- (i) Even though a sum of Rs. 468,808 remained recoverable as at the end of the year under review on account of no pay leave of 64 officers, that amount had neither been recovered from the salaries nor disclosed under the debtors.
- (j) Materials valued at Rs. 68,372,904 supplied from the Niyagama Project had been shown under the expenditure in the Income and Expenditure Account without being identified. There were 905 items among those, which should be shown as fixed assets.
- (k) Fixed assets valued at Rs. 489,887 supplied to the Ministry from Niyagama Project had been shown as recurrent expenditure.

2.2.4. Unreconciled Control Accounts

Even though a sum of Rs. 321,795,448 had been shown in Note 09 to the financial statements, as the amount for the year transferred from deferred income grants to the Statement of Financial Results, a sum of Rs. 361,647,822 had been shown in the Statement of Financial Results , as the deferred income grants. As such a difference of Rs.39,852,374 was observed.

2.2.5

Unidentified Balances

The Treasury Grants Account disclosed a further balances of Rs. 56,466,698 even after the transfer of the cost of the fixed assets purchased by the Authority from the balance of the Treasury Grants Account to the Deferred Income Account. Action had not been taken even during the year under review for the identification of this balance carried forward in the financial statements over and over again.

2.2.6

Accounts Receivable and Payable

The following observations are made.

- (a) Out of the total debit balances of Rs. 60,747,659 , fifty seven balances amounting to Rs. 11,428,885 had been older than 03 years and that included 22 balances amounting to Rs. 7,348,537 older than 06 years. Action had not been taken even up to the end of the year under review for the recovery of these amounts.
- (b) It was observed that advances amounting to Rs. 129,773 included under the balances of advances amounting to Rs. 2,149,206 as at 31 December 2010 had been balances older than 07 years.
- (c) Action had not been taken to recover 50 debtors balances representing Rs. 1,102,185 receivable from institutions under the control of the Authority and Rs. 10,020, 262 receivable from external institutions.
- (d) Out of the total creditors balances of Rs. 104,927,361, sixteen balances amounting to Rs. 5,006,171 had been older than 03 years and that included balances amounting to Rs. 1,093,167 old between 04 to 06 years. Action had not been taken even up to the year under review to settle those balances.
- (e) Even though the Secretary to the Ministry had directed the recovering of the sum of Rs. 7,582,956 being the expenditure on scholarship and Rs. 581,748 being salaries paid by the Authority to 03 officers who had proceeded abroad on scholarships on study leave with pay and failed to report back to service on completion of the scholarship period, those amounts had not been recovered.

- (f) The bid deposits amounting to Rs. 1,480,565 relating to the years from 2000 to 2008 had been brought forward without taking action either for settlement or crediting to income.
- (g) The balances amounting to Rs. 1,962,181 shown as payables for the GTZ Project included a sum of Rs. 1,606,588 brought forward from the years 2004 and 2005 and that balance had not been settled even by 31 December 2010.
- (h) Action had not been taken to settle a sum of Rs. 4,826,761 payable to 03 Government institutions relating the years 2007 and 2008.
- (i) Action had not been taken either to identify and pay or to take any other course of action on unpaid salaries amounting to Rs. 1,423,622 brought forwarded from the year 2008 up to the year 2010.

2.2.7 Lack of Evidence for Audit

The following items appearing in the financial statements could not be satisfactorily vouched or accepted in audit due to the lack of evidence indicated against each item.

Item	Value	Documentary Evidence not made available
	Rs.	
Property, Plant and Equipment	4,806,419,684	Board of Survey Reports
Computer, Hardware and Software	39,624,537	Detailed Schedules, Board of Survey Reports
Lands	1,652,292,085	Title Deeds , Documents in support of ownership, Board of Survey Reports
Work - in - Progress	25,281,531	Register of Work - in - Progress, Relevant Files, Schedules and Details of Work - in - progress in each District.
Stores	18,255,912	Detailed Schedules, Board of Survey Reports

Balances Receivable	49,625,212	Confirmation of Balances
Staff Loans	37,815,511	Schedules of Staff Loans
Cash - in- transit	21,738,350	Detailed Schedules
Bank Balances - People's Bank	68,297,443	} Confirmation of Balances
Bank Balances - Bank of Ceylon	349,414	
Bank Balances - Commercial Bank	21,407,864	
Balances Payable	107,927,361	
Accrued Expenses	28,531,934	Detailed Schedules
		Connected Documents
Other Income	69,842,363	Receipts
Employment, Research and Entrepreneurial	3,725,093	Schedules
Special Projects Expenditure / Income	87,331,718	Payment Vouchers, Receipts and Detailed Information on Expenditure
Lawyers' Fees	981,437	Files relating to cases

- (a) Information relating to the Journal Entries for the year under review had not been furnished while clear notes had also not been included.
- (b) All details including the information obtained from each District Office for the estimated payments made from the sum of Rs. 26,272,090 remitted on 16, 21 and 28 December 2010 for repair work had not been furnished.

2.2.8 Failure to furnish Replies to Audit Queries and Letters calling for Information
Observations are given below.

- (a) Out of the audit queries issued to the Authority in the year under review and the preceding year, replies to 17 audit queries had not been furnished even by 03 November 2011.
- (b) Out of the 49 letters calling for information required for audit of the year under review addressed to the Chairman, such information relating to 22 letters had not been furnished even by 31 October 2011.

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

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

Reference to Laws, Rules, Regulations Non-compliance
etc.

- (a) Section 13(5) (d) of the Finance Act, No. 38 of 1971 and Paragraphs 7(2)(d) of Treasury Circular No. PED/52 of 16 June 1989. The Half Yearly Internal Audit Reports for the first and second half years of the year under review had not been furnished even by 30 June 2011.

- (b) Payment of Gratuity Act, No. 12 of 1983

Section 4 of the Principal Act
amended by Act No. 62 of 1992

Even though there had been delays ranging from 09 to 1,500 days in the payment of Rs. 2,008,112 as gratuity to 15 employees, the surcharge of Rs. 342,585 computed thereon had not been paid to them.

- (c) Financial Regulations

Nos. 65(4)(ii), 104, 115(3) (b), 155 371(2) (c), 395(b), 395(c) and 1646

Action in terms of the relevant Financial Regulations had not been taken in connection with the use of the balance of Rs. 26,273,093 out of capital provision for recurrent expenditure, non furnishing reports on losses and damage caused by accidents to Motor Vehicles in year under review and preceding years to the Auditor General, failure to take action on losses caused to the Government due to any delay, negligence, error or fraud of an officer, failure to settle advances paid immediately after the completion of the purposes, failure to prepare monthly Bank

Reconciliations and furnishing to the Auditor General and non - submission of the Daily Running Charts and Monthly Performance Summaries of 35 out of the 58 Motor Vehicles of the Authority to audit.

- (d) Ministry of Policy Development and Implementation Circular No. MPD1/MRPD/VEH Dated 11 October 2002 Even though the monthly hire charge of Motor Vehicles procured on hire basis could not be exceeded Rs.40,000 as specified in the Circular, the Authority had spent a sum of Rs. 76,643 in 11 instances of action taken contrary to the Circular.
- (e) National Procurement Guidelines No. NPA/8 of 25 January 2006 of the National Procurement Agency. Action in terms of the Procurement Guidelines had not been taken in 08 instances in connection with handling construction projects by the Ministry Procurement Committee, the need for contractors to be registered with the Institute of Construction Training and Development (ICTAD), calling for 05 quotations, Procurement Committee and Technical Evaluation Committee Members' Declarations, Procurement Time Schedules, Bidding Conditions, Formats of Agreement, Formats for Guarantors, Bid Security Procedures, Bid Bonds, Reports of Bid Opening Committee, Award of Contract, Letter of Acceptance for award of Contract, Contract Agreements and Work Completion Reports.
- (f) Public Administration Circular No. 41/90 of 10 October 1990 Even though the fuel consumption of Motor Vehicles should be tested once in every 06 months, it had not been so done with regard to 63 Motor Vehicles of the Authority.

- (g) Public Enterprises Circular No. PED/12 of 02 June 2003
Sections 7.4.1 and 8.3.5 (a) The performance of the Audit Committee had not been included in the Annual Report. Even though Motor Vehicles could be assigned to the Chairman, the Executive Directors, the Chief Operations Officer / Chief Finance Officer only, contrary to that provision, official Motor Vehicles had been assigned to 05 other officers.
- (h) Section 8.3.5(b) of Public Enterprises Circular No. PED/12 of 02 June 2003 and Circular No. PED/11 of 14 July 2006 Even though officers to whom official motor vehicles are assigned should not use pool motor vehicles 06 instances of action contrary to that provision were observed.
- (i) Paragraph 1.3 of Public Administration Circular No. 22/99 of 08 October 1999. Even though the approval of the Board of Directors should be obtained for providing group transport facilities, that requirement had not been complied with.
- (j) Paragraph V of the letter No. DMS/DA/VTAS/2A dated 01 December 2006 issued by the Department of Management Services in connection with the Management Services Circular No. 30 of 22 September 2006 Even though it is stated that new recruitments should be made at the initial step of the salary scales, 06 employees recruited had been placed on higher steps than the initial step of the salary scale without the approval of the Board of Governors contrary to such provision and an overpayment of salary amounting to Rs. 488,915 had been made up to 31 December 2010.
- (k) Establishments Code
i. Chapter V Section 2.5.1 Employees should not be released to other institutions for more than 02 years and should report back to the post held by the officer or join the service permanently before the expiry of the period of release. Nevertheless, 08 instances of action contrary to the requirement were observed.

ii. Chapter VIII Section 6.1

The overtime payable per hour should be computed as 1/30 of the monthly pay. The authority had paid overtime by computing at 1/20.

iii. Chapter XII Section 22.4.

Even though the particulars of no-pay leave of officers should be furnished to the Auditor General, it had not been so done in connection with 1,888 days of no pay leave of 76 employees.

iv. Chapter XXIV Sections
3.5 and 3.17.2

Whenever an employee's total recoveries on loans and surety for loans exceed 40 per cent of the salary, he cannot be accepted as a surety. Nevertheless, instances of accepting such employees as sureties were observed.

2.2.10 Transactions not supported by Adequate Authority

The following observations are made.

- (a) According to the decision No. 1024F/600/29CD dated 30 November 1963 of the Cabinet of Ministers; Public Corporation should formulate Financial and Administration Regulations without delay. Nevertheless the Authority had not formulated in said regulations in compliance with that requirement and continued to follow the provisions of the Government Financial Regulations and the Establishments Code. Nevertheless, due to the adoption of the provisions of the Shop and Office Employees Ordinance in connection with the annual leave and overtime of the employees, overpayments had been made and such excess for the year under review amounted to Rs.1,083,206.

- (b) An officer had been appointed by creating a post of Media Co-ordinator not included in the approved cadre of the Authority. A motor vehicle had been procured on hire basis for that officer and hire charge of Rs.178,750 and fuel allowance of Rs.69,000 had been paid to that officer in the year under review.
- (c) A motor vehicle of the District Office, Galle had been repaired at a cost of Rs.1,040,000 through the Wegiriya Training Centre in the Kandy District without a certificate from the Mechanical Engineer and without obtaining the approval of the Board of Directors and the Secretary to the Ministry.
- (d) In terms of the Circular No.2003/01-A dated 22 July 2003 of the Chairman of the Sri Lanka Vocational Training Authority, the limit on the monthly direct telephone bills approved for District Offices amounts to Rs.2,800. Nevertheless the Authority had not taken action for the recovery of Rs.151,437 on 22 office telephones and Rs.58,120 on 09 residential telephones, spent in excess of the specified limit during the period June to December 2009.

3. Financial and Operating Review

3.1 Financial Review

3.1.1 Financial Results

According to the financial statements presented, the operations of the Authority for the year ended 31 December 2010 had resulted in a net surplus of Rs.1,734,136 as against the deficit of Rs.12,214,242 for the preceding year. The financial results for the year under review, as compared with the preceding year, indicated an improvement of Rs.13,948,378 and the reasons therefor are given below.

	Variance		Total
	Favourable	Adverse	
	Rs.	Rs.	Rs.
Income			
Government Grants	12,900,000	-	
Other Grants	57,261,026	-	
Sundry Income	12,790,037	-	
Profits of Production Units	-	9,078,655	
Deferred Income	204,174,237	-	
	277,125,300	9,078,655	268,046,645
Expenditure			
Personal Emoluments	-	14,766,570	
Establishment and Administration Expenses	-	246,324,948	
Other Operating Expenses	-	6,993,249	
			254,098,267
Improvement in the Financial Results			13,948,378

3.2 Operating Review

3.2.1 Performance

The following observations are made.

- (a) According to the information in the Annual Report furnished 23,334 apprentices for 86 courses under 18 areas in the year 2010 and 21,043 apprentices under 72 courses in the year 2009 had received training. The information on the performance of each National Vocational Training Centre, District Vocational Training Centre and Rural Vocational Training Centre had been furnished on 31 October 2011. Nevertheless, the information to facilitate the reconciliation with the estimated performance had not been furnished.

(b) Courses abandoned by Apprentices

Information on the recruitment of Apprentices and courses abandoned by the Apprentices during the year under review and the 05 preceding years is given below.

Year	Number Recruited	Number which abandoned the courses	Abandoned Number as a percentage of Recruitment
-----	-----	-----	-----
2005	21,611	2,813	13
2006	21,495	3,197	15
2007	24,302	3,884	16
2008	25,362	4,507	18
2009	27,752	5,721	21
2010	23,334	3,456	15

Registration fees collected totalled Rs.4,375,625 and that related to 23,783 apprentices. Nevertheless, according to the information furnished to audit, the number recruited had been only 23,334. Thus differences of 450 as against the

actual number and Rs.181,450 in the registration fees were observed. The Chairman informed that in certain instances students are recruited without collecting registration fees and such registration fees are paid subsequently.

- (c) Even though provision amounting to Rs.2,000,000 had been made in the year under review for the Research and Development Division, a sum of Rs.103,622 only had been spent out of that in the year. As such it is observed that the financial performance of the Division had been 5.18 per cent.
- (d) Even though plans had been made for providing loan facilities to 225 trainees who had started to self-employment, loan facilities had been provided only to 148 trainees in the year under review. That represented a decrease of 34.2 per cent of the targeted trainees. Chairman stated that the loans are granted under a Revolving Scheme of the Central Bank and that loans could not be granted due to the non-receipt of provisions for the Loan Scheme.

3.2.2 Management Inefficiencies

The following observations are made.

(a) Modernisation of the Fifth Floor

- (i) The bid estimated at Rs.2,813,038 for the modernisation of the fifth floor of the building of the Authority under 2 stages had been awarded as an urgent work without calling for quotations through a newspaper advertisement or from the registered suppliers. The bid award had not been done in a transparent manner as set out in the Procurement Guidelines. The second stage had been awarded for Rs.1,341,547 on 08 December 2010 and completed after 04 days on 12 December 2010.

(ii) The furniture and other items removed during the modernisation had not been recorded in a list. The manner of elimination of those items from the books could not be established. The Chairman stated that the work was done as an urgent work by obtaining 03 limited quotations. The extent of construction on the fifth floor had been equal to the work done on the fourth floor as well and quotations for that were called for in accordance with Procurement Guidelines. That was more than the quotations for the fifth floor.

(b) Procurement of a Motor Vehicle on Hire Basis for providing Transport Facilities to an Officer

A motor vehicle had been procured on hire basis without entering into an agreement or establishing the ownership of the motor vehicle specifically and without calling for public quotations for the period September 2008 to 31 December 2010 at Rs.40,000 hire charge per mensem and at Rs.18 per each additional kilometre exceeding the specified number of kilometres per mensem. Payments amounting to Rs.624,440 had been made in this connection in the year under review by open cheques. It was established subsequently that the officer concerned was the previous owner of the motor vehicle and that the cheques had been encashed through his Bank Account. A sum of Rs.1,119,615 had been paid from September 2008 to 31 December 2010. Attention had not been paid to the provisions of Sections 1 and 2 Appendix I and Section 1.12 of Chapter XLVII of Part II of the Establishments Code.

(c) Modernisation of Two Computer Laboratories

A contract for Rs.3.3 million which should have been decided by the Ministry Procurement Committee to a contractor who had not been registered at least under the Institute of Construction Training and Development had been awarded by Minor Procurement Committee. The award had been made by splitting the contract to two stages, opening the bids on 19 November 2010 and awarding the contracts to the same institution on 08 December 2010. Nevertheless, it had not been possible to commence the Computer Courses as the work of the Computer Laboratories had not been completed even by the end of April 2011.

(ii) The furniture and other items removed during the modernisation had not been recorded in a list. The manner of elimination of those items from the books could not be established. The Chairman stated that the work was done as an urgent work by obtaining 03 limited quotations. The extent of construction on the fifth floor had been equal to the work done on the fourth floor as well and quotations for that were called for in accordance with Procurement Guidelines. That was more than the quotations for the fifth floor.

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(d) Constructions - Regional Centres

The following matters were observed in this connection.

- (i) According to Section 3.4.1 (c) of the Procurement Guidelines, quotations from 05 contractors registered with the Institute of Construction Training and Development should be obtained for construction works costing between Rs.2 to 5 million. Nevertheless, it had not been so done in connection with 4 contracts.
- (ii) Even though a 20 per cent mobilisation advance of Rs.434,719 had been paid on 16 December 2010 for commencing the work on the construction of CNC Workshop at Vantharamullai costing Rs.2,173,597 on 29 November 2010 and completion of the work on 29 March 2011, there was no evidence that the work had been commenced even by 16 March 2011.
- (iii) A sum of Rs.4,967,063 had been spent by 23 February 2011 on the construction of the District Vocational Training Centre at Kalutara and the date for completion of work had been extended by 61 days. Even though 23 days had elapsed after expiry of the extended date of completion, the work had not been completed even by March 2011.

(e) Purchase of Training Equipment for the Welding Craft Course

Quotations under 02 bids had been called for the purchases of 69 and 28 items of training equipment. The Technical Evaluation Committee had decided to purchase 34 and 14 items respectively after the elapse of 4 ½ months. The welding craft course had been commenced without the required materials due to the failure to evaluate 49 items of materials required for the welding craft course and the non-receipt of the goods ordered on 13 October 2010 up to November 2010. As such it was not possible to be satisfied with regard to the quality of the Course. "The Chairman stated that, the sections of the syllabus omitted in the Apprentices Training would be covered during the further training."

(f) Repairs of Training Centres

The following observations are made.

- (i) Despite the unavailability of provisions in the Action Plan and the budget, provision of Rs.25,505,039 for 192 institutions had been made under the "concept for Repairing Training Centres". Out of that two sums of Rs.876,423 and Rs.779,921 had been allocated for carrying out repairs to the buildings and classrooms of 47 Centres respectively without taking into consideration the nature and the area of the buildings. A sum of Rs.26,273,096 had been remitted for this purpose as at 31 December 2010. As such a sum of Rs.768,057 exceeding the allocation had been remitted.
- (ii) A sum of Rs.140,000 had been provided for the repairs of the latrine system of the Vocational Training Centre at Divulapitiya without entering into an agreement. Even though quotations had been called for on 30 December 2010 and a sum of Rs.65,000 had been paid on the order placed on 31 December 2010, goods had not been received even by 31 March 2011.
- (iii) Despite the supply of 20 litres of paint on 26 November 2010 to the Hemananda Rural Vocational Training Centre at Wattala Hunupitiya and the further supply of a sum of Rs.100,000 in December 2010 for painting and partitioning of class rooms, the repairs had not been carried out.
- (iv) A sum of Rs.60,000 for partitioning of class rooms and Rs.20,000 for the construction of a changing room for the Lion's Club Building of the Rural Vocational Training Centre at Wattala had been made available without identifying the needs. These works had not been done.

- (v) The construction of the Talbot Town Vocational Training Centre in Galle is in progress on an estimate of Rs.3,357,746 in accordance with the decision of the Procurement Committee dated 07 October 2010. A sum of Rs.2,356,601 had been remitted in December 2010 to that as new construction. The nature of new constructions and the specifications and plans of the new constructions were not made available to audit.
- (vi) Even though a sum of Rs.5,499,708 had been remitted to 11 centres in the year under review as new constructions. Such expenditure had been brought to account as expenditure on repairs instead of being brought to account as fixed assets.
- (g) As the electrical system of the Pansilgoda Rural Vocational Centre in the Gampaha District had been defective, 07 of the 08 welding machines and 02 lathe machines had not been used.
- (h) A sum of Rs.5,620,286 had been spent in the year under review for the training of employees. It was not possible to be satisfied with the economy of the expenditure due to reasons such as non-submission of details of expenditure amounting to Rs.4,465,755, spending a sum of Rs.660,000 on the study of administration extraneous to the expected objectives in the training of instructors, lack of evidence in support of the completion of the course by 18 officers, failure to identify the purposes relating to training expenditure amounting to Rs.96,955 and the failure to make deductions for the non-attendance at lectures.
- (i) Installation of Digital Display Boards
A contract for Rs.4,974,900 for 42 name boards at Rs.118,450 per board for display at the Regional Centres had been awarded by calling for quotations under the shopping procedure from a company. An advance of Rs.994,980 had been paid on 31 December 2010 without obtaining a security bond. It was not possible to be satisfied as to whether the procurement procedure had been followed in the proper and transparent manner.

(j) Transport Fleet

The following matters were observed.

- (i) A motor vehicle of the Authority had been repaired through the Motor Mechanical Division of the Wegiriya Vocational Training Centre. The undated receipts produced in support of the purchase of goods valued at Rs.235,870 for repairs raised doubts about the genuineness of the bills.
- (ii) A motor vehicle had been repaired on 29 July 2009 at a cost of Rs.62,407. As same defects in the repaired parts had emerged again, those accessories had been repaired again at a cost of Rs.94,421 despite the possibility of getting the repairs done free of charge within the specified period.

3.2.3 Operating Inefficiencies

The following observations are made.

- (a) The orders for training equipment valued at Rs.8,778,863 placed for supply within 14 days and 01 month respectively had not been supplied even after the elapse of 06 months. Nevertheless, action had not been taken to cancel the orders and select other suppliers.
- (b) Out of 26 orders for the purchase of items valued at Rs.12,311,442 goods valued at Rs.5,829,115 had either been not supplied or supplied with goods other than those ordered resulting in the cancellation those orders. As such the courses had to be completed without training materials and training equipment.
- (c) It had not been possible to commence 16 training courses for periods ranging from 03 months to 10 months as Instructors had not been attached to those in 13 District and Rural Training Centres.

- (d) According to the Circular No. TVET/1/Circular/2004/1 dated 28 January 2004 of the Secretary to the Ministry, there should be at least 14 apprentices to commence a course. Contrary to such instructions 962 Training Courses had been conducted by recruiting less than the minimum number of apprentices. All the apprentices of 08 such courses, commenced by recruiting less than the minimum number of apprentices, had abandoned the courses halfway.
- (e) A sum of Rs.3,808,890 had been spent for the purchase of materials needed for the Training Courses in the Gampaha District. There were 29 instances where quantities lesser than that needed for the training courses were supplied while in certain instances even 10 per cent of the needs had not been supplied. There were 12 instances where more than the needs of training equipment had been supplied and such excess supplies ranged between 111 per cent and 193 per cent. In addition, a higher percentage of apprentices quitting the courses for which a lesser amount of training equipment were supplied was observed.
- (f) The percentages of quitting 125 courses in the year 2010 ranged between 25 per cent to 49 per cent while the percentages of quitting 38 courses ranged between 50 per cent to 100 per cent. All the apprentices recruited to 04 courses had quit the courses while no apprentices had been recruited to 41 courses.
- (g) There were 23 instances of non-payment of apprenticeship allowance and the payment of apprenticeship allowance after a delay while 67 instances of non-payment of apprenticeship allowance for the preceding months even up to November 2010 to 17 apprentices attached for further training were observed.

3.2.4 Resources of the Authority Supplied to other Government Institutions

The following observations are made.

(a) Release of Employees to External Institutions

- (i) Eight employees had been released from service to the Line Ministry and other external institutions overstepping the provisions in the Public Enterprises Circular No. PED/12 of 02 June 2003. The salaries of 04 of those employees had been paid by the Authority. The payments made in the year under review amounted to Rs.1,184,650 and the payments made in the preceding years amounted to Rs.2,570,568.
 - (ii) Instances of releasing of officers recruited by the Authority to other institutions even before reporting for service to the Authority were observed.
 - (iii) The Director General of the Authority as well had been released to Sri Lanka Samurdhi Authority from 12 March 2008 to 30 May 2011.
- (b) Four motor vehicles to the Line Ministry and one motor vehicle to the Ministry of Indigenous Medicine had been released by overstepping the provisions in the above circular. The Authority had released 05 of its motor vehicles to other institutions and had procured 05 motor vehicles on hire basis. A sum of Rs.1,042,296 had been paid in that connection in the year under review.

3.2.5 Slow Moving, Idle and Underutilised Assets

The following observations are made.

- (a) A sum of Rs.114,825 had been remained idle in 02 Bank Current Accounts throughout the year under review without being used for any purpose.
- (b) Carrying out repairs to a double cab motor vehicle and a motor car which had met with accidents in January 2003 and September 2008 had been delayed up to 30 June 2010. A lorry remained without being used over a period of 03 years.

- (c) It was observed that 39 Instructors had been idling in the Training Centres for periods ranging from 03 months to 01 year due either to the non-commencement or delayed commencement of courses in accordance with the provisions specified in the Circular No. TVET/1/Circular/2004/1 dated 28 January 2004 of the Secretary to the Ministry.
- (d) Seven items of equipment supplied by the Skills Development Project in the year 2006 to the Carpentry Course of the Rural Vocational Training Centre at Homagama had not been used due to the unavailability of three phase electricity.
- (e) The training materials purchased for the Carpentry Courses in the Gampaha District remained idle in the store of the District Office from the year 2009 to 25 January 2011 without being used. The Vocational Training Centres at Kandana and Welisara had been closed down.
- (f) The bus valued at Rs.16,186,488 provided for the use of the Niyagama Project had been parked idling at the Head Office premises without being used.

3.2.6 Identified Losses

The following observations are made.

- (a) The profits of the Production units of Aluminium Processing Maintenance, Air conditioner and Deep Freezer Repairs and Motor Vehicle Repairs at Ambepussa, in the year under review had been zero while a loss of the Hotel School (Koggala) Production Unit amounting to Rs:47,503 was observed.
- (b) Even though a sum of Rs:27,955 had been spent on voucher No. 1698 of 04 October 2010 for the publication of the newspaper advertisement for the recruitment for the post of Accountant in the Dinamina Newspaper, the post of Accountant remained vacant even by 30 November 2011.

- (c) Plans had been made for the establishment of an Information Technology Centre by obtaining financial sponsorship from the Asian Development Bank under the Skills Development Project. The grant of financial aid had been rejected due to the irregular method of selecting the contractor and without obtaining the financial facilities. As such the contract had to be suspended. The contractor had resorted to legal action for non-payment and the Authority had to pay a sum of Rs.3,729,507 as compensation.

3.2.7 Transactions of Contentious Nature

The following observations are made.

- (a) Out of the sum of Rs.4,405,189 payable to the contractor for the preparation of the Register of Fixed Assets, a sum of Rs.2,643,114 had been paid by May of the year under review. Nevertheless, the 1/3 of the Value Added Tax paid on that payment and 5 per cent Withholding Tax thereon had not been recovered and remitted to the Commissioner General of Inland Revenue.
- (b) The Authority had constructed 11 buildings at its own cost and 25 buildings with the financial provisions from 02 Foreign Aid Projects on State land for which the Authority is not holding the legal title and maintained Training Centres in them. The expenditure incurred on 16 of those buildings amounted to Rs.79,263,434.
- (c) The double cab motor vehicle of the Ministry taken off the road after an accident had been repaired in the preceding year at a cost of Rs.1,036,244 without obtaining the approval of the Board of Directors.

3.2.8 Cadre management

The particulars of the approved cadre and the actual cadre of the year under review as compared with the preceding year are given below.

Category of Employees	2010			2009		
	Approved	Actual	Excess (Shortage)	Approved	Actual	Excess (Shortage)
Executive Grades	11	09	(02)	11	10	(01)
Staff Grades	78	61	(17)	78	64	(14)
Others	1,842	1,548	(294)	1,842	1,558	(284)

Observations are given below.

- (a) According to the approved cadre of the Authority, the number of posts of Secretaries had been 05 as against the actual cadre of 08. As such recruitment to posts of Secretaries exceeding approved cadre had been made.
- (b) Over payments to Rs.62,265 for 3 ½ months in the year 2010 resulting from the payment of salaries by placing an officer at a salary step for which the officer did not possess the qualifications specified in the Scheme of Recruitment.
- (c) An officer recruited to a lower post had been promoted to a higher post, within a period of 06 months, for which the officer did not possess the required qualifications and paid salaries attached to the higher post.
- (d) An officer recruited at a monthly salary of Rs.16,670 on the results of an interview held on 15 September 2010 had been appointed to a new post of "Acting Instructor Secretary" created without the approval of the Director General of Department of Management Services. The officer had been recruited at a monthly salary of Rs.20,820 which exceeded the salary recommended by the Interview Board and spent a sum of Rs.62,460 up to 31 December 2010.

- (e) An appointment had been made without holding an interview to a post of Media Co-ordinator not included in the approved cadre by letter No. HRD/IS/01/CO-CR/01 of 25 October 2010 of the Director General on the basis of a monthly allowance of Rs.40,000 and providing transport facilities contrary to the Management Services Circular No.30.
- (f) The Director (Administration) and the Deputy Director (Administration) of the Administration Division had been attached to other Divisions while the other Deputy Director had retired.
- (g) The Deputy Director who was appointed to act in the post of Director General with effect from 25 February 2008 had acted in the post of Deputy Director up to 06 December 2010 and that post remained vacant from 07 December 2010 up to the date of the report for the year 2010.
- (h) Out of the 02 posts of Accountant, one post remained vacant from in the year 2010 and the other Accountant had been attached to the Internal Audit Division. As such both post of Accountant remained vacant.

3.2.9 Corporate Plan and Its Implementation

A Corporate Plan should be prepared in terms of Section 5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003 and in terms of Section 5.1.3, the updated Corporate Plan approved by the Board of Directors, together with the Annual Budget, should be forwarded to the authorities concerned 15 days before the commencement of each financial year. Nevertheless, the Corporate Plan prepared for the year 2010 and the ensuing years and the Action Plan prepared had not been approved by the Board of Directors.

3.2.10 Budgetary Control

Significant variances were observed between the estimated expenditure of the revised budget for the year under review and the actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

4. Systems and Controls

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

- (a) Accounting
- (b) Cash and Bank Activities
- (c) Fixed Assets
- (d) Motor Vehicles Utilisation
- (e) Advances and Purchases
- (f) Debtors and Creditors
- (g) Apprentices Training Activities
- (h) Human Resources Management

H.A.S. Samaraweera

Auditor General