ANNUAL REPORT
2016

NATIONAL INSTITUTE OF EDUCATION
MAHARAGAMA

ANNUAL PROGRESS REPORT - 2016

1.0 Introduction

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1.1 Objectives of the Institute

According to Act of Parliament No.28 of 1985, legal power has been given to the National Institute of Education for the achievement of the following objectives.

(a) Advise the Minister regarding plans, programmes and activities for the development of education in Sri Lanka;
(b) Provide and promote post-graduate education in the several specialties of education;
(c) Conduct and promote studies on the education system including its performance, goals, structures, content and methodology and on the social, economic and other aspects of education;
(d) Initiate and promote innovative practices in the education system including adaptation of technology for educational purposes;
(e) Provide for the development of professional and general competence of personnel in the education system;
(f) Make specialist services in education available to the Government and other approved organizations, carry out education development programmes approved by the Minister; and
(g) Co-ordinate with other institutions having similar objectives.

Therefore, NIE is responsible for assuring quality education through a curriculum appropriate for the socio-economic context and designed for the development of productive citizens to meet the local and global demands, provide leadership in preparing competent professionals for the school system and ensure a scientific information base by undertaking research to guide and facilitate policy making for the development of education. Accordingly the tasks assigned to NIE are implemented under the supervision of five Faculties and one division.

According to the current plan of implementing the curriculum, every eight years a complete change, development or revision in the curriculum is effected. Accordingly in 2006, a revised curriculum was introduced to the school system with certain changes in the competency – based curriculum brought into the system in 1999. After the implementing stage of 8 years;

- Information disclosed through the studies conducted by each group regarding the implementation of the curriculum in the schools system.
- Positive views and suggestions regarding the curriculum by various social groups.
- Successful experiences of various countries of the world regarding the development and implementation of the curriculum.
- Integrate new knowledge and teaching methodologies added on to each subject area.

The main focus on school curricula in the year 2016 was implementation of a rationalized curriculum in Grades 7, 11, monitoring their implementation at school level and the preparation of Teacher Guides and training of provincial trainers in order to implement the third step of the curricula in grades 2,8 & 12 for 2016 as well as to prepare syllabi for grades 3,9 & 13 for the implementation of curricula in 2018.

1.2 Financing

After the introduction of the Education Sector Development Programme, financial allocations for curriculum related activities were initially covered by the funds provided by Transforming the School Education System as the Foundation of a Knowledge Hub Project (TSEP/ DFAT) and United Nations Children's Emergency Fund (UNICEF) and Education Sector Development Programme (ESDP).

Under the existing financial constraints, after the allocation made to the Institute by the Treasury are spent on the payment of staff emoluments, the credit balance for water, electricity, sanitation and security has to be met utilizing the income derived from the various courses conducted by the Institute. Nevertheless, since the courses conducted by the Institute for specialized areas are not provided with the mere objective of profit making, the fees charged for them are comparatively less than the fees charged for similar courses provided by other institutes. In the year 2016, NIE had to bear Rs. 189,122,000/- as recurrent expenditure excepting salaries and out of the above amount is 53% of the total recurrent expenditure of the Institute.

Table 1: provides information on the expenditure of the Institute for 2016.

Source of Funding	Recurrent Expenditure		Capital Expenditure	
	Revised allocation	Actual Expenditure	Revised allocation	Actual Expenditure
CF	345,000,000	303,000,000	157,000,000	21,000,000
TSEP	64,000,000	20,000,000	16,000,000	16,000,000
DFAT	40,000,000	84,981,156	-	-
Income (NIE)	156,431,000	156,431,000	25,000,000	10,840,356
ESDP	65,000,000	65,000,000	-	-
Unicef	10,226,000	10,226,000	-	-
Korean National Commission for UNESCO	4,300,000	4,346,706	-	-

1.3 Staffing

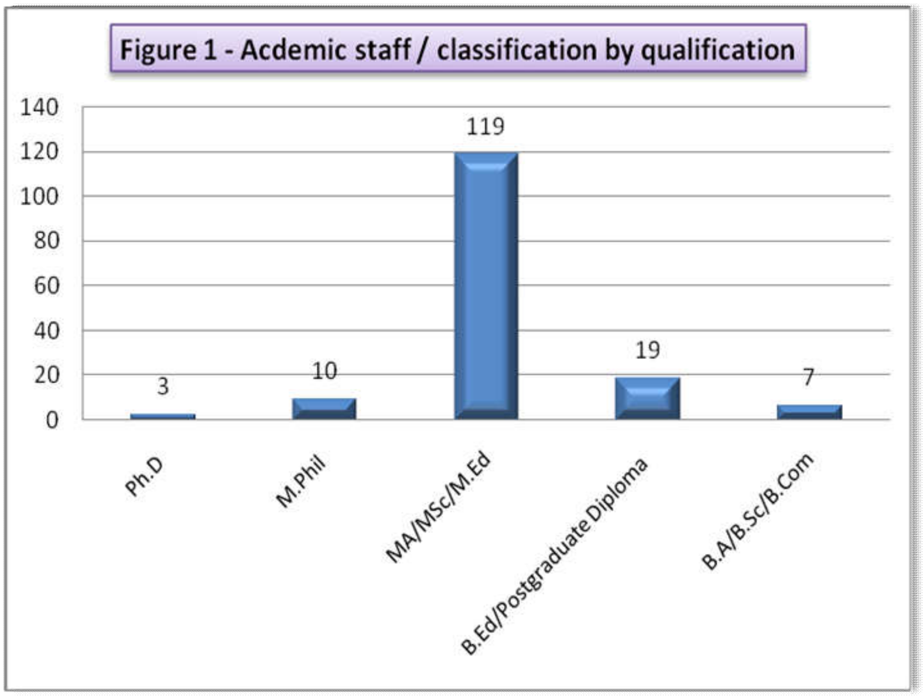
The National Institute of Education was brought under the administration of a new Director General who was committed its upliftment to the Institute from the inception of NIE with effect from 16 March 2016. Concurrent with this change, a number of procedures were initiated in order to ensure that the functions of the Institute were introduced to the system more effectively and efficiently in the confirmation of its role as a national level organization through the development of its human as well as physical resources.

Table 2 : provides a clear picture of the staff position of the Institute at the beginning of 2016.

Designation	Approved staff (as 01.01.2016)	Current staff (as 01.01.2016)			No. of vacancies (as 01.01.2016)
		Male	Female	Total	
Director General	01	01	00	01	00
Additional Director General	01	00	00	00	01
Deputy Director General	06	04	00	04	02
Director	27	09	06	15	12
Board Secretary (Education)	01	00	00	00	01
Senior Lecturer / Senior Educationist	72	34	17	51	21
Lecturer / Educationist	75	18	26	44	31
Assistant Lecturer / Assistant Educationist	90	18	27	45	45
Non Academic Staff	379	152	156	308	71
Total	**652**	**236**	**232**	**468**	**184**

The existing staff of the Institute functions with immense commitment amidst numerous difficulties in the implementation of the functions assigned to the Institute by Act of Parliament. The main reason for these difficulties is shortage of staff. Beginning of the year 2016 there were 188 vacancies in the approved cadre of 652. Several efforts were taken with the Ministry of Education and with the Department of management Services to overcome the above shortage existed and obtained approval to fill 75 staff positions. Necessary arrangement is being taken by the management to recruit suitable persons for the posts internally and externally.

Table 3: represents the current situation of the academic staff by qualification.



2.0 Organizational Structure of the NIE

2.1 The Council 2016

Subject to the provisions of the NIE Act the Council shall have the following powers:

- Appoint the staff of the Institute in accordance with scheme of the recruitment and procedures for appointment prescribed by regulations ;
- Determine the terms and conditions of the services of the staff of the Institute including wages, salary or other remunerations;
- Enact rules with regard to matters of discipline;
- Establish and regulate provident funds and schemes for the benefit of the staff of the Institute and contribute to any such fund or scheme.

As per the National Institute of Education Act the Council of the Institute is vested with the financial and administrative powers. The following members served in the Council in 2015.

Mr. W.M.Bandusena *(Secretary, MoE)*	Chairman *(Till August. 2016)*
Mr.Sunil Hettiarachchi ,(Secretary, *MoE*)	Chairman *(From September 2016)*
Prof. Gunapala Nanayakkara *(Director General, NIE*)	Member *(Till 14.03.2016)*
Dr.(Mrs.) T.A.R.J.Gunasekara *(Director General, NIE*)	Member *(From 16.03.2016)*
Prof. S. Sandarasegaram *(Former Dean, Faculty of Education, University of Colombo*)	Member*(Till 12.07.2016)*
Dr. T. A. Piyasisri *(Vice Chancellor, University of Vocational Technology)*	Member*(Till 12.07.2016)*
Mr.Y.L.M.Navavi (Senior Assistant Secretary, Ministry of Higher Education)	Member*(Till 12.07.2016)*
Mrs.K.A.H.C. Pubudusiri (*Assistant Director, Department of National Budget, Ministry of Finance and Planning*)	Member*(Till 12.07.2016)*
Prof.W.D.W.Jayathilaka (*Professor, Department of Chemistry, University of Sri Jayawardenapura)*	Member *(Till 12.07.2016)*
Dr.Nirmal Ranjith Dewasiri *(Senior Lecturer, Faculty of social Sciences, University of Colombo)*	Member *(Till 12.07.2016)*
Prof.Jayadewe Uyangoda (*University of Colombo)*	Member *(Till 12.07.2016)*
Dr.Amal Harsha de Silva (*Director, Health Education & Publicity Beuro,Colombo 07*	Member *(Till 12.07.2016)*
Prof. P.S.M.Gunaratne *(Vice chairman, University Grand Commission)*	Member *(From 13.07.2016)*
Prof. Hemamala Ratwatte *(Dept. of Language Studies Open University of Sri Lanka)*	Member *(From 13.07.2016)*
Mr. M.K.Pradeep Kumara *(Director, National Budget, Ministry of finance)*	Member *(From 28.07.2016)*
Mr. Tissa Hewavithana *(State Secretary, Ministry of Education)*	Member (*From 12.07.2016)*
Mr. S.H. Kumarasinghe *(Retired Principal, Royal College Colombo 07)*	Member (*From 12.07.2016)*
Mr. A.M.R.B. Amarakoon *(Former Commissioner General of Examinations, Dept. of Examinations)*	Member (*From 28.07.2016)*
Mr. W.M. Anuradha Wijekoon *(Additional Secretary, Non State Higher Education, Ministry of Higher Education & Highways)*	Member (*From Aug. to Sept. 2016)*
Ms. V. D. C. P. Perera *(Director, External Resource Management Unit, NIE)*	Secretary to the Council

2.2 Academic Affairs Board 2016

Apart from the Council, the Academic Affairs Board which consists of experts in education management, administration and other relevant fields is responsible for all academic affairs and providing educational and institutional leadership, supervision and advice in the following functions / affairs.

- Advise the Council on all academic matters;
- Consider and report on any matter referred to it by the Council;
- Make recommendations and report to the Council on matters connected with courses of study, training programme or programmes and examinations, conducted or held by the Institute;
- Recommend to the Council the requirements to be imposed for the admission of students to courses of study, training programme or programmes and examinations conducted or held by the Institute;
- Drafting rules relating to courses of study, teaching programme or, programmes and examinations conducted by the Institute and submit such drafts to the Council;
- Recommend to the Council, names of persons suitable for appointment as examiners at examinations held by the Institute;
- Recommend to the Council the award of exhibitions and other prizes to such persons who have fulfilled the conditions approved by the Council for the award of such scholarships, medals and prizes; and
- Appoint, with the permission of the Council, committees which may include individual other than the members of the Board.

The Academic Affairs Board 2016 comprised the following educational experts.

Dr.M.A.Upali Mampitiya *(Senior Lecturer, Dept. of Mathematics, University of Kelaniya)*	Chairman
Prof. Gunapala Nanayakkara (*Director General, NIE)*	Member *(Till 14.03.2016)*
Dr. (Mrs) T.A.R.J. Gunasekera (*Director General, NIE)*	Member *(From 16.03.2016)*
Prof.R.Arangala (*Professor*, *Department of Sinhala, University of Sri Jayawardhanapura)*	Member
Mr. L.M.D. Dharmasena (*Commissioner, College of Education MoE)*	Member *(Till June 2016)*
Mr. Tissa Hewavithana *(Commissioner General of Educational Publications, Ministry of Education)*	Member *(Till June 2016)*

Mr. K.M.H. Bandara *(Chief Commissioner, Teacher Education, Ministry of Education)*	Member *(From July 2016)*
Mr. E.K.Ganihigama (*Department of Sociology, University of of Sri Jayawardhanapura*)	Member
Dr.R.U.Halwatura (*Department of Civil engineering, University of Moratuwa)*	Member
Dr.M.T.M Mahees (*Senior Lecturer, Department of Sociology University of Colombo*)	Member
Dr.Mahim Mendis (*Senior Lecturer, Department of Social Sciences, Open University of Sri Lanka)*	Member
Mr. V. Mutukumaraswamy *(former Principal, Hindu College, Colombo 04)*	Member
Mr.W.M.N.J. Pushpakumara *(Commissioner General of Examinations, National Evaluation & Testing Service)*	Member
Dr.Prasad Wimalarathne (*Senior Lecturer, School of Computing, University of Colombo*)	Member
Dr. Priyantha Premakumara (*Secretary, University Grants Commission)*	Member
Mr. I.M.K.B. Illangasinghe *(Commissioner General, Dept. of Education Publications, Ministry of Education)*	Member *(From 05.12. 2016)*
Ven. Dr. Mambulgoda Sumanarathana Thero *(DDG, Faculty of Languages, Humanities and Social Sciences)*	Member
Mr. M. F. S. P. Jayawardene (DDG, Faculty of Science & Technology, NIE)	Member
Mr.N.V.A.S.Samarasighe (*Acting DDG Faculty of Alternative Education and Teacher Education)*	Member
Ms. V.D.C.P. Perera *(Director, External Resource Management Unit, NIE)*	Secretary to the AAB *(Till January 2016)*
Ms.G.H.Asoka *(Acting Director, Dept. of Bilingual Education, NIE)*	Secretary to the AAB *(From February 2016)*

Under the guidance and supervision of the Council and Academic Affairs Board of NIE activities assigned to NIE carried out under the following organization structure.

2.3 Director General's Office

The Director General's Secretariat, Department of Examinations, Internal Audit Unit and External Resource Management Unit function under the direct supervision of the Director General. The Director General's office coordinates the activities of the Council and the Academic Affairs Board (AAB). During last year, 07 Council meetings, 14 AAB meetings have been coordinated.

The Internal Audit Unit has taken charge of internal auditing and helps strengthen the internal controls and transparency in management. In relation to the above Internal Audit Unit prepared Audit plan - 2016, checked 974 payment vouchers over

Rs. 75,000/- and workshop estimates over Rs. 50,000/- submitted by various departments.

The External Resource Management Unit is responsible for arranging overseas staff development programmes.

Following are the achievements for 2016:

- Making arrangements for 32 officers to be sent on short term foreign study tours such as seminars, training programmes and workshop.
- Facilitating 11 academic officers to follow PhD programmes at Management and Science University in Malaysia with the financial sponsorship of ADB & World Bank.

2.4 Faculties and Divisions

Given below is how the different Departments and units of the Institute are orchestrated under its organizational structure in 2016.

2.4.1 Faculty of Languages, Humanities and Social Sciences

Department of Early Childhood and Primary Education
Department of Sinhala
Department of Tamil
Department of English
Department of Aesthetics
Department of Religions and Value Education
Department of Social Sciences

2.4.2 Faculty of Science and Technology

Department of Science
Department of Mathematics
Department of Technical Education
Department of Commerce
Department of Information Technology & EMIS
Health and Physical Education Unit
Department of Printing & Publication

2.4.3 Faculty of Research and Planning

Department of Planning and Evaluation
Department of Research and Development

2.4.4 Faculty of Education Leadership Development and Management

Department of Professional Development & Educational Management

Department of Education Administration & Development

Foreign Courses Unit

2.4.5 Faculty of Alternative Education and Teacher Education

Department of Inclusive Education

Department of Classical / Foreign Languages and Bilingual Education

Department of Electronic Dissemination

Guidance and Counseling Unit

Open School Unit

Department of Teacher Education

Department of Institutional Development

2.4.6 Division of Administration, Finance and Support Services

Department of Administration and HR

Department of Finance

Department of Engineering Services and Maintenance

Department of Library and Museum

Transport Unit

Special Functions / Achievements of NIE in the year 2016

Functions included in the Annual Implementation Plan (AIP) – 2016 related to curriculum development, Professional Development Education Research as well as additional curricular activities which were not included in the (AIP) have been implemented by the National Institute of Education in 2016.

- Prepared final drafts of syllabi for 26 Open/Applied subjects and 01 syllabus for the General Component to bring certain fundamental changes for improving the quality and relevance of education and enhancing the in the upper secondary level at the school system in order to provide Guaranteed 13 Years Education.
- Prepared Organizational Result Framework (ORF) for the state owned enterprises.
- Organized NIE Day to celebrate the 30th anniversary of the institute at Meepe premises 31st December 2016.
- Prepared one training module including following seven themes to implement special teacher development and professional development programme at the provincial level in order to provide opportunities for teachers to update their knowledge of pedagogy, subject content & generic skills as well as to ensure that any teacher handling a

particular subject in schools has been subject to comprehensive training relevant to their field and to update/upgrade knowledge and teaching learning capacities of teacher educators.

- Personality and career development,
- Teaching skills for 21st century,
- Enrich teaching learning through ICT applications,
- pedagogy: major concerns in the implementation of the curriculum,
- Assessment for improving leaner competencies,
- value added education: how to incorporate peace and values in the curricula and co-curricular activities,
- classroom management: major issues

Further to the above, following special programmes conducted/initiated under the financial, administration, employee welfare and infrastructure development of NIE.

- Taking steps to fill the vacancies especially in the academic staff whose shortage had been malaising the Institute for nearly 10 years.
- Purveying provisions to all members of the academic and non-academic staff to follow courses relevant to their respective fields and preparing a schedule for it.
- Increasing the insurance coverage opportunities and benefits given under the total insurance scheme implemented by the Institute.
- Providing water purifiers to every section of the Institute ensuring the provision of pure potable water to the staff.
- Purchasing adequate office equipment whose dearth has severely affected the performance in academic work assigned to different Departments and Units and distributing them to relevant sections.
- Preparing Institute's staff development plan by obtaining self-development plans from the staff members and taking initial steps for carrying it out.
- Solving the problem of paying EPF, ETF and gratuity with stagnated for nearly ten years due to a miscalculation and starting to make the due payments.
- Amending the circular on making payments to external resource persons from whom the Institute receives academic support as the former emoluments were not attractive and taking steps to get the approval of relevant sectors for it.
- Preparing a list of resource persons under the respective Faculties so that the contribution of the experts spread all over the island can be obtain for various activities carried out by the Institute and facilitating the reception of their services.

- Conducting a seminar with the cooperation of the Auditor General Department to promote knowledgeability of the Institute's officers for maintaining accounting and administrative function correctly and systematically.

3.0 Curriculum Development

The curriculum development activities of the National Institute of Education are performed by the Faculty of Languages, Humanities and Social Sciences and the Faculty of Science and Technology.

Under the powers vested in the Institute regarding curriculum development, the NIE implemented 65 curriculum development – related projects in 2016 with the support of 7 Departments belonging to the Faculty of Languages, Humanities and Social Sciences, 6 Departments belonging to the Faculty of Science and Technology and the Department of Classical and Foreign Languages and Bilingual Education belonging to the Faculty of Teacher Education and Alternative Education. Through the curriculum development activities, it is expected to achieve the following objectives and all the exercises undertaken in this regard are targeted for them.

Main objectives of the above faculties are as follows:

- Planning, developing and updating the curriculum to suit the social, cultural, economic and technical needs.
- Introducing new techniques to the school system for a meaningful practical learning / teaching process with the innovation of the curriculum.
- Improving the professional competencies in those who are involved in the development and implementation activities of the curriculum.
- Implementing studies that contribute to the qualitative progress of education in order to elicit information on curriculum development and implementation.
- Introducing new methodologies for the success of learning / teaching and evaluation activities.
- Developing competencies in communication, information technology and national and international languages in students.
- Developing competencies in students to protect and safeguard the culture and national heritage.
- Developing competencies in students to value religious, cultural and language diversities of various ethnic groups in society and live in cohabitation as Sri Lankans.

According to the following plan of curriculum implementation, the rationalized curriculum will operate on every grade in the system from 2015 and in 2016 priority was given to introduce its next step to grades 2, 8 and 12 in 2017. The tasks scheduled by the NIE in this connection are tabulated below.

Table 4: Implementation plan for the curriculum cycle 2012 - 2020

Task	2012	2013	2014	2015	2016	2017	2018	2019	2020
Preparation of grid	Gr.1-5 6-11								
Preparation of syllabi	Gr. 6,10	Gr. 1,7,11	Gr. 2,8	Gr. 3,9,12 & 13	Gr. 4	Gr. 5			
Preparation of TGs		Gr. 6,10	Gr.1,7, 11	Gr. 2,8,12	Gr. 3,9,13	Gr.4	Gr. 5		
Awareness programmes on curriculum			Gr. 6,10	Gr. 1,7,11	Gr. 2,8,12	Gr. 3,9,13	Gr.4	Gr. 5	
Implementation of curricula				Gr. 6,10	Gr. 1,7,11	Gr. 2,8,12	Gr. 3,9,13	Gr.4	Gr. 5

In 2016 the following tasks were implemented related Curriculum Development:

- Prepared 09 first drafts of syllabi for grade 4, 12 final drafts of Teachers' Guides for grade 2 and edited activities of 12 Teachers Guides of Gr. 3 based on the results of tryout to improve the learning and teaching process in primary Education.
- Prepared guide book on formative assessment and essential learning competencies for Key Stage I and conducted awareness programmes for 650 primary team members to enhance the quality of assessment of essential learning competencies.
- Designed a curriculum for Early Childhood Education and preparation of proposal was commenced for the degree course on Early Childhood Development.
- Completed research report on child development standards (age 9 years) to identify development standards of Early Childhood development.
- Prepared 01 report on development of feedback mechanism for Gr. 01.
- Prepared 01 story book strengthening primary curricula with social cohesion, Disaster Risk Reduction, Climate Change and School Safety.

- Prepared 16 final drafts of Teachers' Guides for grade 9, 13 first drafts of Teachers' Guides for grade 13 and 11 final drafts of Teachers' Guides for Gr. 12 to improve the learning teaching process in Secondary Education.
- Completed first drafts of 42 supplementary materials for Gr. 6-13
- Completed 38 educational software on different subjects form Gr. 6-13 to improve the teaching learning process.
- Upgraded ICT glossary.
- Prepared supportive question papers for Gr.9, 10 and 11 as item bank with CD and work book for Gr.9 to strengthening teaching learning process to increase O/L pass rate of Mathematics,
- Prepared directory on carrier opportunities in the field of science.
- Drafted job inventory including 6 subject areas for the school system.
- Completed final draft of Trainer Manual and scoping documents for second trainer manual prepared for the promotion of Bilingual Education.
- Completed final research report on survey in National Colleges of Education
- Conducted awareness programmes on BE for 290 provincial officers.
- Trained 228 teachers on BE.

Capacity development programmes conducted in 2016 for Subject Directors, In-Service Advisors and Teachers.

When conducting orientation to new syllabi and knowledge raising programmes, the NIE offers direct training opportunities to in-service advisers and subject directors regarding Grades 1-11 and teachers teaching advanced level (Grades 12 and 13) classes. Provincial training programmes are organized by In-service Advisors and Subject Directors who got training from NIE. Accordingly, 7,200 In-service Advisors / Subject Directors and 12,280 A/L teachers have been trained in 2016.

4.0 Education Leadership Development and Management

Enhancing the management and leadership capacities of the personnel involved in the field of education is the main task assigned to the Faculty of Leadership Development and Management established at Meepe, which, according to the Act, is: "to provide for the development of professional and managerial competence of personnel in the education system".

In order to achieve the above task, various courses related to education management and school administration, ranging from Master Level to Diploma level are conducted by the Faculty.

In addition to the above, the Faculty conducts short- term courses for officers in the Sri Lanka Education Administration Service (SLEAS) and long-term induction courses specially designed for new recruits to the SLEAS. The thematic courses conducted by the Faculty in 2016 were designed to provide an in-depth knowledge of selected themes in Education Management and ICT for education management.

In 2016, priority was given to training principals and deputy principals in the schools included in the development of 1000 schools programme. The programme is conducted as two five day programmes.

Table 5: indicates the progress of courses implemented by the Faculty of Education Leadership Development & Management in 2016.

Name of the Course	Department Responsible	Location	No. of Participants
Postgraduate Courses M.Sc. in Education Management	Professional deve.& Edu.	Meepe Centre	73
Postgraduate Diploma Courses Postgraduate Dip. in Ed. Management (Full time/ Part time)	Professional dev. & Edu. Mgt.	Meepe Centre	171
Diploma Courses Diploma in School Management	Professional Dev. & Edu. Mgt. English	Meepe Centre	283
Short-Term Thematic Courses Thematic courses on Education Management (S/T)	Professional Dev. & Edu. Mgt.	Meepe Centre	763
Principalship course	Professional Dev. & Edu. Mgt.	Meepe Cemtre	275
Courses for Foreign Students Master of Science in Education Leadership Management	Professional Dev. & Edu. Mgt.	Meepe Centre	33

5.0 Professional Development of Teachers

The National Institute of Education has a long and distinguished history of catering to the professional development needs of large and diverse groups of teachers by using innovative teacher education modes. Achieving the expected objectives of any curriculum or other development initiative introduced to the system depends on the teacher factor; this is needed in the provision of high quality degree courses which aim at providing the teachers with the confidence, competence and the understanding they need to become effective practitioners. For this purpose, various teacher education courses ranging from Master of Philosophy level to Certificate level are conducted by the respective teacher education departments and some curriculum development Departments.

In viewed this, NIE works in close collaboration with its regional centres dispersed throughout the county.

All the post-graduate/degree/ Non-Degree courses implemented by the NIE focus mainly on the professional development needs of educational personnel and are expected to support the respective client group to:

- get acquainted with new trends in education,
- broaden subject knowledge and learn how to apply it in the classroom,
- develop high levels of teaching and classroom management skills,
- work productively with students by catering to individual differences,
- work productively with parents with knowledge of their strengths and capabilities,
- develop a set of general competencies that provide the basis for good teaching,
- engage in small scale research that help improve work-related practices,
- get acquainted with practices of competency-based performance assessments, and
- Develop a self-critical approach to teaching.

Curriculum development for the new BEd (Engineering) programme and recruitment of 260 teachers teaching technology subjects, introduced to the system in 2013, is one of major achievements of the Institute in 2016.

Table 6: indicates the progress of courses implemented by the various departments in the Faculty of Languages, Humanities & Social Sciences and Faculty of Alternative Education & Teacher Education:

Name of the Course	Department Responsible	Location	No. of Participants
Postgraduate Courses			
Master of Education	Teacher Education .	NIE/Jaffna Centre	265
Postgraduate Diploma Courses			
Postgraduate Dip. in Education	Teacher Education	NIE +24 regional Centres	4160
Graduate Courses			
Bachelor of Education	Teacher Education	NIE + 24 regional Centres	1140
Bachelor of Education (Engineering)	Teacher Education	NIE	263
Diploma Courses			
Dip. in Teaching English as a Second Language	English	NIE	14
Dip. in Early Childhood and Primary Education	Primary Education	NIE	36
Dip. in Special Education	Inclusive Education	NIE	61
Dip. in Sign Language	Inclusive Education	NIE	20
Dip. in Guidance and Counseling	Guidance & Counseling	NIE	46
Short-Term Thematic Courses			
Thematic course on Braille	Inclusive Education	NIE	13

5.1 Institutional Development

The NIE is responsible for curriculum development for pre-service teacher education programmes conducted through the National College of Educations (NCoEs) as well as for in-service teacher education programmes conduct through the Teacher Training Colleges (TTCs). During last year the following interventions have taken place:

- Commenced work related to 37 syllabi out of 42 for the proposed Bachelor of Education degree programme in National Colleges of Educations.
- Relevant course sessions conducted for 294 Dharmacharya teachers to provide basic qualifications to entre Sri Lanka Teaching Service.
- Prepared 15 question papers in Sinhala and Tamil for internal examinations at the National Colleges of Education.

5.2 Examinations

The Department of Examinations is responsible for maintaining an efficient and effective examination system for NIE in order to evaluate various courses conducted by NIE. Conducting exams evaluation and certification of following exams have been affected by the Department within the year - 2016.

Strengthening the examination procedure of NIE is a remarkable achievement of the period of January – December 2016.

- Diploma in Information Communication Technology for Educational Management (2014/2015)
- Post Graduate Diploma in Education Management (Part time) 2016 (Final)
- Diploma in Teaching English as a Second Language 2016
- Post Graduate Diploma in School Counselling (Repeat)
- Diploma in School Management 2014/2015 (Final) 2016
- Diploma in Conselling 2015/2016 (Final)
- Bachelor of Education (Part II) (Repeat)
- Advanced Certificate Course in Teaching Maths-2015-Final Examination 2016
- Bachelor of Education (Entrance)
- Diploma in Early Childhood Development 2015/2016 (Final) 2016
- Diploma in Sign Language - 2016 (Final)
- Diploma in Special Education- 2016 (Final)
- Post Graduate Diploma in Education (Repeat)
- Teaching Japanese as a foreign language 2015/2016 (Final)
- Bachelor of Education 2013/2015 (Part II) - 2016
- Post Graduate Diploma in Education Management (Full time) 2016 (Final)
- Certificate Course on Braille Education (Final) -2016

Extra Examinations conducted in 2016

- Orientation programme for Sri Lanka Principal Service Officers Examination-2016
- Post Graduate Diploma in Education Management (Entrance) 2016

6.0 Alternative Education

Alternative Education focused widening the education opportunities especially who missed the mainstream of formal education due to various reasons. In this regard the Institute upholds the concept of "Education for all" and lifelong education while maximizing its efforts to expand and utilize the facilities offered by modern technology and other auxiliary services that supplement the delivery of education. The Department of Inclusive Education, Department of Electronic Dissemination, Guidance and Counseling Unit and Open School Unit of the Institute are responsible to provide Alternative Education Programme.

6.1 Inclusive Education

The Department of Inclusive Education occupies a special position in making the concept of **Education for All** a reality. This Department is responsible for developing school curriculum suitable for children with special needs, providing necessary training to ISAs and teachers involved in special education and preparation of supplementary curricula materials. Furthermore, they have been provided professional development opportunities through courses on Inclusive Education, Sign Language and Braille Education. The under mentioned activities have been completed during the period considered.

- Completion of 04 final drafts of resource books: children with Autistic, children with Multiple Disabilities, Teaching Braille, Sign Language (Buddhism) to enhance the quality of Special Education.
- Prepared magazine on inclusive education.
- Prepared 02 instructional DVD on Sign Language
- Trained 720 of ISAA / Teachers to strengthen Special Education

6.2 Electronic Dissemination

NIE renders a signal service by ushering the school community as well as the external community towards a learning society through the use of electronic learning material such as Television, Radio and CDs that are attractive and effective learning teaching tools in the non-formal education fields. Various programmes are being produced using aesthetic methods such as songs, music and drama to explain higher order concepts in the curriculum and to make the school community aware of the timely changes in the curriculum.

The following are the activities completed by the end of 2016:

- Production of 10 supplementary audio materials for primary and secondary levels of education curricula (S/T) to enrich teaching learning process.

- Production of 20 DVD programmes to promote education reforms introduced to the system in 2015 on rationalized curricula.

6.3 Guidance and Counseling

In order to meet the psychological needs of the educational community, the Guidance and Counseling Unit was established in June 2006. The unit takes the responsibility of providing career guidance and counseling services to the student population. The following activities were completed in 2016:

- Conducted in-house counseling sessions for 64 school children and parents.
- Updated 239 teachers on counseling service in Sabaragamuwa, Central, North East, North Central provinces.
- Prepared draft job inventory under six fields (auto mobile, building and construction, textiles and garments, hotel and tourism, banking and management and ICT) .

6.4 Open Learning

The Department of Open School was established with the aim of conducting distance education courses for the group that misses formal education due to various reasons. This process is taking education closer to the learner by using distance and open methods. Irrespective of educational qualifications, employment or social satisfaction, this process expects to broaden the provision of educational opportunities for all. Open school facilitates the learner to decide when to start learning, which mode to adopt and also helps to start from any appropriate stage.

The following activities were completed in 2016 with regard to the programme on open learning.

- Prepared two supplementary books (Mathematics & Science) for secondary course.
- Completed Open Foundation course by 678 learners and Open Secondary Course by 1417 learners.

7.0 Research and Planning

As an institution functioning towards quality education the NIE implements curriculum development, professional development and policy making through a variety of research and planning activities. These activities are conducted by the Department of Research and Development and Planning and Evaluation.

7.1 Research and Development

Initiate, develop and extend educational research, set a platform to address educational issues that need dialogue and debate, provide opportunities for the people in the field of education to develop their research skills by conducting courses and providing grants and disseminating research information, are the main functions of the Department of Research and Development.

The following are the outstanding achievements of the Department during the year 2016:

- Completion of the interim report of a study "A study on factors influence in students' absenteeism in Grade 13.
- Completion of the interim report of a study "Quality of Pre-service teacher education in Sri Lanka".
- Conducting the 27th C.W.W.Kannangara Memorial Lecture on Education Reforms Beyond Kannangara's for the 21st Century" by Dr.Upali M. Sedere, Rector/CEO Sri Lanka International Buddhist Academy.
- Conducted a research dissemination seminar for 165 participants.

7.2 Planning and Evaluation

With a view to achieving the aims and objectives of NIE in agreement with the national aims and to utilize the available human and physical resources in an efficient and effective manner, the following activities have been completed under Planning and Evaluation by the end of 2016:

- Preparation of Annual Progress Report and current performance report 2016.
- Preparation of budget estimates, annual budget and annual implementation plan for the year 2017.
- Preparation of progress reports requested by other institutes such as Central Bank, MoE etc.
- Preparation of quarterly progress reports of activities implemented under local and foreign funded projects.

8.0 Administration, Financial & Support Services

The function of the Division of Administration, Finance and Supporting Services is to procure financial, physical and managerial services and support services with respect to the functions of the five academics faculties of the Institute.

8.1 Department of Administration

The Department of Administration, which is under Division of Administration, Financial and Supporting Services, takes responsibility for all functions related to day to day administration, identifying training needs of the staff and providing necessary training at local level.

Apart from the day to day administrative activities following tasks completed by the Department of Administration within the period January to December 2016.

- Recruitments of 2 Directors to the Institute.
- Provide financial assistance as well as study leave for 33 academic and non academic officers of the institute to follow appropriate programmes requested by them.
- Obtaining approval from the department of management services to fill 79 vacancies out of the existed 184 vacancies.

8.2 Department of Finance

The Department of Finance provides the financial resources for all tasks of the Institute and maintains income and expenditure reports in terms of financial rules and regulations

- Prepared and completed the fixed assets register and the evaluation procedures.
- Completed the Board of survey for 2016
- Prepared final financial statement 2016

8.3 Department of Engineering Services and Maintenance

The Department of Engineering Services carries out the responsibility for the maintenance of the physical environment appropriate for educational activities by handling the construction and maintenance of the buildings of the Institution, maintenance of electrical and telephone services, provision of infrastructural facilities and coordination of cleaning and security service. The following activities related to Engineering Services were completed by the end of 2016:

- Completion and initiation of 27 refurbishment work at Maharagama & Meepe premises
- Completed 04 jobs related to electricity supply and extension.
- Completed 13 prepare and maintenance jobs
- Completed infrastructure development of main entrance and internal roads.

8.4 Library

In addition to the internal members of staff, the library of the NIE is often used by the University Staff, Staff of NCoEs and Teacher Training Colleges, teachers and students as well as other educationists for academic purposes. The following books and CDs were added to the library collection in 2016.

Books	2440
Books (donations)	89
Curriculum materials	72
Educational reports	83
Local Magazines (donations)	10
Local Magazines	06
Foreign Magazines (donations)	10
N.I.E collection	190
Newsletters	10
DVD/CD	22

8.5 Printing and Publications

The following publications of the Institute have been printed by the Department of Printing and Publications in 2016.

- Teacher's Instructional Manual 13
- Other materials 111
- Certificates 21
- Syllabi 50
- Additional publications 110
- Invitations 04
- Teacher training hand books 18

In addition to the above, participated in 07 book exhibitions and got an opportunity to promote NIE publications and documents related to curriculum development.

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No. EDU/C/NIE/1/16 මබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 30 September 2017

The Director General,
National Institute of Education.

Report of the Auditor General on the Financial Statements of the National Institute of Education for the year ended 31 December 2016 in terms of the Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the National Institute of Education for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016, the statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 19 of the National Institute of Education Act No. 28 of 1985. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Director General of the Institute on 19 September 2017.

1.2 Management's Responsibility for the Financial Statements

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

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, - இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
+94-11-2887028-34 +94-11-2887223 oaggov@sltnet.lk www.auditorgeneral.gov.lk

1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-section (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report the financial statements give a true and fair view of the financial position of the National Institute of Education as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The following observations are made.

(a) Sri Lanka Public Sector Accounting Standard 06

Even though a sum of Rs.8,908,928 payable on the final bill for the construction of the South Asian Teacher Training Centre had been capitalized under the building in the year 2015, in view of the actual payment of Rs.5,142,899 only made in January 2017, the value of buildings and depreciation had been overstated by sum of Rs.3,766,029 and Rs.376,603 respectively in the years 2015 and 2016.

(b) **Sri Lanka Public Sector Accounting Standard 07**

According to paragraph 47 of the Standard, when the fair value of an asset materially differs from its carrying value, a revaluation should be carried out. Nevertheless, the assets of the Institute had not been revalued after the year 2008.

(c) **Sri Lanka Public Sector Accounting Standard 09**

Even though the stocks should be valued at the cost or the net realizable value whichever is less in accordance with the accounting policy of the Institute, the stock of books for sale as at 31 December of the year under review had been shown in the financial statements as Rs.22,843,838 at the sale price.

2.2.2 Accounting Policies

Even though the profit or loss resulting from the sale of fixed assets should be adjusted to the profit for the year, the profits and losses resulting from the disposal of fixed assets by the Institute in the preceding years had been adjusted through a Fund called the Disposal Profits Fund and the balance thereof as at the end of the year under review amounted to Rs.3,640,844.

2.2.3 Accounting Deficiencies

The following observations are made.

(a) In view of the existence of the following deficiencies in the cash flow statement presented with the financial statements, the balancing thereof was a questionable issue in audit.

   (i) The expenditure payable in the changes in working capital in the cash flow statement had been understated by a sum of Rs.7,151,969.

   (ii) A sum of Rs.7,786,795 payable for the purchase of non-current assets had been shown as payments in cash in the cash flow statement.

   (iii) The non-current assets amounting to Rs.46,991,171 recorded in the stocks in transit had been shown in the changes in the working capital.

   (iv) Even though the gratuities in respect of the year under review paid in cash amounted only to Rs.5,353,157, that had been shown in the cash flow statement as Rs.5,697,314 , thus resulting in an overstatement of Rs.344,157.

(b) A sum of Rs.1,614,600 posted as the additions of the office furniture equipment in the year under review under the property, plant and equipment furnished with the financial statements and depreciated had been shown again as the stocks in transit and expenditure payable under the current assets.

(c) The Teachers' Guidelines valued at Rs.10,369,094 which included the old syllabuses printed before the year 2009 and taken off from use had been included in the closing stock, thus resulting in the overstatement of the closing stock by that amount.

(d) The contract and consultancy fees payable on the construction of the new building at Meepe in the year under review had been billed twice and as such the Buildings Account and the Accrued Expenditure Account had been overstated by a sum of Rs.6,172,195 whilst the depreciation for the year under review had been overstated by a sum of Rs.240,605.

(e) In view of an error made in the exchange of cash between two Bank Accounts in the year under review, the Expenditure Payable Account and the Receivables Account had been understated by a sum of Rs.8,843,090.

(f) An over-provision of gratuities amounting to Rs.164,140 had been made for 5 officers who had left the Institute.

(g) A sum of Rs.2,386,738 received in the year as interest on distress loans had been credited to a fund called Loan Fund instead of being brought to account as income.

2.2.4 Unexplained Differences

The following observations are made.

(a) A difference of Rs.423,706 was observed between the balance of the Workshops Advances Schedule furnished to Audit by the Institute and the balance of the Workshops Advance Account.

(b) According to the information of the Teachers' Colleges Division, the Course Fees paid in advance amounted to Rs.22,692,418 whereas according to the financial statements that amounted to Rs.34,577,626 and as such a difference of Rs.11,885,208 was observed.

2.3 Accounts Receivable and Payable

The following observations are made.

(a) Instead of taking action for the recovery of a sum of Rs.3,237,800 receivable from the Ministry of Education from the year 2008 in connection with the printing of the school based evaluation question papers and the balances receivable older than 5 years amounting to Rs.595,122 , those had been shown in the accounts as balances receivable.

(b) Action had not been taken even by the end of the year under review for the settlement of a sum of Rs.372,295 older than 5 years included in the expenditure payable totalling Rs.5,260,853.

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

The following non-compliances were observed.

Reference to Laws, Rules and Regulations	Non-compliance
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka Chapter II Section 13.1.2	Even though the officer recommended for an acting appointment should be a person qualified in every respect, an officer who had been subjected to warnings on several occasions and had not earned any salary increments after 15 September 2007, had been appointed with effect from 05 January 2016 to the Acting Post of Deputy Director General - Alternative Education and Teacher Education.
(b) Guideline 8.9.1 (b) of the Government Procurement Guidelines 2006	Even though a formal contract should be executed in the award of a contract for the purchase of goods and services exceeding Rs.500,000 in value, a formal contract had not been entered into with the supplier in the purchase of 2 machines costing Rs.19,813,500 in the year under review for the printing press of the Institute.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Institute for the year ended 31 December 2016 had resulted in a surplus of Rs.37,792,759 as compared with the corresponding surplus of Rs.157,631,149 for the preceding year, thus indicating a deterioration of the financial results of the year under review, as compared with the preceding year, by a sum of Rs.119,838,390. The decrease of the Government and foreign grants by a sum of Rs.28,497,342 and the increase of the operating expenditure by a sum of Rs.105,003,558 had been the major impacts for the above deterioration.

An analysis of the financial results for the year under review and 4 preceding years indicated that the financial results had improved continuously from the year 2012 to the year 2015. Nevertheless, the readjustment of the employees' remuneration and the depreciation on the non-current assets to the financial results, the contribution of the Institute from the year 2013 to the year 2016 amounted to Rs.256,417,465, Rs.297,593,788 and Rs.453,446,003 respectively and the contribution for the year 2016, as compared with the year 2015, had decreased by 21 per cent.

3.2 Working Capital Management

In considering the working capital management of the Institute, the current ratio of 5.4:1 in the preceding year, had been 4.7:1 in the year under review, whilst the quick assets ratio of 5.2:1 in the preceding year had been 4.3:1 in the year under review. The Treasury Bonds and the balances of the Bank Current Accounts represented 82 per cent of the Current Assets and as such a large amount of the assets of the Institute had been retained in liquid assets. Out of 5 Bank Accounts the balances of 02 Bank Accounts as at 31 December 2016 amounted to Rs.97 million and due to the maintenance of such balances exceeding the requirements, making short term investments and the existence of outdated stocks valued at Rs.10 million in the stock balance as well as the existence of non-current assets of Rs.46 million had resulted in the increase of the current and quick assets.

3.3 Legal Actions instituted by the Institute

The Institute had filed 4 cases claiming compensation totalling Rs.8,538,064 against 4 Teachers who had proceeded abroad for academic purposes and breached the agreements,

4. Operating Review

4.1 Performance

According to the National Institute of Education Act, No. 28 of 1985, the formulation of planned programmes for the development of education in Sri Lanka, conduct and promotion studies on the education system including its performance, goals, structures, content and methodology and in social, economic and other intended purposes, provide for the development of professional and managerial competence of personnel in the education system and providing postgraduate studies are its major objectives.
The following observations are made.

(a) Even though an Action Plan had been prepared for the year under review, it was observed that the failure to implement those plans properly has a direct impact on the learning process of the overall Sri Lankan students. Details appear below.

(i) Even though plans had been made for the year 2016 for the training of 1,200 Teachers and Teaching Instructors under 4 programmes through the Departments of Sinhala, Religion and Ethical Science and Mathematics action had not been taking for the implementation of those programmes.

(ii) Even though plans had been made for the training of 9,000 Teachers through 17 Programmes scheduled to be implemented by 06 Departments, only 5,390 Teachers had been trained. In view of the failure to train 40 per cent out of the number planned the expected targets had not been achieved.

(iii) Five Departments of Tamil, Social Science, Mathematics, Commerce, the Arts and Foreign Languages and the Bilingual had finalised only the First Draft of the Teachers Handbooks on 18 subjects whilst 4 Departments of Aesthetics, Religion and Ethics, Social Science, the Arts and Foreign Languages had finalised only the Final Drafts of the Teachers Handbooks of 12 subjects. Nevertheless, these Handbooks had not been approved and sent to the Department of Educational Publications for printing.

(iv) Even though the Sinhala Department had planned for the preparation of the Teachers Handbooks on the study of Media for Grades 12-13 and the Information Technology Department had planned for the preparation of the Teachers Handbooks on the Information Technology for Grades 6 – 8 in the year under review that work had not even been commenced.

(b) The Sinhala Department had conducted 60 workshops at a cost of Rs.12,738,410 and the Technical Department had conducted 183 workshops at a cost of Rs.18,453,549 during the year under review. Out of those workshops, the workshop for the training of 100 Teachers with the objective of the establishment and the development of Media Units selected as a sample for the audit examination had been scheduled to be conducted at the beginning of the third and the fourth quarters of the year and those workshops had been conducted on 06 and 07 December 2016. The following matters were observed in this connection.

(i) Even though the participation of 100 Teachers for those Workshops had been expected, only 19 Teachers had participated.

(ii) Even though the participation of teachers for the Teacher Training Programmes should have been arranged through the Provincial Education Offices according to a formal methodology it had not been so done.

4.2 Management Activities

The following observations are made.

(a) Project on English as a Life Skill

The Ministry of Education had given a sum of Rs.4,500,000 to the Institute for the production of 50 DVD Programmes under this Project commenced in the year 2014 for the development of knowledge of English as a life skill of the Grade 8 and 9. The following observations are made in this connection.

(i) The Institute had produced 15 and 9 programmes for the Grades 8 and 9 respectively at a cost of Rs.1,333,441 and out of that 6 programmes of Grade 8 only had been subjected to final editing. It was observed from the Progress Reports that the final editing in respect of any of the programmes of Grade 9 had not been done.

(ii) Except the progress referred to above, the achievements expected by the Institute or the Ministry from the project had not been achieved even by the end of the year 2016 and the balance sum of Rs.3,166,559 had been returned to the Ministry of Education on 31 December 2016.

(b) Nenasa Educational Programme

According to the decision No. CM/08/0002/316/001 dated 17 January 2008, of the Cabinet of Ministers, approval had been granted for the commencement of an Educational Channel through the satellite technology. The designing of lessons for this programme had been assigned to the Institute from the year 2008 on the financial sponsorship of the Private Company with the co-ordination of the Ministry of Education. Memorandums of Understanding for a period of 3 years from the year 2008 and 3 years from the year 2011 had been entered into by the three institutions referred to above. The matters observed in this connection are given below.

(i) The Institute had engaged in designing the lessons from the year 2008 to the year 2014. Plans had been made for designing 990 programmes for subjects based on the syllabuses and for the production of 2,115 complete programmes including general and short programmes in the Sinhala Medium. Even though the Company had given a sum of Rs.6,318,782 and in view of the production of only 104 programmes by the Institute, the Ministry of Education had entrusted this activity to the Dharma Wahini Foundation.

(ii) The Company had handed over an editing machine valued at Rs.1,489,338 to the Institute on 17 January 2013 for the implementation of the programme. It was observed that the objectives expected from the use of the machine had not been achieved as the programme had been abandoned halfway.

(iii) The Institute had planned for the production of the programmes for the Engineering and Bio-technology subject of the General Certificate of Education (Advanced Level) scheduled for the commencement of transmission in the year 2015 and for the completion of writing the screenplay of the lessons in technology in June 2015. According to the information furnished by the Company in this connection, despite the supply of a sum of Rs.1,058,800 to the Institute by the Company the

Institute had failed to prepare and supply the lessons in the Technology subject stream for the comment of this programme.

(c) The South Asian Teacher Training Centre had been constructed by the Institute at a cost of Rs.85,794,089 at Meepe in accordance with the decision of the Cabinet of Ministers dated 02 June 2012, for the purpose of training of the Teachers in South Asia. According to an agreement entered between the Ministry of Education, the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and the Democratic Socialist Republic of Sri Lanka in September 2012, the Ministry of Education and the National Institute of Education are the implementing institutions. According to clause 8 of the agreement, the UNESCO had agreed to provide technical assistance. According to clause 15, the agreement is valid for a period of 6 years and despite the elapse of over 4 years as at present, the Institute had failed to obtain the technical assistance from the UNESCO. As such the objectives of constructing the Centre had not been achieved.

(d) Action had not been taken to secure the vesting in the Institute the lands called Tennakelewatta 7.0958 hectares in extent valued at Rs.78,600.000 and the Baduwatta (Kahatahena) valued at Rs.65.000,000.

(e) The accuracy of the sale prices of 10,872 copies of publications of sale value amounting to Rs.2,511,000 held for sale by the Sales Stall of the National Institute of Educations from 13 January 2015 to 21 September 2016 was a questionable issue in audit.

(f) The Department of Surveyor General and the National Institute of Education had jointly placed a print order with the Government Press on 29 September 2015 for the printing of 10,000 copies of the National Atlas for distribution among the students of 4,722 schools in the Island. Even though a sum of Rs.2,442,000 had been paid on 09 November 2015, the Institute had not received 170 copies even by 31 December 2016. Despite the elapse of over 09 months since the receipt of 4,775 copies, those remained in the stores even by 31 December 2016 without being distributed.

(g) The officer who had been appointed to the post of Deputy Director General (Administration and Finance) of the National Institute of Education on the secondment basis for one year from 16 February 2016 to 15 August 2017 had been allowed the residential facilities of the Foreign Hostel of the Institute on the approval of the Assistant Director. According to the Internal Control Circular No. 479 of 15 April 2016, a sum of Rs.1,500 per day should be recovered for the occupation of a room in the Foreign Hostel. Nevertheless, a hostel fee of Rs.26,922 at the rate of Rs.1,500 per month only had been recovered up to the end of the year under review. In addition, no recoveries whatsoever in connection with the charges for water and electricity had been recovered from him.

(h) Separate water meters had not been installed for 12 official quarters in the Institute premises and the Meepe Teacher Centre premises and as such charges for water had not been recovered from the officers occupying those quarters. The water bills totalling Rs.5,247,095 comprising Rs.2,210,384 in respect of the year 2015 and Rs.3,036,711 in respect of the period January to December 2016 had been paid by the Institute for the entire Institute including those official quarters.

(i) In view of the purchase of 90 lecture hall chairs and 90 tables for Rs.2,430,180 in the year 2016 without identifying the requirement 213 lecture hall chairs and 228 tables in good condition had been distributed to 12 Divisions after making enquiries in order to find space to accommodate them.

(j) Even though the age analysis of debtors and debt recoveries should be reviewed in the event of any uncertainties with regard to the debt recovery of the Institute and determine the amount of provision for bad debts, instead of so doing, the provision for bad debts had been maintained as Rs.22,169 from the year 2011 to the year 2016.

4.3 Utilisation of Funds

The following observations are made.

(a) Provision of Rs.15,400,000 had been made for a Fund under the Department of Foreign Affairs and Trade (DFAT/AUSAID) of the Government of Australia in the year 2014 for the compilation and printing of 6 books on Sources for Resources of selected subjects of the General Certificate of Education (Advanced Level). Even though a period of 3 years had elapsed after making such provision, the funds remained underutilized even up to the end of the year under review as the printing of the books had not been finalised.

(b) A Fund called Loan Fund with a balance of Rs.67,734,282 as at 31 December 2016 had been maintained and its objective was not clear to Audit. That Fund had not been used for the grant of loans or for any other purpose and it was observed that Fund is being maintained throughout by crediting the interest on distress loans..

(c) Even though a sum of Rs.8,750,000 had been allocated in the year 2011 for research and development that Fund had not been utilized even by the end of the year under review.

(d) It was observed that cash balances exceeding the requirements ranging from Rs.41,086,056 to Rs.90,418,980 had been retained in three Bank Current Accounts of the Institute during the year under review without being utilised for the intended purposes.

4.4 Idle and Underutilised Assets

The following observations are made.

(a) Even though the Electronic Publicity Division had produced 90 Video Programmes in the years 2013, 2014 and 2015 and 31 Video Programmes in the year 2016, action had not been taken to examine the quality of those programmes and make use of than effectively for the Education Sector.

(b) A stock of 6,203 cassette tapes valued at Rs.775,375 produced in the years 2011 and 2012 and a stock of 4,798 compact discs valued at Rs.786,000 produced on different subjects by the Aesthetic and the other Departments remained without being sold as 31 December 2016. Those were kept in storage at the Sales Stall over a period of 05 years approximately.

4.5 Delayed Projects

Even though a period of 09 years had elapsed after the payment of a sum of Rs.1,200,949 being 05 per cent of the contract value as the Consultancy fees in the year 2008 for the preparation of designs and estimates on the construction of a lavatory system of an estimated cost of Rs.27,848,100 for the three-storeyed Hostel of the Institute, the construction work thereof had not been commenced even by 31 December 2016.

4.6 Staff Administration

The following observations are made.

(a) According to the letter of the Department of management Services No. DMS/B1/37/3/Vol III dated 22 December 2011 the approved staff of the Institute had been 652 and the actual cadre had been 439. Vacancies in 213 posts existed as at 31 December 2016 and action for filling those vacancies had not been taken during the year under review. Out of the posts vacant in the Institute, 124 vacant posts belonging to the Senior Management whilst 104 of those related to the posts of Lecturers. In view of such situation, it was a questionable issue in audit whether the functions such as the development of syllabuses, computation of Teacher Handbooks assigned to the National Institute of Education for the purpose of giving a quality education to the students can be properly executed.

(b) The Department of Management Services had given the approval in March 2015 for the filling of 18 posts in the Management Assistants and for the filling of vacancies in a post of the Additional Director General and the Additional Deputy Director General, Director and the Senior and Assistant Lectures in March and September 2016. Even though the Institute had published newspaper advertisements costing Rs.399,599 in the years 2015 and 2016, the Institute had not been able to fill those vacancies even by the end of the year under review.

(c) Officers had been temporarily appointed on the secondment basis and the attachment basis for the 04 posts of Deputy Director General and for 14 posts of Directors that remained vacant in the Institute, and allowances amounting to Rs.1,061,558 had been paid to the officers appointed on the secondment basis.

(d) Instead of recruitment of permanent officers for the post of the Deputy Director General and 09 posts of Director of the Institute acting appointments had been made in the years 2015 and 2016 and a sum of Rs.1,181,972 had been paid in the year under review as the acting allowances.

(e) Even though there were vacancies in 41 posts Assistant Lecturers as at the end of the year under review action had not been taken to fill those vacancies. Two Assistant Lecturers recruited on the casual and contract basis had been paid a sum of Rs.4,048,175 as allowance for the period from the year 2011 to 31 December of the year under review .

(f) The Acting Deputy Director General (Alternative Education) who had joined service as a Project Officer on 01 March 1993 had been subjected to various warnings with regard to reporting for duty and obtaining no-pay leave. According to the Personal File of this officer, he had obtained 168 days of no-pay leave in the year 2010 and the years from 2012 to 2015. The recoveries in connection with those days of no-pay leave had not been made even by the end of the year under review.

(g) In terms of Section 14 of the National Institute of Education Act, No. 28 of 1985 on a request made by the Establishments Branch, any officer in the Public Service may be appointed to the Institute for a particular period or as a permanent officer with the consent of the Secretary to the relevant Ministry and on the concurrence of the Secretary to the Ministry of Public Administration. But such approval had not been obtained in respect of two officers recruited on the secondment basis.

5. Accountability and Good Governance

5.1 Procurement Plan

The following observations are made.

(a) According to the Annual Procurement Plan, the Institute had planned for the purchase of 2,311 items valued at Rs.47,135,565 and out of that quantity, 1,278 items of goods, that is, 55 per cent of the total quantity of goods, had been purchased for Rs.41,283,407.

(b) In the implementation of the Procurement Plan prepared by the Institute for the year 2016, instead of 753 items planned, 845 items had been purchased and purchases made included 136 items less than the number planned and 228 items more than the number planned. As such it was observed in the audit that the Procurement Plan had not been made use of as an accurate instrument of management control.

5.2 Budgetary Control

Variances in the ranges from 15 per cent to 76 per cent were observed in the comparison of the estimated recurrent income and expenditure of the year 2016 with the actual amounts, thus indicating that the budget had not been made use of as an effective instrument of management control.

5.3 Unresolved Audit Paragraphs

In the conversion of the salaries of the officers of the Institute other than in the Staff Grades in terms of the circulars (I) and (II) of the Management Services Circular No. 30 of 01 June 2009, a sum of Rs.1,209,220 had been overpaid to 29 officers for the period from 01 January 2009 to 30 April 2014 and the contribution to the Employees Provident Fund amounting to Rs.156,684 had been paid on the amount overpaid. Even though this matter was pointed out in the report for the preceding year, necessary courses of action thereon had not been taken even by the end of the year under review.

6. Systems and Controls

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

Areas of Systems and Controls	Observations
(a) Accounting	(i) Non-compliance with the Sri Lanka Public Sector Accounting Standards.
	(ii) The receipt of goods had been recognized as fixed assets at the time of the issue of Purchase Orders.
	(iii) Failure to correctly identify and account for assets and liabilities.

		(iv) Failure to prepare accurate estimates for expenditure payable.
(b)	Budgetary Control	Failure to prepare realistic estimates and expenditure incurred by deviating from the budgetary control.
(c)	Stock Control	Failure to take the necessary courses of action on the obsolete and idle stocks and the failure to update the books.
(d)	Procurement Process	Failure to take action in accordance with the Procurement Guidelines.
(e)	Assets Management	Failure to secure proper vesting of the lands and motor vehicles of the Institute and underutilization of assets and the failure to utilize assets effectively.
(f)	Staff Administration	Non-filling of vacancies, appointment of officers on acting basis for long periods and appointment of temporary officers on the secondment basis and attachment basis.
(g)	Implementation of Television Educational Programmes	Failure produce and telecast the Nenesa Educational Programmes.
(h)	Hostels Administration	Failure to effectively deploy underutilized hostels, lack of proper maintenance and the failure to hold the meetings of the Hostels Committee.

H.M.Gamini Wijesinghe
Auditor General

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

The Audit Report of the National Institute of Education, ending on 31st December 2016, as per Financial Act 1971 - No. 38 clause 14 (2) C.

Clarification:

2.2. Comments on Financial Statements

2.2.1. Accounting Principles : Government of Sri Lanka.

(a) Sri Lanka Government accounting standard 06
Instructions have been given to make the rectification in the final accounts of the year 2017.

(b) While the information regarding fixed assets is being updated in order to supply the information asked for by circular 1/2017 of the Assets Management Circular of the Ministry of Finance, the fixed assets records are being updated based on that information. Action has been taken to obtain information from stores, records are completed on information on vehicles. Recording of information on machinery and equipment has been begun. Along with the completion of this information, action will be taken to complete the revised accounting of assets by 30th September 2018.

(c) Government of Sri Lanka Accounting standard 09
Action will be taken to calculate the stocks in the Book Store for the accounting year 2017, and present them in the financial statements.

2.2.2. Accounting Policies

This correction will be made in the 2017 accounts.

2.2.3. Shortcomings in the accounts of 2017
a (i), (ii), (iii), (iv)

Action will be taken to forward the shortcomings shown through the Accounting Record of 2017 under comparative figures.

(a) Action is being taken to correct these in the accounts of the year 2017.

(b) In February 2017 approval of the Council has been obtained to discard the Teacher's Guides worth Rs. 10,369,094/= Deputy Director General (Administration, Finance & Support Services) has been instructed to appoint 'Discarding Committees' for this matter and complete the work. The relevant committees have been appointed and the work is in progress.

(c) This correction will be made in the 2017 accounts.

(d) The book keeper has been instructed not to leave room for such lapses in the future. The correction will be made in the 2017 accounts.

(e) The letters of resignation of the relevant officers have not reached the Finance Branch from the Administration section. Consequently their bonuses have been reserved for these officers. Instructions have been issued to the Administration section to provide the relevant information to the Finance section. Accordingly the Finance section has been given instructions to do the necessary adjustments in the final accounts for the year 2017.

(f) Disaster loans are paid through this fund. Accordingly interest has been apportioned to this fund. Action will be taken to make adjustments to the income in the accounting year 2017.

2.2.4. Charges not Clarified

(a) In tallying accounts of advances the balance noted in the final accounts, but not noted in the schedules due to oversight has been rectified in the year 2017 (annexure 01)

(b) A percentage of the monies received as course fees is entered in the accounts as course fees paid for the future - forward fees - , as a result of not having compared with the monies received by the Finance section from the Department of Teacher Education. Action will be taken in the future to avoid this shortcoming.

2.3. Accounts received and to be paid.

(a) The Matter regarding the sum of Rs. 3,237,800/= due from the Ministry of Education was taken up again at the Audit and Management Committee meeting held on 27.12.2016 at the Ministry of Education. The Chief Finance officer of the Ministry informed the National Institute of Education that the order papers given with regard to this matter should be forwarded. Since there are no such, the agreement to write off this amount was made known to the Ministry of Education once again. The accounting officer (Miscellaneous) has been informed of the same. The Council that met on 14.12.2017 decided again to write off this amount.

The sum of Rs. 595,112/= is accountable as : -

General Advance	- Rs. 88,733.00
Creditors	- Rs. 506,389.00
	- Rs. 595,122.00

The balance debt is made up as follows.

B.R.M. Dayananda	- Rs. 112,889/=
National Paper Corporation	- Rs. 318,500/=
Welfare Society Bereavement support	- Rs. 75,000/=
Total	- Rs. 506,389/=

Of the Rs. 318,500/= due from the National Paper Corporation, the National Institute of Education has received the sum of Rs. 10,560/=. The attention of the National Paper Corporation has been called regarding the payment of the balance due - Rs. 307,940/= by letter sent.

Quarterly payments are being made by Mr. B.R.M. Dayananda; there is a sum of Rs. 88,889.70 due from him.

(b) The monies have been sorted out as according to the audit query.

	Total Value Rs.	Balance exceeding 05 years Rs.
Tender Deposits	444,425.00	98,850.00
Deposits on hold	3,413,320.00	25,963.00
To be paid back	170,825.00	18,025.00
Royalty	148,458.00	148,227.00
Procurement bonds	1,083,955.00	77,230.00
Total	5,260,983.00	368,295.00

As no requests have been received from these persons to whom these payments are due, they remain as a balance. Steps will be taken to rectify the matter in the accounting year 2017.

2.4. Not abiding by the laws, regulations and management decisions.

(a) Clause 13.1.2 of Chapter II Establishment Code.

An advertisement to appoint an officer for the vacancy of Deputy Director General (Alternate Education and Teacher Education) has been published in the newspapers on 12.06.2017. Eleven (11) applications have been received, qualifications will be scrutinized applicants called for an interview.

(b) Clause b 8.9.1 Government Procurement Guidance Manual - 2006.
The Deputy Director General (Administration, Finance and Support Services) has been provided with instructions to enter into proper formal agreements as per the Government Procurement Guidance Manual, to keep the suppliers informed to prevent delays in supplies, and to keep the officers of the Finance Section aware of all these. By now, formal agreements are being entered into.

3. Review of Finances

3.1. Financial outcome
Accepted

3.2. Management of working capital
Accepted

3.3. Legal procedure initiated by the Institute

(a) Mrs. S.A.M.S.N. Seneviratne

Legal action is initiated against this officer under case no. 4801/05/M. District Courts Mount Laviania.

As the respondent has left the country it has not been possible to hand over the summons. Therefore this case is on hold.

Mrs. A.P.S.S. Pathirana. Case no. 7018/M. District Courts - Mount Lavinia

The case was over on 11.08.2017. Before the decision of the case could be announced the accused had paid the sum of Rs. 4,056,527.63 owing to the Institute and Rs. 4,000,000/= and Rs. 56,527 by cheques nos. 002668 and 002670 in that order. (annexure 02)

Mrs. K.W.P.A. Weerawardane Case 2320/16/M. District Courts - Nugegoda

The case is being heard. The next due date is 2018.01.30.

Miss. B.K. Wijegunewardane. Case no. 2706/17/M. District Courts - Nugegoda.

So far this case has not been called.

4. Service Review

4.1. Activities accomplished.

a. (i) (ii) while (i) and (ii) planned in 2016 have been completed, the National Institute of Education has no control over the attendance of the trainees as it is the Provincial Department of Education that do the calling for the training programmes.

(iii) The present situation related to the 05 Departments falling into the first draft;

- Department of Tamil Language

Planning the Teachers' Guide Grade 13

The Grade 13 Teachers' Guide has been presented to the Academic Board, approval obtained and sent to the Educational Publications Department on 13.12.2017.

- Department of Social Sciences

Geography Grade 09

The approval of the Council has been obtained for the three media - Sinhala, Tamil and English Has been sent to the Government Publications for printing.

Geography Grade 13

The approval of the Academic Board has been obtained for the Sinhala and Tamil Teachers' Guides.
The Sinhala Medium Teachers' Guide has been handed over to the Publications Department on 2017.12.29, and the Tamil Medium Teachers' Guide on 2018.01.05. The English Medium Teachers' Guide was approved on 2018.01.05 by the Academic Affairs Board.

Teachers' Guide History : Grades 9-13

The Teachers' Guides for History, Grade 09 the Sinhala, Tamil and English have been presented to the Academic Board, recommendations obtained and given over for printing. The Grade 13 Teachers' Guide Sinhala and Tamil were presented to the Academic Board on 2018.01.19. Instructions were given regarding several revisions.
Citizenship Education - Grade 12

The Teachers' Guides in all three media have been submitted to the Education Publications Department; printing in completed.

Political Science - Grade 12

Sinhala and Tamil medium copies have received the approval of the Academic Board and the Council. They have been handed over to the Education Publications Department for printing.

Logic and Scientific Methods - Grade 13

Sinhala, Tamil and English media have received the approval of the Academic Board and the Council.

Logic and Scientific Methods - Grade 12

Sinhala, Tamil and English medium have been sent to the Education Publications Department on 2017.06.12.

- Department of Mathematics

Teachers' Guide combined Mathematics - Grade 13
On the decision of the Academic Board the combined Mathematics Syllabus Grade 12/13 had to be submitted to a committee of ten. There was a delay in obtaining the decision of the 10 member committee, presenting it to the Academic Board again for recommendation and submitting it for approval to the Council. The approval of the Academic Board has been received on 09.01.2018 for the English medium combined Mathematics - Grade 13

- Department of Commerce

Teachers' Guide Accounts - Grade 13

On the decision of the Academic Board the syllabus of Grade 12/13 Accounts had to be submitted to a 10 member Board. There was a delay in obtaining the decision of the 10 member committee, submitting the document with the decision of the 10 member committee for a recommendation to the Academic Board, and submitting it for approval to the Council with the recommendation.

By now Accounts - Grade 13 Teachers' Guide draft has been completed and submitted to the 10 member committee. As soon as the recommendations are received it will be submitted to the Academic Board.

Teachers' Guide	- Business Statistics	- Grade 13
Teachers' Guide	- Business Studies	- Grade 13
Teachers' Guide	- Economics	- Grade 13

As decided by the Academic Board, the syllabus of the three subjects above had to be resubmitted to a 10 members Committee. It took time to forward the documents with the decision of the 10 member committee to obtain the approval of the Academic Board and then to the Council.

By now the draft syllabuses of the three subjects above of Grade 13 have been completed and have been submitted to the 10 member Committee. Once the recommendations are received they will be submitted to the Academic Board, immediately.

- Department of Classical Languages, Foreign Languages and Bilingual Education.

Teachers' Guide Japanese Language - Grade 12

There has been a delay as there is a shortage of resource personnel for this subject. By now the Teachers' Guide has been handed over to be printed with the relevant approval.

Teachers' Guide - Japanese, Chinese, Russian - Grade 13

As it was decided to forward the syllabus of these subjects for Grade 12 and 13 to a 10 member committee there was a delay in obtaining recommendations of the Academic Board and the approval of the Council. Till the syllabus was approved there was no way by which the Teachers' Guide could be written; with the approval of the Council obtained for Japanese, Chinese and Russian, they have been sent to the Educational Publications Department.

The present situation regarding the 04 Departments that had completed the final drafts;

- Department of Aesthetics

Carnatic Music	- Art - Eastern Music - Drama and Theater - Acting
Teachers' Guide	- Grade 9 - Printed
Teachers' Guide	- Grade 13 - Forwarded for Printing
Bharathe Natya	- Teachers' Guide - Grade 9 and 13 - Forwarded for Printing
Western Music	- Teachers' Guide - Grade 9 - Forwarded for Printing

- Department of Religions and Value Education

Teachers' Guide - Islam and Islamic Civilization - Grade 13

This Teachers' Guide has been forwarded to the Academic Board for recommendations. On receiving the recommendation, it has been sent to the Educational Publications Department.

Teachers' Guide - Arabic Grade 13

This Teachers' Guide has been forwarded to the Academic Board for recommendation. On receiving the recommendation it has been forwarded to the Educational Publications Department.

- Social Sciences Department

  Geography - Grade 12

  The Sinhala Medium on 2017.06.28, the Tamil medium on 2017.07.06, the English Medium on 2017.12.06 have been sent to the Educational Publications Department.

  History - Grade 12

  The Sinhala Medium on 2017.07.20, the Tamil Medium on 2017.11.23 have been sent to the Education Publication Department. This subject has no English Medium.

  Political Science - Grade 13

  The Sinhala and Tamil Medium have obtained the approval of the Academic Board and have been forwarded to the Council for approval.

- Department of Classical Languages, Foreign Languages and Bilingual Education.

  Teachers' Guides : German, Hindi, Pali and Sanskrit Languages - Grade 13

  As it was decided to submit the syllabuses of the above subjects to a 10 member committee, there was a delay in obtaining the recommendation of the Academic Board and the Council.

  The Teachers' Guides could not be written till the syllabus was approved; and by now the Teachers' Guide for Pali and Sanskrit have been handed over for printing. Council approval has been granted for the German Language and the Hindi Language. They have been desptched to the Educational Publications Department.

- Department of Sinhala.

  Communication and Media studies Grade 12/13

  The Sinhala Language Department had compiled the syllabus for Grade 12 and 13 and had submitted the Grade 12 Teachers' Guide to the Academic Board, and received its approval. However on 2017.11.29 at the 420th Council meeting of the National Institute of Education it was decided to postpone the syllabus and the Teachers' Guide for one year. Consequently, the 2008 syllabus for these two grades 12-13, which had been introduced in the year 2008, is taken as valid for the current year too.

  Teachers' Guide - Grade 6-9

  The subject Information Technology is not applicable to Grades 6-9. It is a syllabus that has to be designed (newly). Once the relevant syllabus was formulated and presented to the Academic Board revisions were proposed. Instructions were received from the Academic Board to revise the proposed revisions further. Accordingly, the syllabuses of the Grades 6, 7, 8, 9 were forwarded to the Academic Board and the Council, and approval obtained and the documents handed over to the Department of Educational Publications.

b (i) Training is taking place as scheduled.

(ii) Even though the participation of teachers at Teacher Training Programmes should be done through the Provincial Education offices in a formal manner, as there was a delay in the activities that should be completed as per the Annual Plan, workshops have been held on oral permission from the Director of Education within a short time. The relevant officers have been instructed regarding this matters.

4.2. Management Activities.

(a) Project for improving English as a Life Skill .

(i) 50 programmes have been successfully completed and handed over to the Ministry of Education as the first stage.

The Ministry of Education has taken steps to make copies of those (50) programmes and distribute them to the school system through all the provincial offices. Action has been taken to relay them over the National Television too.

The Ministry had made a request for a further 24 programmes as the second step, but the project having come to an end, the work has been terminated half way.

(ii) With the project coming to a close, the work of the second step being stalled, the balance money has been returned to the Ministry of Education.
The recordings that have been completed will be maintained as 'Library scenes' and made use of in relevant activities.

(b) Nenesa Education Programme

(i) Even though a 12 hour television time per day was given according to the Memorandum of Understanding with the Dialog Asiata Company, the National Institute of Education has pointed out to the Dialog Asiata Company and the Ministry of Education, the impossibility of producing new programmes for a daily 12 hour slot. Accordingly although four hour programmes per day were produced, the Ministry of Education has pointed out that 2115 programmes were required. The Director General of the time had pointed out that the National Institute of Education lacks the capacity to produce that number of programmes within a year. As this point the Director General had promised to produce about 100 programmes per year, and has requested that the monies necessary be got from the Dialog Asiata. Dialog has given the Department of Electronic Dissemination a cheque for Rupees 2.7 only. That cheque has been credited to an Institute account under 'Director General'. Although the production of programmes has been handed over to the 'Dharmavahini Foundation' the programmes produced by the National Institute still go an air.

(ii) By making use of the computer given for editing, the editing of the programmes of National Institute of Education continue with no break.

(iii)In 2015 it was proposed that the subjects Engineering and Bio Technology be telecast. Funds were made available for script writing, and the work has been completed. However there were no funds for the production of programmes. Consequently no production has happened.

(c) The South Eastern Teacher Development Centre was built on a Cabinet decision of 2nd June 2012, and established as a Second Level Institute of the United Nations Education, Scientific Organization (UNESCO), however it could not be active simply because the UNESCO took time to name the representatives for its Board of Management. By now, as all administrative members have been appointed, the primary administrative activities are in place.

(i) The Management Board met on 31.03.2017 and designed the Annual Plan, and also planned a framework for the requirements and education activities in a methodical manner.

(ii) The Secretary of Education has appointed a special Committee for planning the structure and financial allocations; the Committee has met twice.

(iii) Action has been taken to obtain the services of the UNESCO support advisers; the following advisers have been contacted for technical suggestions.

Mr. Shigeru Aoyagi - Director, UNESCO - South Asia
Sri A. Shanthah Matthew - Secretary, NCTE - India
Mr. Muhammed Rafique Tahire - Educational Adviser, Ministry of Federal Education - Pakistan
Mr. Muhandal Islam - Joint Secretary, Ministry of Education - Bangladesh

(iv) Once the buildings for this Centre have been put up, since it is used for local/ foreign courses, seminars, workshops and lectures organized by the Faculty of Education Leadership Development and Management, action has been taken to put the building to the use of educational activities to the maximum.

The Ministry of Education is scheduled to provide the necessary mechanism for running the programmes.

(d) With reference to the handing (over) of Tennekele estate a land of an extent of 17.53 acres on the instructions of the Provincial Secretary, Maharagama, the Secretary, Ministry of Lands has been made aware of the need to get the information necessary as regards this land, so that a cabinet paper can be presented by the Ministry of Education.

The Commissioner General of Lands has been approached for information regarding the taking over of the Baduwatta or Kahatahena - a land of an extent of 16.1625 acres situated in Meepe belonging to the National Institute of Education, as per inquiries raised by the Provincial Secretary, Padukka.

It was decided at the Audit Management Committee which met at the Ministry of Education on 24.10.2017, that a Cabinet paper should be presented so that this land could be legally taken over by the National Institute of Education.

(e) The Deputy Director General (Science and Technology) was given instructions to take the necessary steps to do a framework of methodology for calculating the printing costs in a formal manner - as per the points brought out in the audit report.

(f) The National Institute of Education has got the balance of the 170 atlases that was due from the Department of Surveying. Accordingly now, the total of 10,000 atlases has been received.

The distribution of all books has taken place by 31.12.2017, however three provinces, Uva, Sabaragamuwa and Eastern have not taken away their books.

Sabaragamuwa province removed its books on 10.01.2018.

(g) By 2016 February 16th, on the oral instructions of the Director General of the time, the Deputy Director General (Administration, Finance & Support Services) had been given the use of one room for residence from among the foreign hostel accommodation. Action has been taken to charge hostel fees from the officer concerned.

The Council of the Institute has taken the decision given below on this matter, accordingly the Deputy Director General had left the premises on 15.08.2017. Currently he is not in service at the Institute.

(h) It is accepted, that water bills have not been charged from those officers occupying the official residences at Meepe and Maharagama - premises belonging to the National Institute of Education Maharagama.

According to the points raised in the auditor's report, action will be taken to charge for water bills from these residences.

(i) In modernizing the lecture halls of the Institute, in the fixing of air conditioners, multi-media projectors it had been necessary to remove chairs and tables that were there. Of these, what tables, chairs etc. could be put into further use have been provided (after inquiry) to those departments who required them.

(j) As the balance obtaining in the year 2010 has been brought forward it is mentioned in the accounts. Steps will be taken to rectify these in the accounts of the year 2017. It is not possible to write off any debts as a government Institute, without the sanction of the Treasury.

Therefore depending on approval received, debts will be written off.

4.3 Making use of funds.

(i) Of the (AUS Aid) funds donated by the government of Australia, the supply of curriculum material was begun for a few selected subjects of the advanced level; in the year 2014 it had been decided to design the following books.

The current situation regarding these matters is given below.

Department	**Subject**	**Resource Book**	**Manual questions and answers**
Sinhala	Sinhala	Not applicable	Has obtained approval from the Academic Board and the Council. Handed over for printing on 26.10.2017.
Tamil	Tamil	Not applicable	Has been completed and put on the web. Handed over for printing.
Department	**Subject**	**Resource Book**	**Manual questions and answers**
Social Sciences	Geography	Not applicable	Has obtained the approval of the Academic Board (Sinhala/ Tamil/ English) Has received the approval of the Council for the Sinhala Tamil and English Medium. The Sinhala medium book was given for printing on 24.10.2017; the Tamil medium on 2017 December 13, the English on 14.12.2017.
Science	Biology	The syllabus is being revised according to the curriculum revision introduced in 2017.	Revision is being done as per new curricular system introduced in 2017.
	Chemistry	The syllabus is being revised according to the curriculum revision introduced in 2017.	Revision is being done as per new curriculum Reforms introduced in 2017.
	Physics	The syllabus is being revised according to the curriculum revision introduced in 2017.	Revision is being done as per new curriculum Reforms introduced in 2017.

		Part I & II of the English medium has been presented to the Academic Board and approval obtained. It is scheduled to present the Sinhala and Tamil media to the Academic Board meeting that follows.	The Academic Board approval has been received for the English medium. It is scheduled to present the Sinhala and the Tamil to the Academic Board meeting.
	Agriculture	Inapplicable	Approved by the Academic Board and the Council. Has been handed over for printing on 07.07.2016 (Sinhala/ Tamil/ English)
Technological Education	Bio system technology	Inapplicable	The Sinhala and Tamil copies have been approved by the Academic Board and the Council. With the introduction of the new curricular in 2017, this has not been handed over for printing. However it has been put on the internet from 2017
	Technology for Science	Inapplicable	Approved by the Academic Board and the Council. The Sinhala and Tamil media handed over for printing in 2016. The Sinhala copy is printed and on sale.
Business Studies	Accounts	Approval obtained on presenting to the Academic Board in 2015. Was due for approval of the Council, however was re-presented for approval to the Academic Board on 09.01.2018.	The Sinhala Medium Manual of Questions and Answers has been submitted to the Academic Board of 09.01.2018 and approval obtained.
	Economics	On presenting to the Academic Board in 2015 it was suggested that it be revised and presented. Meanwhile it has been revised according to the new curriculum revision and forwarded to the Ten member Committee. Has been revised on their recommendations. Has received the approval of the Academic Board of 09.01.2018.	The Sinhala Medium Manual of Questions and Answers has been presented to the Academic Board of 09.01.2018 and approval obtained.

The Deputy Director General (Languages, Humanities and Social Sciences) and Acting Deputy Director General (Science & Technology) have been issued instructions to take necessary action regarding the books mentioned above.

(b) The Employees Loan Fund is made up of the monies that have accrued as interest on the loans given to the employees of the Institute and the monies transferred from the income of the Institute. Employees are given loans from this fund. Loan facilities are made available on the monies available in the fund related Bank Account. This fund does not get any contributions from the consolidated fund. When the 2017 final accounts are done adjustments will be made against the accumulated fund.

(c) The progress regarding this matter was taken up at the 58th Audit and Management Committee meeting of 27.09.2017.

This fund is made use of to provide grants for research as proposed by external researchers. In 2017, the criteria was stream - lined for four (4) research grants, approval obtained from the Council, and newspaper advertisements to obtain research proposals from external researchers, were published in Dinamina, Thinakaran and the Daily News on 14.06.2017. In response to these newspaper advertisements, eight applications have been received. The applications have been considered and three researches selected, and funds granted.

The research fund is continued as a continuous fund, in the year 2018 too, it will be made use of for grants for research.

(d) A sum of Rs. 70 million kept now in the current account of the Institute has been invested in Fixed Deposits on 04.10.2017.

4.4 Assets : Obsolete and under used

(a) In the years 2013, 2014 and 2015 the National Institute of Education has engaged itself in the production of video programmes. Accordingly, on the request for programmes to be aired over the Nenesa Channel, programmes of maxium quantity at a minimum cost have been composed. On the Nenesa channel time slot these programme have been made use of. At present too the Nenesa channel is making use of these programmes. On the requests of the Departments of the Institute copies of these programmes have been done, and made use of for training activities of the departments. When there is a special request for certain progrgammes the Department of Electronic Dissemination has taken action to produce these copies and sell them.

(b) The compact discs produced in the years 2011, 2012 are still being sold, however since the use of cassettes is minimal now the sale of CDs is at a stand still.

This was discussed at the Audit and Management committee meeting of 27.09.2017.

It was suggested that the balance CDs should be distributed among the children, through the newly appointed teachers of the Ministry of Education.

4.5 Belated projects.

The advisory committee had estimated that on the quantity of documentation provided by the Institute, the total expenditure was 28 Million rupees, while on the quantity of documentation that was delivered again, the expenditure for the year 2017 was 63 Million Rupees.

At the meeting of the Audit and Management Committee meeting for the second quarter which was held at the Ministry of Education on 28.07.2017, the Secretary of the Ministry of Education instructed the Director (Engineering Services) of the National Institute of Education to join hands with the Director (School Buildings) and to do a study of the efficacy of these and submit a report.

Accordingly the Additional Director (School Buildings) of the Ministry of Education, Civil Engineer (School Buildings) and Director (Engineering Services) of the National Institute of Education have made a survey of the relevant building and supplied a report.

On the recommendations and suggestions of that report, action has already been taken to revise the estimate provided by the Advisory Services institute. The services of the mechanical officer of the School Building Unit of the Ministry of Education has also been obtained in this matter.

It was decided at the Audit and Management Committee meeting held at the Ministry of Education on 24.10.2017, to do the work in the future according to the proposals made in the report submitted by the Instructor, and to do the procurement activities accordingly.

Action has been taken to identify and reserve allocations for this project, and enter it on the 2018 Annual Plan so that the work can be done in the year 2018.

4.6 Administration of Staff.

a. As per letter of the Management and Services Department No: DMS/B1/37/3/Vol III dated 22.12.2011 and clause 08 of the above letter, it is necessary to obtain the approval of the said Department in order to fill vacancies.

    1. Request was made for approval for 108 posts by letter dated 01.12.2015 No: NIE/AF/MS/121/27/2015/2016 sub.
    2. By letter dated 02.02.2016 approval for a further 201 posts was requested.
    3. By letter dated 09.09.2016 approval was requested for 190 posts.
    4. By letter No DMS/1501 dated 30.09.2016 approval had been given for only 79 posts.

Of the posts for which approval had been granted, applications were called for, interviews held and 04 director posts have been given. Applications ware called for Senior Lecturer posts, interviews held and 22 internal promotions has been given. Interviews were held for Lecturers' posts, and 20 have received appointments as internal promotions. Interviews were held for Assistant Lecturer posts, and 25 have been granted appointments. Book Keeper post has been made.

Interviews for Management Assistants have been held. Interviews for drivers were held on 13.11.2017.

Applications have been called for, interviews held for the post of Deputy Director General (Administration, Finance & Support Services) and the appointment made. The balance vacancies have been advertised in the news paper, and arrangements made to hold the interviews and make the appointments.

(c) As there was a delay in obtaining the approval of the Department of Management Services, the Director General of the time has made temporary appointments for the posts of Director that had fallen vacant, on an acting basis.

The appointments to officers in the Sri Lanka Education Administrative Service on a secondment basis, (who were mentioned in the audit report as being paid allowances of Rs. 1061,558/=) were made by Secretary Education, the Chairman of the Council.

(d) These appointments were made by the late Director General. These appointments have been made on exigency of service till such time as the vacancies will be filled, on receiving approval from the Department of Management Services.

As soon as the approval of the Department of Management Services was received on 30.09.2016, interviews were held for Director Posts and the process of giving appointments commenced.

On the results of the interview held on 19.12.2016, the approval of the Council was obtained for the following appointments to the posts of Director.

Mr. M.A.G.W. Kularatne	- Salary no : 870
Mr. M.R.W. Madduma	- Salary no : 980

As a lady officer has been appointed for the post of Director (Finance) on 01.12.2016. Mr. B.C.K. Gunawardhane (Salary no: 0080) no longer works as the Acting Director (Finance) from 01.12.2016.

Senior Lecturer Mr. W.M.A.B. Wijesooriya (Salary no: 0597) has gone on retirement on 11.11.2016.

As there is an ongoing inquiry regarding Mrs. G.H. Asoka (Salary no: 1307) the Council has made no decision regarding her, awaiting the conclusion of the inquiry.

(e) The officer (Salary no: 1443) who has been working on contract basis, has resigned with effect from 30.11.2016.

The officer (Salary no: 1373) has terminated her service. Interviews were held, and appointments made for 25 Assistant lecturer's posts for which approval had been received.

(f) Accepted.
Director (Administration & Human Resources) has been given instructions, to provide the finance 'action' again with information so that the monies owing could be charged on required.

(g) Letters of release have been sent to the officers (Salary nos: 307, 0807) who had been recruited on secondment basis. Later permanent, formal appointments have been made.

5. Financial matters and Good Government.

5.1. Procurement Plan

(a) Even though the main allocations for purchasing office equipment and furniture mentioned in the procurement plan was under TSEP and DFAT as there was a delay in receiving allocations, the initiation of the basic activities in the purchase of capital equipment was delayed, consequently. At the last moment priority had to be given to the purchase of essential equipment (office furniture, photo copying machines, computers, computer printers, RISO machines, technological equipment and such like) required for launching the programme of 13 years of Continuous Education, which is a high profile programme of the government.

(b) This situation has occurred as a result of having to make purchases on the office requirements of the Institute. However in the future purchases will be made on the procurement plan.

5.2. Control of income expenditure documentation.

This kind of discrepancy is evidenced because the classification of some expenses of the Financial Statements of the Institute, differs from the items in the Income Expenditure statement. Therefore instructions will be issued from the beginning of 2017 in the planning of Financial Statements, that the items should concur with the itemization of expenses in the income expenditure document.

Income

Income of the Institute.

The Income Expenditure document carries the expected items of expenditure during the year, of the income accrued to the Institute from the various courses run by the Institute. The amounts stated here as actual value is the amount received as income within the year.

Personal emoluments; Salaries Wages.

Salaries and Wages

What is given as real value is only the monies for salaries and wages (0103). To that must be added the pension contributions (0116, the Institute contribution towards the Employees' Provident Fund (0113) Rs. 28,777,357/=. Then the actual expenditure would be Rs. 295,497,078/=. Accordingly the variance is 0.2%.

Overtime and holiday payments

The reason for this variance is the cost that had to be incurred over and above expectations, due to the shortage of staff, having to take over the work handed over to the Institute, related to the high priority government programme, the year 13 Continuous Education Programme and associated curriculum development activities, during the last quarter of the year 2016.
Travelling expenses

Foreign

The expenses of foreign travel had been accommodated under the World Bank provisions because this was late, there was not enough time to do several of the planned short term programmes. The variance was due to this.

Local.

Curriculum Development activities are conducted under the World Bank Projects TSEP + DFATprovision, however there was a delay in these provisions: the variance is due to the fact, the planned field observation programmes did not take place.

Planning and Consummables.

Stationery and other office goods

There was a delay in obtaining the approval of the Academic Board, as some of the supplementary curriculum material planned to be finalized under the ESDP provision in the year 2016, could not be completed in time ; the delay in getting the relevant books was due to this.

However since the printing activities are scheduled to be finalized in the year 2017, the relevant monies are retained in the 2017 reserve fund.

Maintenance.

	Vehicle Expenditure	Office Equipment
Cost estimated on income/ Expenditure	4,500,000/=	5,500,000/=
Actual Cost	6,992,754/=	8,857,112/=

This situation has arisen through including, the cost of Rehabilitation and improving activities (under classification of expenditure) within the actual costs incurred.

Contractual Services

Postal and information Goods.

The evaluation problem of the main programmes that was scheduled to be begun in the year 2016, had to be revised to match with the credit system of the University Grants Commission. Consequently certain revisions were made in the content of the curriculum. The newspaper advertisements for enrolment to the courses could not be published thereby.

As a result there was a reduction in the expense on postal and information goods as stated in the audit report.

Security services and cleaning service : expenditure

The reduction in the real costs here is due to non payment of the total dues as per contract, because of negligence in work, non employment of the stipulated number of workers. Basically these payments have been estimated on the earned income of the Institute.

Services: expenditure

Staff welfare expenses

In addition to the Rs. 750,000/= stated under the Staff Welfare Account, a sum of Rs. 597,920/= has been borne under the head: Welfare expenses.

Accordingly the total expenditure borne under employees welfare expenses is Rs. 1,347,920/=.

5.3. Unsolved audit paragraphs.

In making gratuity payments to staff who had retired and resigned, the extra payments made have been calculated, deducted from the gratuity payment and the balance paid. In making the final payment to staff resigning from service, extra payments have been deducted.

The following course of action is taken to get back on an installment basis the over payments made to current staff.

The approval of the Council has been obtained to get back the monies due in 10 years. A letter seeking approval for such has been sent to the Secretary, Ministry of Finance on 15.03.2017 a further reminder has been sent to the Secretary, Ministry of Finance on 06.06.2017.

A letter was sent to retired officer Mr. P.A. Kodippili requesting him to pay back the over payments made to him on 14.10.2014. Since there had been no response, another letter was sent on 21.09.2016. No response was received. The matter was discussed at the meeting of the Audit and Management committee of 27.09.2017.

On that occasion the legal officer informed that the matter of overpayment to Mr. Kodippili should be forwarded to the Reconciliation Board. It was pointed out to the officers that it was necessary to ascertain whether the amounts stated in the letter to Mr. Kodippili are accurate, and that matters be discussed at Institute level and then come to the Reconciliation Board. The officers said that they would get the relevant details from Mr. Kodippili, and then discuss the matter will the Salaries Commission. The legal officer stated that on that decision, the gentlemen in question has agreed to pay the monies back. Mr. Kodippili has also been paid the gratuity monies due to him.

The chairman of the Audit and Management committee has instructed the Director (Finance) to take action to get the monies paid back.

6. System and Administration

(a) Accounts
The Director (Finance) has been advised to make sure that the accounting errors pointed out by the Auditing would not recur in the future.

(b) Control of income and expenditure
Action has been taken by now, to follow the Institutes' planning, estimates of income and expenditure, actual expenditure on a monthly basis; to appoint an internal finance management

committee comprising an officer of the Internal Audit and Planning and Finance Section so that the efficiency and the productivity of the Institute can be enhanced. Thereby action has been taken to report the financial progress on a monthly basis, rectify the places that need correction, maintain a positive financial control, attain a successful material progress.

(c) Control of Stocks
Action has been taken to initiate a proper method regarding stocks as shown in the report. Instructions have been issued as necessary to manage stocks so that similar problems would not arise in the future.

(d) Process of allocations
It was observed on the occasion of designing the Annual Plan of the Institute that a very long time is taken up for the process of allocation ; the allocation schedule has been planned on calculating the needs of the different departments, action will be taken to maintain the allocation activities in a proper manner.

Action has been taken to provide a proper training for the staff dealing with allocation activities, so that in the future allocation activities could be done abiding by the manual of allocations.

(e) Management & Assets
Action has been initiated to get legal ownership of the land on which the Institute is situated; work is in progress.

The two vehicles GV 1823 and 61-6298 belonging to the United Nations Development Programme (UNDP) that should have been taken over by the National Institute of Education have been duly taken over. The Ministry of Education has been informed to hand over vehicle NA 7574, action regarding the taking over is in progress.

(f) Administration : Staff
On the approval for 79 vacancies given by the Department of Management Services by letter 30.09.2016, 62 have been filled through appointments and promotions; action regarding making appointments for the balance vacancies is being taken.

Of the approved 125 vacancies by letter of 21.09.2017, 07 have been filled through appointments and promotions: interviews have been held for 14.

A balance of 30 have been advertised in the newspapers. Action is being taken to make appointments to the other posts.

(g) Rupavahini Education Programme
Necessary action has been taken to prevent a recurrence of such in the future.

(h) Administration : Hostel
Residential Committee meetings are maintained: action has been taken to provide residential facilities for participants coming for workshops conducted by the Ministry of Education, and other government Institutes as well as for those conducted by the National Institute of Education.

A circular containing Rules and Regulations for proper formal management of the hostel is in the making.

Dr (Mrs.) T.A.R.J. Gunasekara
Director General
National Institute of Education

ඇමුණුම 01

Advance No.	Name	Amount
162267	Ananda M	52,200.00
162288	Wimalarathana G.A	90,000.00
161822	Jayawardena M.R.P.I	40,000.00
160571	Jasar J.M	9,000.00
162736	Rambukwella H.W.W.M.S.R	36,400.00
160950	Rajapaksha A.A.R.C	38,800.00
160263	DE silva L.W.R	88,200.00
162201	Chinthani R.B.N	15,875.00
162392/93	Chinthani R.B.N	26,250.00
163030	Asoka G.H	24,000.00
162983	Asoka G.H	419.96
1601830	Asoka G.H	2,561.00
		423,705.96

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7018/11/M

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சம்பத் வங்கி
SampathBank

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SAMPATH BANK PLC

Authorised Signatory Authorised Signatory

Sampath Bank PLC - Company No. PQ 144

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NOTES TO THE FINANCIAL STATEMENTS

Significant Accounting Policies

1.1 General

The Published performance and the financial position of the institute have been prepared under the historical cost convention in accordance with generally accepted accounting principles consistent with those used in the past.

1.2 Conversion of foreign exchange - All foreign exchange transactions are converted at the rate of exchange prevailing at the time the transactions were effected.

1.3 Basis of preparation

1.3.1 Statement of compliance

The financial statements comprise the statement of financial position, statement of financial performance, statement of changes in equity, cash flow statement and notes to the financial statements. These statements have been prepared in accordance with the Sri Lanka public sector accounting standards (SLPSAS) issued by the Institute of Chartered Accountants of Sri Lanka.

1.4 Assets and the Bases of their Valuation

1.4.1 Debtors & Other Receivable

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of specific outstanding amounts at the year end.

1.4.2 Property, Plant & Equipment and Depreciation

Assets are recorded at cost or revalued amount less accumulated depreciation (Carrying Amount) and cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is charged to the income statement on the written down values at the following rates per annum in order to write off the cost of such assets over their estimated useful lives.

Office Furniture & Equipment	10%
Computer Equipments	33 1/3 %
Library Books & Periodicals	10%
Motor Bicycles & Bicycles	20%
Plant & Machinery	10%
Motor Vehicles	20%
Buildings	5%
Photocopy Machines	10%

1.4.3. Inventories

Inventories have been valued at lower of cost and net realisable value.

1.4.4 Cash & Cash Equivalents

Cash & Cash Equivalents are defined as cash in hand, cash in transit & current account balances in banks.

1.4.5 Cash Flow

Cash Flow statement has been prepared using the indirect method.

1.5. Accounting Grants

Grants that compensate the institute for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the institute for the cost of asset is capitalized and amortised as revenue on a systematic basis over the useful life of the related assets.

1.6 Employee Benefits

1.6.1 Provision for gratuity

A Provision has been made for retiring gratuity payable under "Retiring Gratuity Act, No 12 of 1983" for all employees who have joined the Institute. The liability is not externally funded nor is it actuarially valued.

1.6.2 Define contribution plans

Obligations for contributions to Employees Provident Fund and Employees Trust fund are recognised as incurred expenses in the income statement.

1.7 Current Liabilities

Current Liabilities are those which fall due for payment on demand or within one year from the balance sheet date. Non Current Liabilities will fall due for payments one year or more after the balance sheet date.

1.8 Events after the Balance Sheet Date

The materiality of events occurring after the balance sheet date has been considered and appropriate adjustment, wherever necessary, have been made in the accounts.

1.9 Income and Expenditure

1.9.1 Revenue recognition

(i) Government Grant for Recurrent Expenditure recognized cash basis in the Income & Expenditure Statement.

(ii) Surplus / Deficits on examinations, seminars, courses and other educational and members activities are taken to income accounts in the year of completion of such activity.

1.9.2 Expenditure

(i) All expenditure incurred in the running of the institute and maintaining the capital assets in the state of efficiency has been charged to revenue in arriving at the surplus – (deficit) for the year.

(ii) All Expenditure incurred in the acquisition extension, or improvement of assets of a permanent nature in order to carry on or increase the earning capacity of the institute has been treated as capital expenditure.

2.0 Contingencies

Contingent Liabilities

2.1 Since the following cases are sub judice, a provision could not be made as the liability amount is uncertain.

1. MH33/1005/11 -Mrs. W.A.C.N. Wickramasinghe

Contingent Assets

2.2 Since the outcome of legal cases indicated below are subjected to the decision of the court they are disclosed as contingent assets.

1. No. 780/09/M/finance	Rs. 2,237,337
2. No. 4801/05/finance	Rs. 2,947,755
3. Mrs. A.P.S.S. Pathirana	Rs. 4,056,527
4. Mrs. K.W.P.A. Weerawardhana	Rs. 198,497
5. Miss. B.K. Wijegunawardhene	Rs. 1,335,286

2.3 Assets in the value of Rs. 202,189.60 which were identified as short during asset verification will be carried out once legal proceedings are finalized.

NATIONAL INSTITUTE OF EDUCATION

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2016

	Notes	2016 Rs. Cts	2015 Rs. Cts
Assets			
Current Assets			
Cash and Cash equivalents	**1**	320,852,665.67	316,977,765.46
Short term Investments	**2**	384,007,069.95	321,948,287.31
Trade, other receivables and advances	**3,4**	77,542,828.90	76,161,196.03
Inventories / Stock	**5**	78,249,224.87	30,083,566.38
Prepayments	**6**	48,120.00	122,508.00
		860,699,909.39	**745,293,323.18**
Non-Current Assets			
Receivables	**7**	160,643.39	335,890.55
Work in progress	**8**	4,776,934.50	1,200,949.33
Infrastructure, Plant, Equipment, Land and Buildings	**9**	771,595,856.50	779,055,300.04
		776,533,434.39	**780,592,139.92**
Total Assets		**1,637,233,343.78**	**1,525,885,463.10**
Liabilities			
Current Liabilities			
Trade, Other Payble & Accrued Expenses	**10**	130,409,358.98	74,970,040.06
Course fees & others received in Advance	**11**	49,977,626.07	62,941,477.62
		180,386,985.05	**137,911,517.68**
Non-Current Liabilities			
Deferred Income	**12**	335,890.55	511,137.71
Provision for Gratuity	**13**	118,419,977.65	102,838,149.37
Total Liabilities		**299,142,853.25**	**241,260,804.76**
Net Assets		**1,338,090,490.53**	**1,284,624,658.34**
Net Assets / Equity			
Capital Reserves & Grant	**14**	1,082,304,864.83	1,069,018,530.60
Accumulated Fund	**15**	(43,823,665.53)	(81,616,424.64)
Loan Fund	**16**	67,734,281.98	65,347,543.13
Reserve Fund	**17**	231,875,009.25	231,875,009.25
Total Net Assets / Equity		**1,338,090,490.53**	**1,284,624,658.34**

The Accounting Policies and Notes to the Financial statements from page 03 to 05 form an integral part of the Financial Statements.

Certified Correct

…………………..

P. Thenabadu

Deputy Director General (Finance, Administration & Support Services)

The Council of National Institute of Education is resposible for preparation of these financial statements and singed for and on behalf of the council.

………………………………….

Dr. T.A.R.J. Gunasekara

Director General

……………………………………….

S. Sunil Hettiarachchi

Chairman of the Council

NATIONAL INSTITUTE OF EDUCATION

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	2016 Rs. Cts	2015 Rs. Cts	Budgeted 2016 Rs. Cts
Operating Revenue				
Income	18(20-25)	483,095,240.55	469,432,730.60	156,431,000.00
Government & Foreign Grant Recurrent	19	313,226,000.00	341,723,342.44	568,526,000.00
Total Income		**796,321,240.55**	**811,156,073.04**	**724,957,000.00**
Operating Expenses				
Personnel Emolument	26	330,648,046.79	292,034,774.92	316,698,000.00
Travelling Expenses	28	15,510,032.20	5,420,626.46	17,775,000.00
Supplies and consumable used	29	19,852,044.19	34,772,354.07	99,543,000.00
Depreciation and Amortization Expenses	30	54,915,047.11	50,755,415.38	0.00
Maintenance	31	30,566,846.44	26,572,014.52	13,040,000.00
Contractual Services	32	264,195,493.99	194,247,256.11	254,893,000.00
Deposit Expenses	33	15,344,104.00	28,567,170.37	0.00
Operating Expenses	34	27,100,592.19	20,688,609.22	23,008,000.00
Finance Cost	35	396,274.53	466,702.08	0.00
Total Operating Expenses		**758,528,481.44**	**653,524,923.13**	**724,957,000.00**
Surplus / (Deficit) for the year		**37,792,759.11**	**157,631,149.91**	**0.00**

The Accounting Policies and Notes to the Financial statements from page 03 to 05 form an integral part of the Financial Statements.

Certified Correct **Approved**

………………….. ………………

P. Thenabadu **Dr. T.A.R.J. Gunasekara**

Deputy Director General (Finance, Administration & Support Services) **Director General**

9th March 2017

National Institute of Education

Maharagama

NATIONAL INSTITUTE OF EDUCATION

STATEMENT OF CHANGES IN EQUITY 2016

	Loan Fund	Revaluation and other Reserves	Capital Reserves	Accumulated Fund	Total
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Balance at 1st January 2015	62,944,248	231,875,009	1,006,050,770	(239,247,575)	**1,061,622,453**
Fixed Assets Reserve Revenue	Nil	Nil	Nil	Nil	**-**
Deposit Capital Reserve	Nil	Nil	Nil	Nil	**-**
Capital Grant	Nil	Nil	87,900,000	Nil	**87,900,000**
Capital Grant (Forieng Aid)	Nil	Nil	12,481,580	Nil	**12,481,580**
Disposal Profit Fund	Nil	Nil	Nil	Nil	**-**
Transfer to Loan Fund	Nil	Nil	Nil	Nil	**-**
Prior Year Adjustment	Nil	Nil	Nil	Nil	**-**
Interest from Distress Loan	2,403,295	Nil	Nil	Nil	**2,403,295**
Loan Fund	Nil	Nil	Nil	Nil	**-**
Surplus for the year	Nil	Nil	Nil	157,631,150	**157,631,150**
Donation	Nil	Nil	(1,095,107)	Nil	**(1,095,107)**
Grant for Treasury & others	Nil	Nil	12,070,602	Nil	**12,070,602**
Revaluation surplus & other reserves	Nil	Nil	Nil	Nil	**-**
Provision for Research Development	Nil	Nil	Nil	Nil	**-**
Obsolete stock	Nil	Nil	Nil	Nil	**-**
Depreciation (Deferred Reserves)	Nil	Nil	(48,389,314)	Nil	**(48,389,314)**
Over Accounted	Nil	Nil	Nil	Nil	**-**
Provision for Capital	Nil	Nil	Nil	Nil	**-**
Provision for Research Development	Nil	Nil	Nil	Nil	**-**
Balance as at 31st December 2015	**65,347,543**	**231,875,009**	**1,069,018,531**	**(81,616,425)**	**1,284,624,658**
Balance at 1st January 2016	65,347,543	231,875,009	1,069,018,531	(81,616,425)	**1,284,624,658**
Fixed Assets Reserve Revenue	Nil	Nil	Nil	Nil	**-**
Deposit Capital Reserve	Nil	Nil	Nil	Nil	**-**
Capital Grant	Nil	Nil	21,000,000	Nil	**21,000,000**
Capital Grant (Forieng Aid)	Nil	Nil	43,438,912	Nil	**43,438,912**
Disposal Profit Fund	Nil	Nil	Nil	Nil	**-**
Transfer to Loan Fund	Nil	Nil	Nil	Nil	**-**
Prior Year Adjustment	Nil	Nil	Nil	Nil	**-**
Interest from Distress Loan	2,386,739	Nil	Nil	Nil	**2,386,739**
Loan Fund	Nil	Nil	Nil	Nil	**-**
Surplus for the year	Nil	Nil	Nil	37,792,759	**37,792,759**
Donation	Nil	Nil	(733,558)	Nil	**(733,558)**
Grant for Treasury & others	Nil	Nil	2,876,305	Nil	**2,876,305**
Revaluation surplus & other reserves	Nil	Nil	Nil	Nil	**-**
Provision for Research Development	Nil	Nil	Nil	Nil	**-**
Obsolete stock	Nil	Nil	Nil	Nil	**-**
Depreciation (Deferred Reserves)	Nil	Nil	(53,295,325)	Nil	**(53,295,325)**
Over Accounted	Nil	Nil	Nil	Nil	**-**
Provision for Capital	Nil	Nil	Nil	Nil	**-**
Provision for Research Development	Nil	Nil	Nil	Nil	**-**
Balance as at 31st December 2016	**67,734,282**	**231,875,009**	**1,082,304,865**	**(43,823,666)**	**1,338,090,490**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016 Rs.	2,015 Rs.
Cash Flow from Operating Activities		
Surplus/ (deficit) from ordinary activities	37,792,759	157,631,150
Adjustment for		
Non Cash movements		
Depreciation	54,915,047	50,755,415
Provision for Gratuity	21,279,142	8,789,598
Adjustments		
Adjustments for disposal loss of PPE	-	209,715
Operating Activities Before Working Capital Changes	**113,986,948**	**217,385,878**
(Increase) / Decrease in Stock	(48,165,658)	42,420,666
(Increase) / Decrease in Receivables	(1,381,633)	(3,153,469)
(Increase) / Decrease in other Current Assets	74,388	67,734
Increase / (Decrease) in Payable	42,475,467	(42,601,524)
Net Cash Flow from Working Capital	**(6,997,436)**	**(3,266,593)**
Cash Generated from Operations	106,989,512	214,119,285
Retirement Benefit Cost Paid	(5,697,314)	(4,100,422)
Net Cash Generated from Operating Activities	**101,292,199**	**210,018,863**
Cash Flows from Investing Activities		
Work-in Progress	(3,575,985)	-
Additions Plant and Equipment	(47,455,604)	(49,752,380)
Investment in treasury bills	(62,058,783)	(30,514,656)
Net Cash used in Investing Activities	**(113,090,372)**	**(80,267,035)**
Cash Flow from Financing Activities		
Capital Grant & Donation	13,286,334	55,067,760
Loan Fund	2,386,739	2,403,295
Net Cash used in Financing Activities	**15,673,073**	**57,471,055**
Net Increase / (decrease) In Cash and Cash Equivalents	**3,874,900**	**187,222,882**
Cash & Cash Equivalents at the beginning of year	316,977,765	129,754,883
Cash & Cash Equivalents at End of the Year	**320,852,665**	**316,977,765**