

Annual Report 2012



Ministry of Construction, Engineering Services, Housing and Common Amenities



Institute for Construction Training and Development

“Savsiripaya”, 123, Wijerama Mawatha, Colombo 07.

Tel. : 2699801, 2696236, 2686092

Fax: 2699738, E-mail : ictad@slt.net.lk, Web Site : www.ictad.lk

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1.0 VISION

“To create a reliable and globally competitive construction industry for Sri Lanka”.

2.0 MISSION

“To ensure dynamic, professional, and reliable value added services to the nation, through regulation and facilitation of the development of construction industry resources and the promotion of quality standards, to meet local and global requirements for sustainable national development”.

3.0 MAIN OBJECTIVES

The main objectives of ICTAD are:

- to promote the contribution of the construction industry, in meeting national demand, in development objectives.
- to provide strategic leadership to construction industry stakeholders in achieving sustainable growth, reform and improvement in the industry.

The main areas of activities are to:

- Recommend strategies for the development of the Construction Industry and assist in their implementation;
- Registration of Contractors and Property Developers, Grading and the rating of them based on their financial, managerial and marketing capabilities;
- Promote professionalism of consultants in the Construction Industry and the coordination of the activities of professional bodies in the Construction Industry and assist in the formation of other bodies in the Construction Industry.
- Promote and grant assistance to the export of Consultancy services in the Construction Industry and promote undertaking of construction work and services overseas, by local contractors;
- Provide advisory services to the Construction Industry;
- Review human resource requirements of the industry and assist in the provision of training facilities to meet the requirements;
- Promote the advancement of the skills and expertise of persons and bodies in the Construction Industry;
- Promote or undertake research on matters related to the Construction Industry;
- Promote and grant assistance to development of industries related to the Construction Industry;
- Undertake or assist any other activity for the promotion of the Construction Industry;

4.0 THE ORGANIZATION

INTRODUCTION

The Institute for Construction Training and Development (ICTAD), which is an Organization, established under the State Industrial Corporation Act No. 49 of 1957 now functions under the Ministry of Construction, Engineering Services, Housing and Common Amenities. It is headed by the Chairman of the Board of Directors.

BOARD OF MANGEMENT

Name and Private Address	Post	Date of Appointment
Mr. Udula Bandara Awsadahamy No. 71, Digana Village, Rajawella.	Chairman	2010-05-24
Mr. Susil Samantha Kumarasinghe c/o Milk Chilling Centre Milco Pvt Ltd., Eragama Road Ampara.	Working Director	2012-09-10
Eng. N Rupasinghe No. 57, Mahaweli Housing Complex, Pallekelle, Kundasale	Member	2010-05-24
Mr. Ajith Abeysekera, 513/26, Pasan Mawatham Aravwala West, Pannipitiya.	Member	2010-05-24
Arch. N M P Navaratne, No. 26/9A, 1 st Lane, Rampart Road, Ethul Kotte.	Member	2010-05-24
Mr. Jayasiri Samaratunga, No. 162, Kandy Road, Dalugama, Kelaniya.	Member	2010-05-24

FORMER BOARD OF DIRECTORS

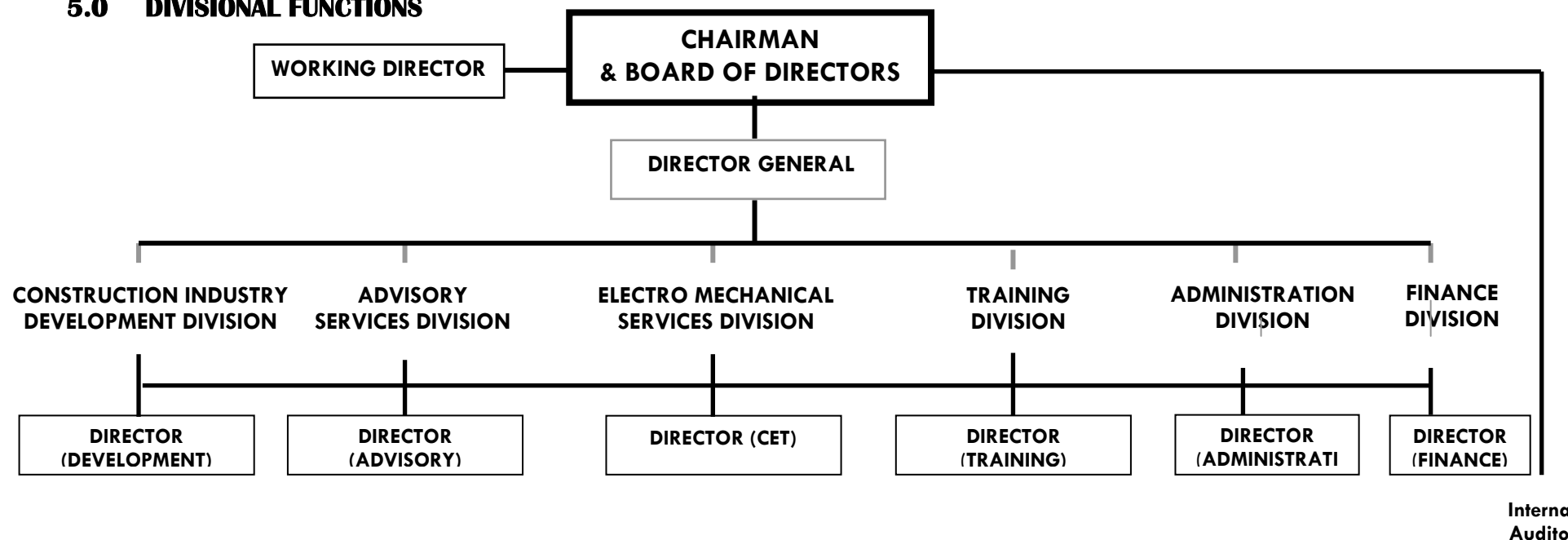
Name and Private Address	Post	Date of Appointment
Eng. N Nissanka Wijerathna No. 465, Galle Road, Rawatawatte, Moratuwa.	Chairman	2009-07-14
Mr. K L Samarasinghe No. 46/23, Lady Lavinia 1 st Cross Road, Temples Road Mount Lavinia.	Member	2009-02-25
Eng. Prof. A K W Jayawardena No. 14, Wijerama Lane Devananda Road Nawinna Maharagama.	Member	2007-12-07
Deshabandu Surath Wickramasinghe No. 108 B, Horton Place Colombo 07	Member	2007-12-07
Mr. W A K S de Alwis 107/1 D, Daladawatta Road Thalpitiya Wadduwa.	Member	2007-12-07
Prof. Rameezdeen No. 21 1/3, Majestic Apartment Station oad Colombo 6	Member	2007-12-07
Mr. Jayasiri Samaratunga, No. 162, Kandy Road, Dalugama, Kelaniya.	Member	2007-12-07
Prof. Chitra Weddikkara No. 31 A, Elbert Place Dehiwala.	Member	2007-12-07

ICTAD, headed by the Chairman of the Board of Directors, carries out its functions through four operational divisions, each headed by a Director as follows.

- a) Advisory Division
- b) Construction Industry Development Division
- c) Construction Equipment Training Division
- d) Training Division.

The Chief Executive Officer, Director General subject to the general direction of the Chairman, is responsible for the Administrative control of the employees of the Institute. The Administration Division headed by a Deputy Director for Administrative Matters and the Finance Division headed by Deputy Director for Financial Affairs served the operational divisions.(Please see Chart indicating Divisional Functions).

5.0 DIVISIONAL FUNCTIONS



Functions:

1. Regulatory and Industry Development.
2. Technology Development.

Key Activity Areas

1. Process Improvement.
2. Procedure Improvement
3. Policy Advice.
4. Contractor Development.
5. Consultant Development.
6. Policy Monitoring.
7. Material Development.
8. Technique & Technology.
9. Maintenance of Computer Facilities.
10. Assistance to Divisions in Software Development & Testing.

Functions:

1. Construction Economics & Technical Audit.
2. Promotion./Co-ordination/ Dissemination of Construction Related information.

Key Activity Areas:

1. Construction Economics Statistics & Data Base.
2. Technical Audit.
3. Contract Conciliation.
4. Run Information Centre
5. Publish Documentation of ICTAD & attend to Translation.
6. Liaise in ICTAD Publicity Programme.

Functions:

1. Provision of Specialist Training in Operator & Maintenance of Construction Equipment.
2. Human Resource Development of Construction Personnel in O&M of Cons. Equip.

Key Activity Areas:

- 1 Provision of Specialists Training of Mechanics & Operators.
2. Facilitation of Training
3. Institutional Career Development.
4. Trainer Training for O&M Personnel.

Functions:

1. Human Resource Development of Construction Industry Personnel.

Key Activity Areas:

1. Facilitation of Training of Contractors, Craftsman, Supervisors & Managers.
2. Institutional & Career Development.
3. Manpower studies and Institutional Information.
4. Construction Industry Trainer Training.
5. Special Custom Designer Training Construction Supervisors & Managers.
6. Policy Paper Inputs.

Functions:

1. Provisions of Personnel and Administration Services for the Divisions.
2. Maintenance of Library.

Functions:

1. Provisions of Financial Management Services for the Divisions.

5.1 ADVISORY SERVICES DIVISION

Services Provided:

The Advisory Services Division provides following services to the stake holders of the construction industry; such as Contractors, Consultants, Clients, Policy Makers, Investors, etc. as per the requests made to the division in writing, through telephone calls and by presenting themselves personally at the division -

1. Providing Advisory Services to the Construction Industry

- Advise on Procurement of construction work and consultancy services.
- Advise on Contract Administration and Disputes
- Advise on reimbursement of cost. due to fluctuation of Prices of Inputs and application of ICTAD Formula Method.
- Advise on Method of Measurements for Building Works (SLS 573)
- Advise and provide independent opinions in dealing with claims.
- Advise on ICTAD Standard Bidding Documents, Specifications, Consultancy documents etc.

2. Facilitating / Mediating for resolving disputes depending on the nature of the dispute and appointing Adjudicators.

3. Publishing of ICTAD Bulletin of Construction Statistics monthly.

4. Provision of Project Management, Consultancy Services and Independent Reports on chosen small scale projects.

5. Publishing / Revising / Translating of ICTAD Standard Bidding Documents, ICTAD Formula Method and other related publications.

6. Conducting Seminars on appropriate topics to disseminate information and share knowledge.

5.1.1 Providing Advisory services to the Construction Industry

The Division provided advisory services on preparation of Bidding Documents, Contract Administration, Dispute Resolution, ICTAD Formula Method and on ICTAD Standard Bidding Documents Specifications etc. During the year 2012 around 375 nos. of this type of advices were given as requested by clients, consultants and contractors etc. by visiting the division, over the phone and in writing.

Specialist Procurement Advice for States Sector-

Advisory Services Division provided procurement advice to a number of Public Sector Institutions during the year 2012 as per below,

- Health Department Co-operative Society
- National Youth Services Council
- Ministry of Industry & Commerce
- Ministry of Buddhasasana & Religious Affairs
- Ministry of Construction , Engineering Services, Housing and Common Amenities
- Coconut Development Authority
- Lanka Mineral Sands (Pvt) Ltd. (for two projects)
- Atomic Energy Authority
- Employees' Trust Fund Board
- Dept. of Information

5.1.2 Facilitating / mediating for resolving disputes depending on the nature of the dispute and appointing Adjudicators.

A large number of contractors who face contractual disputes related to contract documents, payments and on contract administration, sought advice from the Division. In some cases, the disputing parties were brought together and the matters were discussed to arrive at a solution (Please see the annexure)

During the year 2011, ICTAD received 14 nos. disputes and all were resolved thro' mitigation process.

ICTAD introduced "Adjudication" in ICTAD Standard Bidding Documents as an alternate disputes resolution procedure and as a more appropriate procedure before stepping to arbitration. The idea behind the adjudication is to obtain a quick solution to the dispute while the contract is in progress. According to the ICTAD Standard Bidding Documents, the Adjudicator shall be a professional with experience related to the works and on interpretation of Contract Documents.

Following the above, during the year 2012, ICTAD appointed Adjudicators for contracts on the request of parties to the contract. Identifying the need of ICTAD pool of Adjudicators applications were called from the industry in the month July and all the necessary steps were taken to select the Adjudicators and establish the list of **"ICTAD pool of Adjudicators."**

5.1.3 Publishing of ICTAD Bulletin of Construction Statistics, monthly

12 Nos. ICTAD Bulletin of Construction Statistics were published monthly during the year 2011. The prices of materials, labour wages, and plant hire rates were collected, checked and analyzed for this purpose. Around 250 Nos. of copies of the bulletin were sold monthly to the clients, consultants and contractors. The indices published in this bulletin are used to calculate price fluctuations of inputs in construction projects. Division provided advisory services and clarifications regarding Bulletin and ICTAD Price Fluctuation Formula.

5.1.4 Provision of Project Management, Consultancy services and Independent Reports on chosen small scale projects.

- Project Management Services -

Non Technical Government Organizations sought project Management Services from this Division for their building projects. The services included advice on procurement process (including preparation Bidding Documents to select a contractor and Consultant, and evaluating the bids received), Contract Administration and sometimes recommendation for making payments. (See annexure please).

- Consultancy Services -

Also provided Consultancy Services on small scale projects and sometimes provided status reports of Bldgs. of Governmental and Non – Governmental agencies on their requests. (Please see the annexure)

5.1.5 Revision / Drafting of ICTAD publications

- The Steering Committee on ICTAD publications, which consists nominees from professional organizations, is entrusted to revise ICTAD publications / publish new publications to the constructions Industry. The functions of the Steering Committee are to make directives and decisions regarding revision of ICTAD publications, Identifying areas for publishing of new documents, appointing sub – committees to revising / updating of ICTAD publications and recommendation of the same to the ICTAD Board of Directors. Identify and approving resource persons for revising / drafting and making decisions on issues related to ICTAD publications etc.

The sub – committees are appointed by the Steering Committee to provide guidelines to resource persons on drafting of new documents / revise existing documents, review drafts submitted by the resource persons and forward final drafts to the Steering Committee for recommendations etc.

During the year 2012 the following progress were achieved;

▪ **Drafting of New Publications :**

- Standard Method of Measurement for Civil Engineering Works (CESMM) – 85% Completed
- Standard Phraseology and Coding System for Bill items – 40% Completed
- Estimating Guide - 10% Completed

▪ **Revision to existing publications:**

- Standard Bidding Document – Procurements of Works (ICTAD/SBD/01) – 95% Completed

1. Conducting Seminars

The division conducted 03 Seminars in following topics;

- Price Fluctuation formula 2012.03.22
- Alternative dispute Resolution 2012.07.28
 - Awareness Programme for Engineering in Central Province 25th January, 2nd & 9th February 2012

ADVICE GIVEN BY ADVISORY SERVICES DIVISION DURING THE YEAR 2012

NO	CONTRACTOR	SUBJECT
01	National Crafts Council	Construction of a Computer & Stores Building for NCC – Condition Report
02	Water Resources Board	Concrete Interlocking Paving Blocks
03	Uva Wellassa University	Request for ruling on payments to be made to Contractor for site management services
04	Agro & Food Technology Project	Selections of Consultants for Design & Construction Supervision of Modern R&D Building Complex.
05	Ministry of Industrial Development	Include cost items for Performance Bond & Advance Payment Bonds in Detail Estimate under Preliminaries.
06	Nimsara Construction &	Construction of Agri Business Centre of the

	Engineering	Agricultural Farm at University of Sabaragamuwa
07	Airport & Aviation Services (Sri Lanka) Ltd.,	“Finishing Trades” in Grades F1 to F4 - Tender
08	Superlink Construction	Tiling of Ward Nos 29, 34 & 38 – Request for Payment
09	Ceylon Petroleum Storage Terminal Limited	Rehabilitation work of Area Office Building at L.B.D. Galle
10	Gem & Jewellery Research & Training Institute	Status Report – Drilling Machine
11	Japan International Cooperation System	Outline of two schools to be taken council
12	State Timber Corporation	Payment of Extra Works
13	Ministry of Plantation Industries	Damage to a Private Property
14	M K G Construction (Pvt) Ltd	Build and Extension for the family Practice Centre for the University of Sri Jayawardenepura.
15	Tharaka Engineers	Reconstruction of Toilet Blocks at Department of National Archives.
16	Industrial Development Board of Ceylon	Construction of Extension of Display Centre at Regional Office of IDB in Badulla.
17	National Institute of Education	Technical Report on water leaks of Toilet units in National Institute of Education – Maharagama.
18	Japan International Cooperation System	Request for advice for Termination of Contract.
19	National Institute of Co-operative Development	Construction of Auditorium for National Institute of Co-operative Development – Polgolla.
20	Road Development Authority	Asian Development Bank funded third road improvement project – Contract No. ADB/3/1/CB/C2.

DISPUTES HANDLED BY ADVISORY SERVICES - 2012

NO	CLIENT	CONTRACTOR / CONSULTANT	SUBJECT
01	Help from Germany	M/s Sanwa Enterprises (Pvt) Ltd	Non Payment of Dues
02	Sri Lanka Air Force	M/s Popular Enterprises	Non Receipt of Approved Payment from Sri Lanka Air Force.
03	University of Peradeniya	M/s Built – Mech Services (Pvt) Ltd.,	Non Payment for Additional Work
04	Uva Provincial Council	M/s Tissa Builders & Contractors	Non Payment of Bills.

05	Colombo Municipal Council	M/s Denarsh Industries	Request for Payment of Additional Amount.
06	CHF International (Pvt) Ltd	M/s Binduhewa Engineering Services	
07	The National Council of the YMCAs of Sri Lanka	M/s Sathu Engineering Construction	Non Payment for the work done
08	Department of External Resources	M/s Stephen Construction (Pvt) Ltd.,	Japanese Non Project Grant Aid. (NPGA)
09	Kosan Krisplant (Pvt) Ltd.,	M/s Inko Enterprises (Pvt) Ltd.,	Delayed Payments
10	Sri Lanka Bureau of Foreign Employment	M/s Nirmana Consultants (Pvt) Ltd.,	Contractor's Payment & Consultant's Delayed Payment.
11	Provincial Engineering Department	M/s Ratnapala Construction	Construction of Pilgrim Rest – Mihintala Road.
12	Divisional Engineering Office	M/s K H S Constructions (Contractors)	Non payment of work done
13	Sri Lanka Bureau of Foreign Employment	M/s Link (Engineering) Ltd.,	Contractor's Payment & Consultant's Delayed Payment
14	Ranaviru Apparels	M/s Tissa Builders	Delay in Payments.

ADVICE GIVEN ON MONTHLY BULLETIN

NO	ORGANIZATION	DESCRIPTION OF WORKS
01	Department of Census & Statistics	Provide Price Data for major materials.
02	Korea Consultants International (KCI)	Advice on Fuel Adjustment Charges of electricity.
03	Road Sector Development Project	Advice on Bitumen Categories
04	Ministry of Highways	Clarification on Labour Indices of ICTAD Bulletin.
05	Road Development Authority	Clarification of Indices of Bitumen and CSSI.
06	Keangnam	Advice on Indices of M7 (Metal) and M48 (Road Metal) published by ICTAD Bulletin.
07	Airport & Aviation Services (Sri Lanka) Limited	Provide new indices for chain link fence on request.
08	International Construction Consortium Ltd.	Provide new methodology in the calculation of indices for bulk bitumen.
09	CML Edwards	Provide new methodology in the calculation of indices for bulk bitumen.
10	Road Development Authority	Provide advice for VAT exemption on Import and Supply of Diesel.
11	Central Engineering Consultancy Bureau	Clarification on ICTAD Indices.
12	Department of Buildings	Provide act of forms in order to collect data for the preparation of provincial indices.

ADVICE / SERVICES GIVEN ON ICTAD PRICE FLUCTUATION FORMULA

NO	ORGANIZATION	DESCRIPTION OF WORKS
01	Road Development Authority (Asian Development Bank Funded Road Network Improvement Project)	Advice on ICTAD Formula.
02	Ministry of Justice and Law Reforms	Preparation of Computations Price Fluctuation Claims.
03	Urban Council Office, Kegalle.	Advice on ICTAD Price Fluctuation Formula.
04	Furni Dynamic Engineering (Pvt) Ltd.,	Advice on Price Fluctuations.
05	Elemich Engineers (Pvt) Ltd.,	Advice on ICTAD Price Fluctuation Formula.
06	Urban Development Authority	Checking of Contractor's Price Fluctuation Claim.
OTHER ACTIVITIES		
01	3 Seminars on ICTAD Price Fluctuation Formula Alternative Dispute Resolutions and Awareness Programme for Engineering in North Central Province.	
02	Project Management Services to Department of Information . Central Environment authority and Technology Them Park Project	

5.2 DEVELOPMENT DIVISION

5.2.1 NATIONAL REGISTRATION AND GRADING SCHEME FOR CONSTRUCTION CONTRACTORS

Registration and grading is a screening process for the capabilities of prospective contractors to determine their general ability to undertake different types and sizes of projects without reference to any specific contract. Registration and grading will be determined by examining the technical and financial status of the contractor.

During the year 2012, 504 nos. new registrations were issued, 334 contractors were upgraded and 629 nos. of registration were renewed.

Guidelines for the registration of construction contractors [Main (Building & Civil), Special (Electro Mechanical), Special (Finishing & other special work)] were revised with panels of experts from the industry. Three guidelines are yet to published on the Board approval.

A revision of fees for registration for all Trades in Main Construction (Building & Civil Engineering) - C, Electrical & Mechanical – EM & Finishing – F has been introduced with effect from 01/06/2012. The validity of registration period has also been extended from 02 to 03 years for all trades along with this revision.

Revised Categories and Limits for Electrical & Mechanical (EM) and Finishing (F) Construction Contractors

Few new categories have also been introduced to EM & SP-C Trades to meet the current trends in the industry.

Undertaking limits of Electrical & Mechanical (EM) Contractors & Finishing Trades have been enhanced. Finishing Trades (F) have been converted to Special Contractors denoted by the SP-C with enhanced limits.

However, a grace period of 02 years to transfer from present EM to new EM Trades & Finishing Trades to SP-C Trades has been granted with effect from 01/06/2012.

For the development of construction contractors the Board of Management of ICTAD has introduced a Continuous Competency Development (CCD) scheme to give marks for registrations when participated in Awareness and Knowledge building Workshops/Seminars. The Board has also decided to make the CCD Points mandatory for registrations for Grades from C1 to C5 effective from January 2013.

These programmes are to be planned Island wide, liaising with the branch offices of the National Construction Association.

Web Based Registration System for Contractors (Online) & an Archiving Project

This project was launched on 05th March 2012.

This system was implemented on granting of Treasury Funds. It had been a dire need of all stakeholders of the industry, to go on line as it helps reduce travelling time and other cost involvement.

This was to be supported with an Archiving System also, in order to reduce paper handling work etc, and expenditure on storage facilities. Archiving operations were started during the last two months of 2012.

5.2.2 DOCUMENTATION, DEVELOPMENT AND REVIEW

In order to regularize the procedures and improve the efficiency and quality in the construction industry ICTAD has published several publications such as Standard Bidding Documents, Specifications, Consultancy documents, ICTAD Formula for Computation of Price Variations, Guidelines for Registration and Grading of Construction Contractors, Timber Bulletins, Standard Forms for Construction Managers, etc. Nearly all the government organizations use these publications, and also some important publications were made mandatory by the Government for use in projects carried out by GOSL. There is an increasing trend towards the use of these publications by the private sector as well.

These documents are reviewed by ICTAD regularly to meet the requirements of the construction industry though a Steering Committee consisting representatives from the Professional Organizations in the Construction Industry, relevant Ministries, NCASL and ICTAD and meetings are held monthly.

5.2.3 ICTAD AWARDS FOR CONSTRUCTION EXCELLENCE

An Annual Awards Scheme to promote professionalism and excellence in the Construction Industry was inaugurated by ICTAD in 1990. This award scheme recognizes outstanding performance in construction management, high degree of professionalism in technical expertise and quality, introduction of innovative and appropriate technology and participation in training of craftsmen etc.

During the year 2012, 20 site visits/ committee meetings were held. Five Presentation programmes were held at the end of the year and the awards were presented at the 2012 Awards Ceremony jointly organized by ICTAD and NCASL at Water's Edge, Battaramulla.

National Award for Green Construction Excellence

This is a new award introduced this year and two awards were presented.

Green Building Council of Sri Lanka jointly with ICTAD presented two Green Construction Excellence awards. Projects are assessed by a special panel giving due consideration to many key points such as water & energy efficiency, sustainability, indoor environmental quality, Waste management etc.

- | | | | |
|---|---------------------|---|--|
| 1 | Excellence
award | - | Construction of Ulagalla Walawwa Resort (Boutique Hotel) by International Construction Consortium (Pvt) Ltd. |
| 2 | Excellence
Award | - | MAS Intimates Thuruli (Pvt) Ltd.
by Maga Engineering (Pvt) Ltd. |

Other award winners of 2012 are as follows.

Construction Excellence Awards (For Building Projects)

- | | | | |
|----|---------------------|---|---|
| 1 | Excellence
Award | - | Maga Engineering (Pvt) Ltd
Head Quarters Building for Sri Lanka Customs at Fort
<i>in the category of Non Residential Buildings</i>
<i>of value exceeding Rs: 150 million</i> |
| 2. | Excellence
Award | - | Nawaloka Construction Company (Pvt) Ltd.
House for Ambassador of Kuwait at Rosmead Place, Colombo
07
<i>in the category of Residential Buildings</i>
<i>of value exceeding Rs: 150 million</i> |
| 3. | Excellence
Award | - | International Construction Consortium (Pvt) Ltd.
Jungle Beach Resort at Kuchchaveli, Trincomalee
<i>in the category of Non Residential Buildings</i>
<i>of value exceeding Rs: 150 million</i> |
| 4. | Excellence
Award | - | Sanken Construction (Pvt) Ltd.
“Trillium Residencies” Apartment Complex at Elvitigala
Mawatha, Colombo 05
<i>in the category of Residential Buildings</i>
<i>of value exceeding Rs: 150 million</i> |
| 5. | Excellence
Award | - | Sanken Construction (Pvt) Ltd.
Emperor Tower at No. 75A, Galle Road, Colombo 03
<i>in the category of Residential Buildings</i>
<i>of value exceeding Rs: 150 million</i> |

Construction Merit Awards (For Building Projects)

- | | | | |
|---|--------------|---|---|
| 1 | Merit Awards | - | Maga Engineering (Pvt) Ltd
Shopping Complex for Crown Property Development (Pvt) Ltd.
at Colombo 06
<i>in the category of Non Residential Buildings</i>
<i>of value exceeding Rs: 150 million</i> |
|---|--------------|---|---|

- 2 Merit Awards - Link Engineering (Pvt) Ltd.
Office Building for the Ministry of Environment & Natural Resources at 569, Pitakotte Rd, Pitakotte
*in the category of **Non Residential Buildings**
of value exceeding **Rs: 150 million***
- 3 Merit Awards - A S B Constructions (Pvt) Ltd.
Bank of Ceylon Branch Office & Manager's Quarters at Kebithigollawa
*in the category of **Non Residential Buildings**
of value in between **Rs: 20 million & 50 million***

Construction Performance Awards

(For Civil Engineering Projects - assessed after completion)

Name of the Contractor

Project

Category I - value exceeding Rs: 1000 million

Maga Engineering (Pvt) Ltd	Improvements to Sooriyawewa – Meegahajandura Road to 4 Lane Standard (0+000 km – 9+050 km) Contract No. RDA/WD/SP/GOSL/176
Maga Engineering (Pvt) Ltd	Rehabilitation and Upgrading of Puttlam – Trincomalee Road (A-012) from Puttlam to Anuradhapura Contract No. RDA/NHSP/ICB-01
Maga Engineering (Pvt) Ltd	Phase I Stage II of Grater Kandy Water Supply Project Contract No. RSC/GR.KANDY/CIVIL/2008/3A&4A
Sierra Construction (Pvt) Ltd.	Construction of Ja-Ela, Ekala & Kandana Water Supply Schemes Contract No. WSDP/TNC/C1
Sierra Construction (Pvt) Ltd.	Supply & Laying of Treated Water Pumping Main Distribution Pipes and Construction of Elevated Towers, Muttur Contract No. PW&ET/UWS/PE3/MUT/ICB
Sierra Construction (Pvt) Ltd.	Provision of Engineering Services for Optical Fiber Network and ITS Management System

Category II - valued between Rs: 500 million & 1000 million

Maga Engineering (Pvt) Ltd	Improvements to Parliament Road (AA 000) From Devi Balika Roundabout to Polduwa Junction Contract No. RDA/WD/WP/SIRUP/2006/01
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Category III - valued between Rs: 100 million & 500 million

International Construction Consortium (Pvt) Ltd	Rehabilitation of A014 Medawachchiya – Mannar – Talaimannar Road from 37.0 km to 42.0 km & an Additional 2 km from 45.0 km to 47.0 km Contract No. RDA/ADB/CAARP/NCB/NRC 5E
Hovael Construction (Private) Ltd.	Improvements to Wellawaya – Ella – Kumbalwela Road (0+000 to 14+000 km) Contract No. RDA/DW/UVA/PPRD/11
Hovael Construction (Private) Ltd.	Non-Revenue Water Prevention, Reduction and Treated Water Conservation of Water Supply Scheme of Harispattuwa, Akurana and Ampitiya Zones Contract No. RSC-C/GR.KANDY/CIVIL/2008/60
K D A Weerasinghe & Co. (Pvt) Ltd.	Rehabilitation of Internal Roads of Galle Fort -Packages I, II, III & IV Contract No. RDA/DW/SP/GOSL/2011/11,12,13,14

Construction Performance Award**(For Building Projects - assessed after completion)****Name of the Contractor****Project****Category I - value exceeding Rs: 150 million**

- | | | |
|----|--|--|
| 1. | International Construction Consortium (Pvt) Ltd. | Central Hospital Development Project |
| 2. | International Construction Consortium (Pvt) Ltd. | South Asian Institute of Technology & Management at Millagahawatte, Welivita, Malabe |
| 3. | Maga Engineering (Pvt) Ltd | Sri Sambuddha Jayanthi Mandiraya at 32, Havelock Road, Colombo 05. |
| 4. | R H Steel Building Systems (Pvt) Ltd. | Vocational Training Centre at Matiyagane, Kurunegala |
| 5. | V V Karunaratne & Company | Courts Complex Tangalle |
| 6. | Sanken Construction (Pvt) Ltd. | Empire Residential Development Project at 51, Braybrooke Place, Colombo 02 |
| 7. | Sanken Construction (Pvt) Ltd. | Office Building at No. 315, Vauxhall Street, Colombo 02 |

Category II - valued between Rs: 50 million & 150 million

- | | | |
|----|--|--|
| 8. | State Engineering Corporation of Sri Lanka | Extension to the Classroom Block Project – Stage I & II University of Moratuwa |
|----|--|--|

Certificate of Appreciation**(For Community Projects - assessed after completion)****Name of the Contractor****Project**

- | | | |
|----|---|--|
| 1. | Plantation Human Development Trust (PHDT) | New Life Housing Project at Madulkelle Estate, Kandy |
|----|---|--|

5.2.4 HANDLING OF CUSTOMER COMPLAINTS

A Preliminary Inquiry Panel has been set up comprising members from Ministry of Housing and Construction Industry, NCASL and ICTAD to investigate the complaints received on contractors.

During year 2012, Eighteen (18) cases were inquired regarding the registration offences and complaints on poor performance of Contractors, and submission of fraudulent documents to the clients. Accordingly panel has decided to take disciplinary action against Fifteen (15) contractors based on their offences.

5.2.5 FORMULATION AND REVIEW OF STANDARDS/ SPECIFICATIONS

The links with the other state organizations maintained and the following achievements were fulfilled.

- (i) ICTAD represented the SLSI committees in the process of formulations & revisions of SLSI product standards of construction materials.
- (ii) ICTAD represented the Sectoral Committee on Construction Materials at SLSI, as a member.
- (iii) Revision and Updating of Specification for Site Investigation for Building Works and Sample Bill of Quantities (ICTAD/DEV/17) was finalized, and stands pending approval from the Steering Committee.
- (iv) Revision and Updating of General Conditions and Specifications for Bored and Cast In-Situ Reinforced Concrete Piles (ICTAD/DEV/16) was finalized and stands pending approval from the Steering Committee.

Revision and the drafting of following specifications are in the pipeline and will be completed during 2013.

- Water Supply Sewerage & Storm Water Drainage – SCA/3/2
- Irrigation and Land Drainage Works – SCA/3/1
- Reclamation Works - SCA/3/3
- Fire Protection and Detection Systems (new publication)

5.2.6 ICTAD JOURNAL – 2012

ICTAD Journal 2012 was published and launched at the Excellence Award Ceremony. Purpose of the journal is the dissemination of information related to quality matters of the construction industry. The journal provides useful articles and information for the development of the Construction Industry.

In this year also Journal was published as an International Refereed Journal for the 03rd time of ICTAD history with the utmost support and dedication of stakeholders and professionals.

5.2.7 COMPUTER SYSTEM OF ICTAD

Computer system and the Web site have been maintained satisfactorily, featuring following salient activities.

1. Completed the On-line registration process (for renewal of C1,C2 and C3) of the Web based registration of National Construction Contractors.
2. Started the project on Online payment system for National Construction Contractors.
3. Started the project on document archiving at Development Division.
4. Made arrangements to implement an Online monitoring system for National Construction Contractors.
5. Purchased computers, Photocopiers, Fax Machine and other necessary accessories for Development Division to support the Web Based Registration process.
6. Purchased computers for other Divisions also for functioning the divisional activities smoothly.

5.2.8 CONFERENCES / SEMINARS /WORKSHOPS HELD IN YEAR 2012

During this year following programs were successfully conducted.

1. Seminar on Lightning Protection - 23rd February 2012
2. Seminar on Construction Insurance - 21st June 2012
3. Seminar on Cleaner Production for Greening of Construction Industry – 07th September 2012

Purpose of conducting these seminars / workshops is dissemination of information related to the construction industry and income generation.

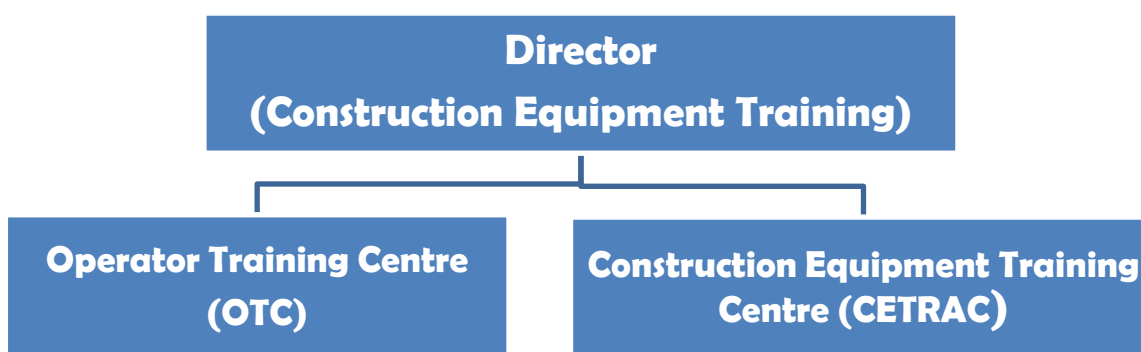
5.3 CONSTRUCTION EQUIPMENT TRAINING DIVISION

Mission of the CET Division is to impart skills and knowledge on operation, maintenance and management of construction equipment to develop a competent construction workforce in the construction industry so that a measurable increase in construction productivity is achieved.

Objectives of the CET Division are:

1. To upgrade the competency of the construction equipment mechanics and operators to carry out their jobs effectively and efficiently
2. To upgrade the competency of construction equipment supervisory and management personnel to perform their jobs efficiently and effectively
3. To develop and implement proper preventive maintenance practices among construction equipment users in order to minimize repair cost and downtime while improving the availability
4. To provide systematic basic training to prospective construction equipment mechanics and operators, entering the construction industry.
5. To assist the industry to improve the standard of construction equipment repair shops by providing the necessary training in the model workshop of the Construction Equipment Training Centre (CETRAC).
6. To improve the social recognition of the trade of construction equipment mechanics and operators in Sri Lanka.

The CET Division of ICTAD consists of two units; i.e., Operator Training Centre (OTC) and Construction Equipment Training Centre (CETRAC)



5.3.1 OPERATOR TRAINING UNIT

Mission:

“Our mission is to impart Skills and knowledge on operation, maintenance and management of construction equipments to develop a competent work force in the construction industry so that a measurable increase in construction productivity is achieved”

Objectives:

- **To train construction equipment operator to the established national skills standard**
- **To conduct plant management and supervisory management courses**
- **To conduct national trade test for construction equipment operators**
- **To upgrade competency of construction equipment operators to carry out their jobs effectively and efficiently**
- **To hire machinery and equipments for construction works**



OTC provides training on construction equipments such as crawler tractors, loaders, excavators, motor graders etc with special reference to their safety, basic maintenance and operating techniques. OTC has a fleet of more than fifty numbers of construction equipments and well qualified and experienced Training Officers and Demonstrators making it a active contributor to the national development through the provision of trained manpower in the field of operation of heavy machinery.

Training programmes are well structured in order to impart the necessary skills and competencies in relation to the theory and practice. About 70% of the duration of the training time is allocated for practical training to give hands-on skills to the trainees and the balance 30% is confined to theory. Some construction equipments are hired out for generating income while providing on-the-job training to the trainees.

The following training courses are presently conducted at OTC.

1. Preliminary Training
 - 1.1 Basic Construction Equipment Maintenance
 2. Skill Development
 - 2.1 Light Construction Equipment
 - 2.2 Dump Truck
 - 2.3 Farm Tractor (New Introduced)
 - 2.4 Road Roller (New Introduced)
 3. Earth Moving Equipment Basic Modules
 - 3.1 Crawler Tractor
 - 3.2 Wheeled Loader
 - 3.3 Motor Grader
 - 3.4 Hydraulic Excavator
 - 3.5 Backhoe Loader
 4. Specialized Equipment
 - 4.1 Mobile Crane
 - 4.2 Plant Transporter
 - 4.3 Fork Lift
 5. Trade Tests
 - 5.1 National Trade Tests
 6. Custom-Designed Training Programmes
- All training courses conducted at OTC are fee-levying courses and some of them are in high demand among school leavers and unemployed youth.

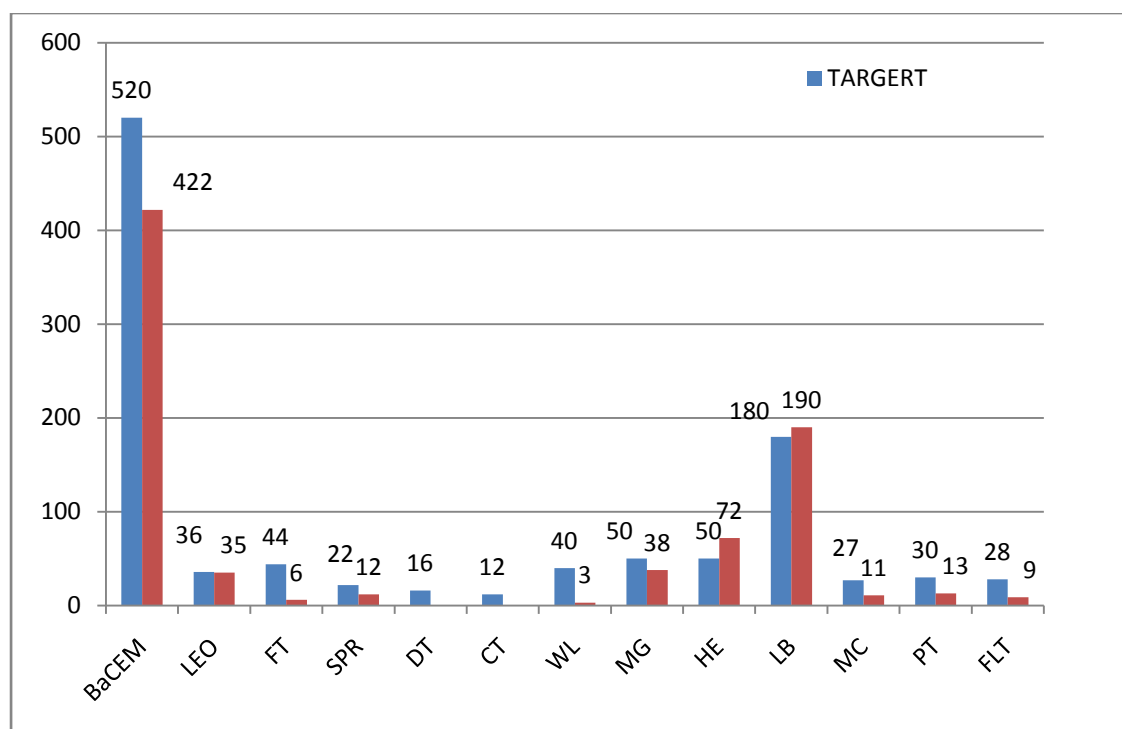
7. Seminars / WorkShop

OTC has started to conduct one day Seminar on Scientific Driving for Drivers in 2011.

The targeted trainee outputs for the year 2012 and achievements in respect of each training programme are shown in the table. *(Please see the Table 5.3.5)*

	TRAINING PROGRAMME	PROGRAMMED		PROGRESS	
		No. of Programmes	No. of Participants	No. of Programmes	No. of Participants
1.0	PRELIMINARY TRAINING				
	1.1 Basic Maintenance of Construction Equipment Maintenance	26	520	21	422
2.0	SKILL DEVELOPMENT				
	2.1 Light Equipment	12	36	10	35
	2.2 Tractor	11	44	2	6
	2.3 Self Propelled Roller	11	22	1	12
	2.4 Dump Truck	8	16	-	-
3.0	EARTH MOVING EQUIPMENT BASIC MODULES (HEMOT)				
	3.1 Crawler Tractor	6	12	-	-
	3.2 Wheel Loader	8	40	1	3
	3.3 Motor Grader	10	50	8	38
	3.4 Hydraulic Excavator	10	50	10	72
	3.5 Backhoe Loader	12	180	12	190
4.0	SPECIALIZED EQUIPMENT				
	4.1 Mobile Crane	9	27	3	11
	4.2 Plant Transporter	15	30	6	13
	4.3 Fork Lift Operator	7	28	4	9
	TOTAL	145	1055	78	816

Table 5.3.5



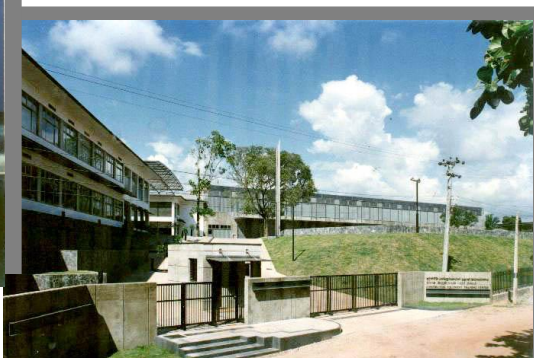
The OTC training programmes consist of institutional training and on-the-job training. A trainee should get at least two months OJT after completion of institutional training. Due to increasing demand, additional training courses had to be conducted to accommodate more trainees for Basic Construction Equipment Maintenance at CETRAC. The OTC is recognized by NAITA for conducting National Trade Tests for Construction Equipment Operators.

REVENUE EARNED DURING THE YEAR 2012

JOB CATEGORY	Revenue
	OTC
Workshop Activities (Repairs)	-
Training Programmes	13,369,000.00
Custom designed Training Programmes	88,000.00
Hiring of Machinery	12,914,065.40
Consultancy Services	-
Trade Testing	64,000.00
Seminars / Workshops	
Accommodation Charge – Training Dormitory	117,900.00
Miscellaneous	12,796.00
Total	26,565,761.40

5.3.2 CONSTRUCTION EQUIPMENT MAINTENANCE TRAINING UNIT

The Mechanic Training Unit of ICTAD, Construction Equipment Training Centre (CETRAC), is located at No. 17 D P Wjesinghe Mawatha, Pelawatta, Battaramuilla. The CETRAC is well equipped to conduct any training course on repairs and maintenance of modern construction equipment. Training courses for Mechanical / Civil Engineers and Project Managers are also conducted at CETRAC.



5.3.2.1 CETRAC TRAINING PROGRAMMES

CETRAC training programmes for maintenance of Construction Equipment were developed with the assistance of Japanese experts during the technical cooperation period from October 1996 to September 2001. CETRAC basically provide

training on construction equipment maintenance and management for mechanics, supervisors and engineers. Few years back, ICTAD initiated to conduct Building Services Engineering Training programmes also at CETRAC and are running with success at the moment. They are Building Air Conditioning System, Building Electrical System, Water Supply & Drainage System and Fire Protection System, etc.,



5.3.2.1.1 Courses for new entrants to the industry

It was decided to develop and conduct more vocational training courses for early school leavers to help solving the unemployment problem of the youth. Accordingly, the following course was conducted in the year 2012.

Basic Mechanic Training Course (BM)

5.3.2.1.2 The Basic Mechanic Training Programme

The basic mechanic-training course is conducted in collaboration with National Apprenticeship and Industrial Training Authority (NAITA). It is a three-year course consisting of 09 months institutional training at CETRAC and 27 months on-the-job training in the industry. School leavers with G C E (O/L) are eligible to follow this training course. This training course covers all aspects of repairs and maintenance of modern construction equipment. The annual intake is 60 trainees. On completion of this training course the trainees are eligible to sit for the National Trade Test conducted by NAITA and qualify themselves as Grade II mechanics, after gaining 2 years experience.

These trainees are paid a stipend of Rs. 1,000/= per month by NAITA and they are also provided with free accommodation, course materials, workshop facilities, uniforms, safety gear etc. during the training period. Each year around 100 trainees of different batches undergo institutional training at CETRAC and the Government has to bear its total cost, which amounts to around Rs. 10 million per year. Almost all the ex-trainees of this programme are gainfully employed locally, as well as abroad. Some of them have established their own workshops for repairs and maintenance of construction equipment.

5.3.2.2 FURTHER TRAINING COURSES FOR SKILL UPGRADING OF EMPLOYEES

Further training courses have been designed to update the technical knowledge of mechanics, supervisors and managers involved in repairs, maintenance and management of construction equipment. The trainee in-take is limited to 12 in order to pay individual attention to each trainee. Adequate experience in the relevant fields is required to follow these courses.

5.3.2.2.1 Training Programme for Junior Mechanics (Level 2)

This training programme has been designed to update the knowledge and skills of junior mechanics employed in construction equipment repair shops. Two to five years experience is required to follow these courses. This training course has been divided into 9 modules to enable the employers to send their mechanics to any selected module, depending on their training needs. Some of these modules, such as Hydraulics and

Mechatronics are in high demand in the industry and therefore, sometimes extra courses have to be conducted on these modules.

5.3.2.2.2 Training Programme for Senior Mechanics (Level 3)

This advanced training programme has been designed to update the knowledge and skills of senior mechanics and train them on fault diagnosing and rectification. Mechanics having more than five years experience are eligible to attend this course. This training course consists of 6 different modules to enable the employers to send their mechanics to any selected module, depending on their training needs. The module, Hydraulics and Mechatronics are in high demand in the industry and therefore, sometimes additional courses have to be conducted on these modules.



5.3.2.2.3 Training Programme for Supervisors

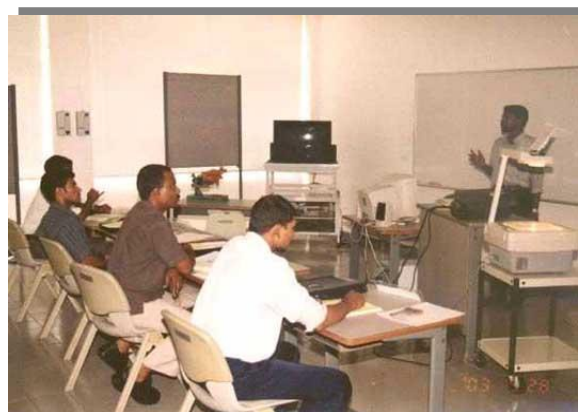
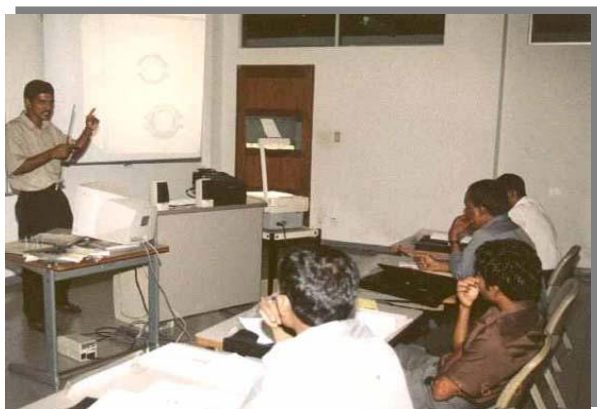
The supervisory training programme has been designed to enhance the knowledge of workshop supervisors responsible for maintenance of construction equipment. Supervisors having two years relevant experience are enrolled for these courses.

5.3.2.2.4 Training Programme for Engineers /Managers

This training programme has been designed to enhance the knowledge of Engineers, Workshop Managers and Project Managers who are involved in utilization and maintenance of construction equipment.

The training course, **Utilization of Construction Equipment**, is designed to provide technical knowledge to Civil Engineers and Project Managers on maintenance and utilization of construction equipment. Engineers having two years experience are enrolled for this course.

The training course, **Maintenance of Construction Equipment**, is designed to provide technical knowledge to Mechanical Engineers and front-line managers responsible for repairs and maintenance of construction equipment. The participants should have two years experience to follow this course.



5.3.2.2.5 Training Programmes for Stores / Supply/ Project Staff

Usually, the Stores / Supply / Project Staff working for the construction industry do not have opportunities for systematic training. This has lead to various operational problems hindering the smooth functioning of equipment repair shops. This training program was developed to cater to this training need.

5.3.2.2.6 Building Services Engineering Training Programmes

CETRAC has conducted several programmes for Engineers and Architects in the field of Building Services Engineering.

There are few training courses designed to cover this building services required to maintain commercial buildings. They cover Fire Protection systems, Electrical systems, Air conditioning & Ventilation Systems, Water Supply & Drainage Systems

5.3.2.3 CUSTOM-DESIGNED TRAINING PROGRAMMES

5.3.2.3.1 Training Programmes for Foreign trainees

With the experience gained, CETRAC has been able to cater successfully various and specific demand in training by developing customized training programmes to address the changing demand in the country.

CETRAC performance in year 2012 is as follows.

Table 1 : CETRAC Performance in Year 2012

	Training Courses	Targeted Output		Actual Output	
		No.of Courses	No of Parti.	No.of Courses	No of Parti.
01	School Leavers (Level I)				
	Basic Mechanic Training Course				
	* 1st year (2012)	2	60	2	68
	* 2 nd year (2011)	2	40	2	42
	* 3rd year (2010)	2	40	2	37
02	Junior Mechanics (Level II)				
	Maintenance of Diesel engine	1	12	1	41
	Maintenance of Hydraulic System - 12M22	1	12	1	26
	Maintenance of Diesel Generators - 12M25	1	12	1	14
	Maintenance of Steering, Brakes and Clutch System - 12M26	2	24	1	9
	Maintenance of Torque Converter & Transmission Systems- 12M27	1	12	--	--
	Electronics and Machatronics of Construction Equipment - 12MT	2	24	1	9
	Maintenance of water Pumps & Compressors - 12WPC	1	12	2	35
	Maintenance of auto electrical systems -12M24	1	12	1	28
	Servicing of Construction Equipment -12SCE	2	24	--	--
	Maintenance of Diesel Generators - 12M25	1	12	1	14
	Troubleshooting and maintenance of Hydraulic Systems	1	12	1	22
03	Senior Mechanics (Level III)				
	Maintenance of Hydraulic & Machatronic Systems - 12M32	1	12	1	14
	Maintenance of Auto Electrical systems -12M34	1	12	1	16
04	Engineers				
	Utilization of Construction Equipment - 12CPM	1	12	--	--
	Maintenance of Construction Equipment - 12CEM	1	12	--	--
05	Supervisory				
	Maintenance of Construction Equipment - Hydraulic & Transmission - 12SUP 1	1	12	--	--
	Maintenance of Construction Equipment - Engine & Machatronics - 12SUP 2	1	12		
06	Ancillary Staff				
	Industrial Safety & Health	1	25	1	33
	Store Keeping Programme	1	25	1	23
	Foundation Course in Human Resource Management	1	25	1	35
	Safe operation of high risk machinery including steam boilers	1	25	1	28
07	Custom-Designed Courses (CET)				
	Operation Mobile Crane	1	2	4	16
	Forklift truck operation	1	1	4	7

	Awareness programme on forklift truck operation	1	3	8	55
	Generators and motors	1	10	1	13
	Heavy vehicle maintenance	1	10	2	22
08	Custom-Designed Courses (BSE)				
	Air conditioning system of automobile	1	15	1	20
	Energy efficient pumping systems	1	15	1	16
	Swimming pool maintenance	1	15	1	45
	Construction water treatment plant	1	15	1	23
	Liquid petroleum LP gas installation safety	1	15	1	62
	Air conditioning systems for tropical humid countries	1	15	1	19
	Electrical installation of building	1	15	1	12
09	Seminars				
	Scientific safe & economical driving of motor vehicles	1	100	4	505
	Administrative laws & human resource development	1	100	1	38
	Transport Management	1	100	2	203
	Material stores management and supply chain management	1	100	1	82
	Safe motor vehicle driving & behavioral aspects of the driving	1	100	1	103
	Hybrid vehicle technology	1	100	1	123
	Hydraulic symbols & circuits	1	100	1	69
	TOTAL	49	1311	59	1927

Contd....

Revenue Earned during the year 2012

JOB CATEGORY	REVENUE (Mn.)
Training Programmes, Workshops & Seminars	9.065
Workshop Repair Jobs & other Workshop Services	1.653
Facility Hiring	6.969
Total	17.687

5.4 TRAINING DIVISION

The sustainability of construction industry largely depends on the knowledge, skills and competencies of technical staff, Contractors and the construction craftsmen etc. The emerging growth in the construction sector continues to demand additional resources in the form of skilled manpower, quality materials and productive technologies to sustain this growth and failure to meet those demands will create highly negative impact on this growth momentum. Therefore it is extremely vital that proper training programs should be planned and conducted targeting them upgrading their knowledge and skill on the new materials & technologies and construction techniques widely utilized as practices at present.

Industrial Training Division of ICTAD, functioning as the main public sector institution of construction industry has clearly understood the above urgent requirements and has taken the challenge to design and conduct appropriate training programmes for all levels of occupations engaged in the industry.

Some of main programmes function done by training division can be categorized as Research & Development

Training Need Analysis :

- * Manpower, Technology, Resources and Training requirement for the Construction Industry is analyzed.

Curricular Development :

- * Curricular for newly emerged trades and quality are developed

Craft Training & Services

- * National Vocational Qualification (NVQ) & other skill development programmes
- * **Registration of Construction Technicians**

Industrial Training

- * **Capacity building of Contractors**
- * Construction Works Management
- * Construction Institutional Management

Capacity Building of Construction Occupational :

- * Construction Supervisory Training
- * Contract and Procurement Management
- * Resource, Opportunity, Time & Works Management

Customer Designed Training programmes to cater demand from public & private construction institutes

The programmes conducted by Training Division of ICTAD in 2012 are summarized below

5.4.1 Contractor Development

The Contractors who are registered under ICTAD Contractor Registration scheme in Lower Grade (C11- C7), should be qualified with basic civil engineering Knowledge. For the benefits of them, ICTAD has designed Basic Training Programs in

- Tendering
- Site Measurement & Preparation of Bills

During the year 2012, we have conducted both programs in Sinhala & Tamil medium. Tamil programs were conducted in Ampara and CETRAC while Sinhala programmes at CETRAC (Pelawatta)

Course details are as follow

Name of the Program	Sinhala Medium		Tamil Medium		Income
	No of programs	No. of Participants	No of programs	No. of Participants	
1. Training program on Tendering	6	201	2	52	1,174,432.00
2. Training program on Site Measurement & preparation of Bills	6	201	2	55	1,187,603.00
Total Income					2,362,035.00

5.4.2 Human Resource Development & Upgrading

5.4.2.1 The following table shows the details of skill upgrading courses conducted during 2012.

No.	Names of the Program	Duration (Day)	No of Participants	Income
1	Program on Contract Administration for RDA project Engineers -Kandy	01	24	443,000.00
2	Contract Management and Procurement Management - 2	30	32	1,980,000.00
3	Seminar on How to Prepare Responsive Bids	01	74	290,000.00
4	Training Programme for Field Services Officers at CEB	06	24	596,960.00

5	Training Programme on Design of Water Supply & Sewerage Disposal System	03	118	728,000.00
6	Training Course Construction Works Management for Second Community Development & Livelihood Improvement Project	86	30	1,600,000.00
7	Workshop on Project Management for officers at Ministry of Livelihood & Rural Community Development	02	23	263,000.00
8	Training Program on Building Sector for Technical Officers of NHDA	08	16	643,000.00
9	Training Programme on Operation & Maintenance of Buildings, Roads and water supply sectors for Technical Officers at SCDLI Project	03	31	510,000.00
10	Training Programme on Operation & Maintenance and Quality Aspects of Buildings, Roads and water supply sectors for Technical Officers at SCDLI Project	03	125	1,670,000.00
11	Training Program on Construction Sector for Technical Officers of Sevenatha Urban Resource Centre	02	34	425,000.00
Total Income				9,148,960.00

Training Programme on Design of Water Supply & Sewerage Disposal System.....



Passing out of Construction Work Management course.....

5.5 ADMINISTRATION DIVISION

Human Resource and Administration Directorate at ICTAD is entrusted upon the functions related with the same discipline of the organization. Human Resource Planning, Human Resource Development, Articulating strategies for Resourcing / Retention / Rewarding / Training & Development, Human Talent Management, Human Capital Management of the organization are the major functions of the Directorate. Smooth function of the Human Resources and Administration activities of the organization was enabled the management to take strategically, business and operational level decision making.

The complement of the staff is 288 employees (including the Chairman and Working Director) comprised with 267 permanent staff & 21 temporary staff attached in assignment basis.

During this period, 20 employees were recruited, 08 employees were retired and 11 employees were resigned from the organization.

Employees were engagement with local and foreign training programmes, lectures, seminars etc spending Rs. 468,750/- and Rs. 3,181,058/- for local and foreign training activities respectively as annexed.

The institute was able to train apprentice trainees belongs to Technician, Computer Application Assistant and Receptionist at NAITA.

An amount of Rs. 2,227,183 was generated by hiring of Auditorium, Conference Rooms, Seminar Rooms and Circuit Bungalow at Katharagama.

Staff Development in Year 2012 (Local Training)

	Programme	Name	Category	Division	Institute	Period
1.	Computer Hardware Maintenance Course	Mr. K.W.I.P. Kumara	PL 1	Devt.	IDB	03 Months from 2012.01.09
2.	ගෙඩා හාණ්ඩ සම්බන්ධ මණ්ඩල පුහුණුව	JM /MA all staff	JM / MA	-	H O	2012.01.13
3.	Asia Pacific TCDPAP/FIDIC ASPAC-2012 Conference	Mr. H.K. Balachandra Mr. S.K.S. Amarasekara	HM 2-1 HM 1-3	Admin Devt.	Association of Consultant Engineers	2012.03.02 & 03
4	Sound Management in Studios & PA System	Mr. W.R.H. Kumara	PL 3	Admin	SLBC	2012 March
5.	Auto CAD	Mrs. C.S. Wijesundara	MA 2-2 (Tech)	CETRAC	CHPD	2012 Feb.
6.	Loader Backho Training	Mr. K.B. Wimalasena	PL 1	OTC	OTC	2012 Feb.
7.	Maintenance of Auto Electrical System	Mr. G.S.N. Senevirathne	PL 1	OTC	CETRAC	2012.02.14 - 17
8.	Maintenance of Auto Electrical System	Mr. G.H.P.N.P. Silva	PL 1	OTC	CETRAC	2012.02.14 - 17
9.	දුරකථන පද්ධති දෝෂ සවිම හා නඩත්තුව	Mr. K. P.L. Weerawardana	MA 2-2 (Tech)	OTC	CETRAC	2012.06.18 - 22
10.	Training of Trainers	Mr. I.M.J.C. Bandara	MM 1-1	Trng	SDFL	2012.07.23 - 27
11.	Certificate Course in Computer Technology	Mrs. M.H.T. Nirosha Mrs. K.K.R.M. Podimenike Mrs. K.M.S. Mangalika Mrs. W.A.A. Dilrukshi	MA MA MM 1-1 MA	Devt Ad. Serv. Finance Admin	CHPD	From 2012.08.09 to 2012 Nov. 92 hrs.

	Programme	Name	Category	Division	Institute	Period
		Mrs. D.M.C. Gunatunga Menike Mrs. R.D.R.P. Malkanthi Mr. N.J.W. Nandanage Mr. A.G.C.N. Sumith Mr. S.W.S. Priyantha Mr. V.P. Gunasiri Mr. D.A. Anula Mr. L.G.S. Patersan	MA MA MA MA MA JM 1-2 MA MA	Admin Admin Trng Int.Audit CHPD CETRAC Finance Admin		
12.	PQ HRM - III Course	Mrs. K.G.N. Chandrika	MA	CETRAC	IPM	2012 May
13.	රාජ්‍ය ආයතනවල ප්‍රශ්න අවම කරගන්නේ කෙසේද? සාකච්ඡා මණ්ඩපය	Mr. C J. Kumanayake	MM1-1	Admin	SL Foundation Institute	2012.08.16
14.	Human Resources Management Foundation Course	Mrs. D.P. Mallawarachchi Mr. J.P.S. Prasad	MA MA	CETRAC	CETRAC	05 Fridays w.e.f. 2012.09.28
15.	Maintenance of Hydraulic System	Mr. H.M.P. Sanjeewa	PL 3	OTC	CETRAC	10 Weekends w.e.f. 2012.09.22
16.	Skills Development for Drivers & Minor Employees	Mr. W.K.G. Ranjith Mr. M.K.N. Mudunkotuwa Mr. U.H.G. Suresh Mr. K.A.D.U.P.K. Gunathilaka	PL 3 PL 3 PL 1 PL 1	 CETRAC	 SDFL	2012.10.22
17.	Effective Presentation Skills	Mr. I.P.S.K. Hemachandra	JM	CETRAC	SDFL	2012.10.18 & 19
18.	Effective Presentation Skills	Mrs. K.G.N. Chandrika	MA	CETRAC	SDFL	2012.11.07 - 08

19.	Maintenance of Hydraulic & Mecatronic System	Mr. K.P.L. Weerawardana	MA (Tech)	CETRAC	CETRAC	05 Weekends w.e.f. 2012.11.24
20.	ඉදිකිරීම් යන්ත්‍රෝපකරණ විද්‍යුත් පද්ධතිය	Mr. K.P.L. Weerawardana	MA (Tech)	OTC	CETRAC	From 2012.10.22 to 26
21.	Disciplinary Management	Mr. W.A.A. Wijesinghe	JM	Admin	Center for Studies in Disciplinary management	2012.11.02 & 03
22.	Tamil Oral Test	Mrs. R.D.R.P. Malkanthi Mrs. K.K.R.M. Podimenike Mrs. A.D.P. de Silva Mrs. H.K.T. Chandani	MA / N T	Admin Ad.Serv. Training Training	Dept. of Languages	2012. Nov.
23	Course on office management & office procedurs	Mrs.K.A.M.S.D. Perera Mrs.D.P. Mallawarachchi Mr.S.J.P.Saranga Prasad	MA	CETRAC	SDFL	2012.11.22 - 23
24	Course on graphic Design	Mrs.C.S.Wijesundra	MA / T	CETRAC	Wijaya Graphic Pvt Ltd.	3 months w.e.f. 2012.11.30
25	Course on public Procurement Procedures	Mr.K.A.Sarath Mr.V.P.Gunasiri	JM	CETRAC	SDFL	2012.11.29 - 30
26	Course on skill upgrading – Advance Plumbing/Advance Electrical	Mr.W.G.M.Jayaweera Mr.G.A.R.Perera Mr.A.D.D.Palitha	PL	CETRAC	Advance Cons. Training Academy	2012.11.28-30
27	Two day workshop on Financial Reporting in conphiance with Accounting Standards	Mrs.L.B.P.Balasooriya Mrs.K.K. Chandrakanthi Mr.B.A.G.Jayathunga Mrs.L Abeyesinghe Mr.J.S.Manchanayake	JM MA MA MA MA	Finance	SDFL	2012.12.04 - 05

28	Five day workshop on Training of trainers becoming a professional Trainer	Mr.K.A Sarath Mrs.S.W Wanigabadu Mr.K.M.D.N.N.Dias	JM JM PL	CETRAC	SDFL	From 2012.12.10 to 14
29	Telephone skills and Etiquette training for secretaries & receptionist	Mrs.U.D.R.S.Undugoda Miss.P.R.Tharindi	MA	CETRAC	SDFL	2012.12.20

5.6 FINANCE DIVISION

5.6.1 GENERAL

The Institute for Construction Training and Development (ICTAD) was established as a Public Corporation under the State Industrial Corporation Act No: 49 of 1957 with the Publication of the Notice of Incorporation in the Gazette Extra Ordinary No: 718/5 of June 1992.

5.6.1.1 Principal Activities

The Mission of ICTAD is Development, facilitation and regulation of training, expertise and quality assurance in the Construction Industry within the frame work of national policies and aspirations in pursuit of technological, economical and social progress and upliftment of our Country.

5.6.1.2 No of Employees

The number of employees of the Institute as at 31st December 2012 amounted to 260. The comparative figure for the year 2011 was 263.

5.6.1.3 Financial Year

The Financial year of the Institute is the 12 months period ended by 31st December 2012.

5.6.1.4 Basis of preparation of Financial Statements

The Financial Statement of the Institute is prepared in Sri Lanka Rupees on a historical cost basis and in conformity with General accepted Accounting Principles. No Adjustments have been made for inflationary factors.

These principles and standards used in the preparation of these financial statements have been applied consistently with the preceding year.

5.6.2 ASSETS AND BASIS OF VALUATION

Property Plant and Equipment

The Machinery & Motor Vehicles of ICTAD are recorded at present values obtained from the Valuation Department, effective from 31/12/2012.

All other property plant and equipment are initially recorded at cost and stated in the financial statement at historical cost less depreciation.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their estimated useful lives as follows: -

• Buildings and Improvement of Buildings	-	5%
• Furniture Fittings, Office & Welfare Equipments	-	20%
• Machinery & Equipments	-	15%
• Audio Visual Equipments	-	15%
• Tools and Implement	-	15%
• Motor Vehicles	-	15%

The Statement of Property Plant and Equipment (Cost, Addition, Revaluation, Disposal, Depreciation and Cumulative Depreciation etc.) is attached herewith.

5.6.2.1 During the year 2010 Assets of the CHPD Bldg. was taken over from the Ministry. Values of these assets will be taken into account once the valuation is done.

5.6.2.2 Free Land is not depreciated.

5.6.2.3 As regards leasehold land, lease rental is written off in equal installments over the period of the lease.

5.6.2.4 Depreciation is provided from the date of purchase while full year's depreciation is charged in the year of disposal of any assets.

5.6.2.5 The debtors' up to 31.12.2010 has been transferred to clearance account for clearance.

5.6.2.6 Provision for Bad and Doubtful Debts

The provision for bad and doubtful debts is calculated and provided for in the accounts as follows: -

Period of Outstanding	Provision Made	
Less than 12 Months	Nil	
1 to 2 years	}	5%
2 to 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years		100%

5.6.2.7 Other Assets

Value of stocks

Materials are issued on Average cost basis, and closing stock is also valued using the same basis.

5.6.2.8 Presentation of Grants in the Statement of Accounts is as follows : -

Grants related to Assets –

The Capital Grant received from the Government has been set up as differed income which is recognized as income on a systematic and rational basis over the useful life of the Assets.

Grants related to income -

The recurrent grant received from the government is shown under income of the Institute.

5.6.3 LIABILITIES AND PROVISIONS

5.6.3.1 Provision for Gratuity payable for employees

The Institute makes an annual provision towards the Gratuity Payment liabilities and this liability is reflected in the Balance Sheet of the Institute. In this regard the required annual provision is made on a calculation made on the basis of a minimum of half month's salary on each completed full year of service of employees in the permanent cadre commencing from the first year of their service by taking the last drawn salary for the purpose of the calculation of monetary value.

5.6.4 INCOME STATEMENT

5.6.4.1 Revenue Recognition

Institute generates Revenue from the following sources, and recognizes such revenues for accounting purposes on the accruals basis.

- (a) Hire of Machinery
- (b) Course Fees
- (c) Sale of Publications
- (d) Contractor Registration

- (e) Hire of Auditorium, Conference Rooms and Seminar Rooms.
- (f) Seminars and Work Shops

5.6.5 EXPENDITURE

All expenditure is recognized on the accrual basis in accordance with General accepted Accounting Principles.

5.6.5.1 Adjustments made to the Cumulative Expenditure

Adjustment of Rs. 51,347.67 has been to the cumulative expenditure account.

5.6.5.2 Contributions made by the Government of Sri Lanka

The Government grants received from the Treasury to meet recurrent expenditure of ICTAD and CETRAC are treated as income in the income statement.

5.6.6 Cash Flow Statement

The Cash Flow Statement is attached herewith.

INSTITUTE FOR CONSTRUCTION TRAINING AND DEVELOPMENT
BALANCE SHEET AS AT 31.12.2012

DESCRIPTION	NOTE	YEAR ENDED 31.12.2012 Rs.		YEAR ENDED 31.12.2012 Rs.	
ASSETS					
<u>Non-Current Assets</u>					
Property, Plant and equipment	1	454,009,720.94		375,534,673.28	
Library Books		1,310,450.00		1,310,450.00	
Capital Work-in Progress (Theme Park)		22,163,160.50	477,483,331.44	16,798,228.78	393,643,352.06
<u>CURRENT ASSETS</u>					
Stocks	2	194,121,234.96			
Trade & other Receivables	3	23,873,491.41		28,332,587.44	
Prepayments		1,004,193.67		706,628.06	
Investment-Treasury Bills	4	15,707,803.20		15,707,803.20	
Cash in hand and at bank	5	15,292,433.50		15,348,316.20	
			249,999,156.74		60,095,334.90
<u>Total Assets</u>			727,482,488.18		453,738,686.96
<u>EQUITY AND LIABILITIES</u>					
International Development Asso.		353,753,038.78		353,753,038.78	
Government grant(CETRAC)Foreign		1,345,966,521.93		1,345,966,521.93	
Voted funds from government		360,241,213.47		360,241,213.47	
Government grant (Capital)		58,000,000.00		58,000,000.00	
Deferred Income-Treasury Grant		84,474,711.87		47,109,089.97	
Government grant(CETRAC)Local		368,789,611.00		368,789,611.00	
Assets Received from the. Ministry		207,540.00		207,540.00	
U.N.D.P.Grant		73,179,523.80		73,179,523.80	
Net assets taken over (I.C.T.A.D)		149,907,162.02		149,907,162.02	
Jica Donation (Books)		1,310,450.00	2,795,829,772.87	1,310,450.00	2,758,464,150.97
<u>Reserves</u>					
Revaluation -Fixed Assets		78,295,000.00			
Accumulated Profit/(Loss)		(2,275,013,917.39)	(2,196,718,917.39)	(2,196,644,649.89)	(2,196,644,649.89)
<u>Non-Current Liabilities</u>					
Provision for Gratuity Payable		55,682,361.50	55,682,361.50	55,201,077.75	55,201,077.75
Refundable Foreign Aid		2,663,658.98	2,663,658.98	2,663,658.98	2,663,658.98
<u>Current Liabilities</u>					
Bank of Ceylon Kollupitiya account				1,113,988.13	
Bank of Ceylon Torrington account		3,543,111.33		1,958,620.41	
Tender Deposits Refundable		459,530.00		441,030.00	
Creditors and Accruals	6	66,022,970.89		28,629,381.46	
			70,025,612.22		32,143,020.00
<u>Total Equity and Liabilities</u>			727,482,488.18		651,827,257.81

Chairman ICTAD

Actg. Director (Finance) ICTAD

INSTITUTE FOR CONSTRUCTION TRAINING AND DEVELOPMENT INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31.12.2012			
DESCRIPTION	NOTE	YEAR ENDED 31.12.2012 Rs.	YEAR ENDED 31.12.2012Rs.
Income	7	153,368,156.87	134,004,015.25
Less:			
Expenses of Revenue Generation Activities	8	168,543,782.04	141,944,458.14
Profit/(Loss) Income Generation		(15,175,625.17)	(7,940,442.89)
Treasury Grant- CETRAC		10,800,000.00	12,000,000.00
Treasury Grant- OTC		1,800,000.00	5,000,000.00
Treasury Grant- Maintenance		8,100,000.00	7,200,000.00
		5,524,374.83	16,259,557.11
Treasury Grant- Recurrent		26,450,000.00	31,000,000.00
Other Income	9	11,965,431.20	5,992,489.75
Less:			
Administration Expenses	10	41,601,997.89	46,816,331.15
Other Expenses	11	23,099,208.84	24,264,953.56
Finance Cost		99,492.82	115,058.19
Profit/(Loss) Before Provision for Depreciation		(20,860,893.52)	(17,944,296.04)
Less:			
Depreciation		66,092,204.45	64,169,210.78
Profit/Loss Before Provisions for Doubtful Debts		(86,953,097.97)	(82,113,506.82)
Less:			
Provision for bad and doubtful Debts		(8,194,952.54)	(4,184,479.79)
Net profit/(loss) for the period		(78,758,145.43)	(77,929,027.03)
Accumulative Profit/(Loss) b/f		(2,196,255,771.96)	(2,118,715,622.86)
Accumulative Profit/(Loss)		(2,275,013,917.39)	(2,196,644,649.89)

INSTITUTE FOR CONSTRUCTION TRAINING AND DEVELOPMENT INDIRECT METHOD CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.12.2012		
	2012	2011
	Rs	Rs
Cash Flows From Operating Activities		
Surplus/(deficit) from ordinary activities	(78,758,145.43)	(77,929,027.03)
Non-cash movements		
Depreciation	66,092,204.45	64,169,210.78
Increase/(Decrease) in Payable	38,062,996.01	4,543,481.79
Increase in Provisions relating to employee costs	481,283.75	13,407,668.75
Deferred Income	(2,484,378.10)	(90,910.03)
Interest Income-Treasury Bills	(1,675,520.73)	(1,126,862.05)
(Gains)/Loss on Sale of Property,Plant and Equipments	(3,143,281.31)	(353,000.00)
(Increase)/(Decrease) in other Current Assets	2,587,681.52	(19,381,464.07)
Net cash from operating activities	21,162,840.16	(16,760,901.86)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Plant and equipment	(66,272,252.11)	(22,671,853.53)
Proceeds from sale of plant and equipment	3,143,281.31	473,000.00
Investments (Treasury Bills)	-	(0.47)
Interest Income-Treasury Bills	1,589,745.15	1,114,261.18
Net cash flows from investing activities	(61,539,225.65)	(21,084,592.82)
CASH FLOW FROM FINANCING ACTIVITIES		
Treasury Grant	39,850,000.00	47,200,000.00
Net cash flows from Financing activities	39,850,000.00	47,200,000.00
Net cash increase Decrease) in cash and cash Equivalents	(526,385.49)	9,354,505.32
Cash and cash equivalents at beginning of period	12,275,707.66	2,921,202.34
* Cash and cash equivalents at end of period	11,749,322.17	12,275,707.66

INSTITUTE FOR CONSTRUCTION TRAINING AND DEVELOPMENT
Statement of Changes in Equity for the Period Ended 31.12.2012

	Capital Grant Rs.	Net Assets taken over (ICTAD) Rs.	Revaluation -Fixed Assets Rs.	Net Surplus or (Deficit) Rs.	Total Rs.
Opening Balance 01.01.2012	2,608,556,988.95	149,907,162.02	-	(2,196,644,649.89)	561,819,501.08
Deferred Income-Treasury Grant	37,365,621.90				37,365,621.90
Revaluation-Fixed Assets	-		78,295,000.00		78,295,000.00
Net Surplus or/(Deficit) for the period	-	-		(78,758,145.43)	(78,758,145.43)
Prior year adjustment				388,877.93	388,877.93
Closing Balance 31.12.2012	2,645,922,610.85	149,907,162.02	78,295,000.00	(2,275,013,917.39)	599,110,855.48

A/C	Property, Plant and Equipment NOTE 1	Sch. No.	Cost 01/01/2012	Addition 2012	Revaluation 2012		Disposal 2012	Total Cost 31/12/2012	Depreciation 2012	Cum.. Depreciation	Net balance 31/12/2012	Net balance 31/12/2011
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
500	Land		77,000.50	-				77,000.50	-		77,000.50	77,000.50
502	Buildings	1	1,147,341,461.60	8,007,337.46				1,155,348,799.06	56,321,369.41	862,734,138.96	292,614,660.10	340,928,692.05
503B	Improvements of Premises	2	1,535,817.63	-	-		-	1,535,817.63	76790.88	77,211.65	1,458,605.98	1535396.86
504	Motor vehicles	3	51,587,666.44	15,200,000.00	36,350,000.00	(30,859,457.38)	(828,608.85)	71,449,600.21	-	19,899,599.26	51,550,000.95	0.95
506	Furniture, fix. & off. equip.	4	101,294,825.62	9,854,171.17			(639,948.22)	110,509,048.57	2,915,470.96	97,356,242.37	13,152,806.20	6,214,105.99
508	Machinery and equipment	5	398,439,210.91	32,523,000.00	41,945,000.00	(183,866,928.85)	(192,565.80)	288,847,716.26	5,856,901.25	200,478,787.71	88,368,928.55	19,757,829.80
509	Audiovisual equipment	6	22,388,501.22	30,381.87	-			22,418,883.09	591,236.87	19,982,455.30	2,436,427.79	2,997,282.79
510	Tools and implements	7	127,144,709.29	657,361.61	-			127,802,070.90	97,821.44	126,767,484.51	1,034,586.39	475,046.22
				-								
			1,849,809,193.21	66,272,252.11	78,295,000.00	(214,726,386.23)	(1,661,122.87)	1,777,988,936.22	65,859,590.81	1,327,295,919.76	450,693,016.46	371,985,355.16
501	Lease hold land		8,015,771.86					8,015,771.86	232,613.64	4,699,067.38	3,316,704.48	3,549,318.12
								1,786,004,708.08	66,092,204.45	1,331,994,987.14	454,009,720.94	375,534,673.28

A/c Code	Description	Such. No.	Year Ended 31.12.2012 Rs.	Year Ended 31.12.2011 Rs.
	NOTE 2			
	Stock and w.i.p			
1120	Stock (OTC)		44,980,120.11	47,437,154.58
1120	Stock (CETRAC)		134,896,237.03	136,438,958.90
1121	Stock (NTTC)		-	10,595.92
1120	Stock (Head Office)		14,244,877.82	14,201,861.45
			194,121,234.96	198,088,570.85
	NOTE 3			
	Debtors			
620	Debtors control	9	12,934,791.75	20,164,305.03
621	Debtors Clearance A/C	10	6,761,278.21	
622	Health insurance	11	5,235.51	5,235.51
623	Health insurance Receivable	12	168,250.42	94,880.40
642	Sundry debtors	13	118,042,203.56	118,593,205.37
647	Inland Revenue (GST,VAT,NSL,S.Duty)		1,128,270.48	1,128,270.48
648	VAT Receivable		-	2,733,795.17
			139,040,029.93	142,719,691.96
	Deposits			
626	U.D.A deposits		-	849,061.38
632	Deposits for services	14	508,250.00	898,501.37
			508,250.00	1,747,562.75
	Advances			
628	Advances to suppliers	15	141,327.71	377,658.18
629	Advances to services	16	74,831.50	186,189.50
630	Advances to Contractors		-	7,158,276.08
656	General advances	17	1,791,648.71	1,781,936.71
670	Advances to training centers	18	63,877.00	63,877.00
671	Advances to training programme	19	27,744.00	37,427.00
672	Advances to Quality Dev. Project	20	100,000.00	111,057.00
			2,199,428.92	9,716,421.47
	Staff debtors			
650	Festival advances	21	274,000.00	288,150.00
652	Traveling advances	22	3,425.00	5,250.00
654	Fuel advances	23	10,983.20	24,177.53
658	Distress loan	24	4,156,646.54	4,289,179.46
659	Book loan	25	250.00	8,750.00
662	Salary advances			47,878.99
			4,445,304.74	4,663,385.98
			146,193,013.59	158,847,062.16
679	Provision For Doubtful Debts		(122,319,522.18)	(130,514,474.72)
			23,873,491.41	28,332,587.44

A/c Code	Description	Such. No.	Year Ended 31.12.2012 Rs.	Year Ended 31.12.2011 Rs.
	NOTE 4			
	Investment			
551	Treasury Bills (Depreciation Fund)	8	15,707,803.20	15,707,803.20
			15,707,803.20	15,707,803.20
	NOTE 5			
	Cash in hand and at bank			
			-	-
682	Special rupee account		-	125.00
684	Bank of Ceylon Kollupitiya account		317,619.05	-
685	Bank of Ceylon Batharamulla (CETRAC)		200,723.79	124,656.71
687	BOC Thirappane-OTC		329,077.09	305,064.30
688	BOC Torrington Con.Qul.Dev.Project		21,434.82	12,552,714.98
			868,854.75	12,982,560.99
691	Cash in Hand (H/O)		12,716,903.55	2,354,929.66
			12,716,903.55	2,354,929.66
693	Cash in Hand (OTC.)		1,704,020.00	
692	Petty cash imprest	26	2,655.20	10,825.55
			15,292,433.50	15,348,316.20
	NOTE 6			
	Creditors and accruals			
700	Provision for Salary Incremental Arrears		924,462.59	1,504,082.49
702	Income Received in Advance	27	7,986,055.12	1,402,340.12
704	Retention payable	28	363,505.46	359,153.21
708	Sundry deposits (refundable)		1,750.00	1,750.00
710	Creditors Control	29	27,320,515.44	4,285,229.92
711	Sundry creditors	30	11,401,724.16	6,166,321.53
714	Accrued expenses	31	11,031,384.74	8,594,713.49
730	E.P.F.Payable	32	1,684,091.04	1,758,777.82
732	E.T.F.Payable	33	202,091.51	211,035.23
734	Stamp Duty		11,400.00	25.00
740	VAT Payable		983,651.51	1,858,736.28
741	With Holding Tax Payable		-	286.12
743	Payee Tax Payable		4,526.00	
744	Economic Service Charges Payable		4,107,813.32	2,485,910.25
140	Bank Suspences Account		-	1,020.00
			66,022,970.89	28,629,381.46

A/c Code	Description	Year Ended 31.12.2012 Rs.	Year Ended 31.12.2011 Rs.
	NOTE 7		
	Income		
102	Hire of Machinery	12,833,892.57	10,751,360.05
103	Repair Charges	511,428.55	696,751.07
104	Hire of auditorium and seminar rooms	5,946,126.39	6,404,906.39
105	Trade testing income	120,981.82	48,655.08
106	Course fees	46,387,091.24	31,519,813.86
108	Seminars	5,802,088.94	6,066,409.37
107	Small Scale Contractor Registration (C-11)	54,834.72	110,956.99
109	Contractor subscription	65,993,647.70	59,111,076.65
110	Rent	2,390,600.00	2,401,531.57
112	Sale of publications	7,187,235.88	7,568,769.84
115	Circuit Bungalow	248,200.00	250,039.43
128	Income from NVQ Training Programme		4,761,969.50
135	Dome tries Charges	4,075,632.62	2,904,731.61
120	Consultancy services	1,361,482.15	881,588.96
178	Client Support Services		102,678.58
124	Arbitration/Mitigation Fees	339,914.29	316,597.73
125	Project Management Services	115,000.00	106,178.57
		153,368,156.87	134,004,015.25
	NOTE 8		
	Expenses of Revenue Generation Activities		
	Personnel Emoluments		
200	Salaries and wages	48,894,048.04	43,879,192.43
201	Cost of Leaving Allowance	12,646,796.50	12,133,808.46
203	Attendance Incentive	2,351,019.73	2,454,348.00
206	Dust allowance	194,400.00	197,600.00
208	Acting allowance	312,057.19	194,707.32
210	Other allowance	31,200.00	48,450.00
220	Holiday Pay & Overtime	3,801,655.12	3,630,026.18
220a	Holiday Pay & Overtime	2,746,214.07	1,557,016.91
224	Membership subscription to professional bodies	36,989.20	12,445.60
226	Bonus Payments	1,251,415.00	1,173,270.00
330	E.P.F	7,917,920.13	7,018,817.96
332	E.T.F	1,583,583.91	1,403,888.85
334	Gratuity	3,395,118.75	10,292,941.25
		85,162,417.64	83,996,512.96
	Traveling expenses		
236	Traveling (local)	414,012.50	495,469.00
236a	Traveling (Income Generated)	724,557.50	499,450.00
238	Traveling (Income Overseas)		294,384.00
		1,138,570.00	1,289,303.00
A/c	Description	Year Ended	Year Ended

Code		31.12.2012 Rs.	31.12.2011 Rs.
	Supplies and requisites		
240	Photocopying expenses	1,590,269.33	1,250,229.72
242	Stationery	1,421,469.51	1,053,912.55
244	Office requisites	718,494.70	200,117.73
246	Printing, Typing and Translating	221,926.83	229,023.37
248	Books and Periodicals	114,666.46	74,576.86
250	Audiovisual consumable	32,645.43	16,194.88
280	Insurance (assets)	114,649.68	117,691.56
		4,214,121.94	2,941,746.67
	Maintenance Expenditure		
260	Building	7,995,314.82	4,217,532.68
262	Furniture, fixtures and office equipment's	1,137,208.84	642,697.81
264	Passenger vehicles	3,110,698.71	1,401,424.71
266	Other vehicles	233,763.28	338,750.89
268	Plant ,Machinery and Equipment	5,169,365.15	3,045,661.01
270	Tools and Implements	33,635.36	8,702.73
		17,679,986.16	9,654,769.83
	Contractual Services		
			-
290	Fuel, oil and running expenses of passenger vehicles	3,513,365.72	2,122,080.75
292	Fuel, oil and running expenses Other vehicles	3,455,225.53	2,919,594.75
294	Rental and hire charges (vehicles)	210,498.20	120,443.40
296	Postage	323,771.00	291,128.42
298	Telephone	670,073.22	752,311.18
299	Internet Charges	20,549.58	6,845.41
306	Electricity	13,130,377.40	10,986,438.63
308	Water Tax	1,655,853.47	1,529,559.15
310	Health and sanitation	2,910,234.02	2,580,780.29
312	Security Service	824,135.00	647,140.65
		26,714,083.14	21,956,322.63

A/c Code	Description	Year Ended 31.12.2012 Rs.	Year Ended 31.12.2011 Rs.
	Training Activities		
360	Scholarships and training local)	332,975.00	423,327.90
362	Scholarships and training (foreign)	3,142,758.00	
390	Fees and allowances to consultants	242,500.00	286,000.00
392	Fees and allowances to teaching staff	5,875,489.00	4,376,900.00
394	Fees and allowances to Support staff	224,100.00	45,700.00
396	Development Cost	128,100.00	15,000.00
410	Training material	104,324.83	52,671.85
412	Spares for Training	4,382,714.80	2,919,095.92
414	Fuel for training	3,481,744.61	2,606,122.50
416	Training Aides	5,000.00	
418	Hand Tools & Small Equipments	5,734.86	2,190.00
424	Uniforms to trainees	236,341.24	274,646.12
425	Refreshments for Training Programme	4,925,027.00	3,583,884.89
426	Others	4,190.00	17,687.20
440	Trainee Allowances	168,675.00	165,375.00
441	Lecture Hall Charges etc.	165,744.29	89,900.00
443	Hire of Instruments	24,150.00	29,729.00
445	N.V.Q.Expenses		1,463,393.12
		23,449,568.63	16,351,623.50
	Others		
345	With-Holding Tax		19,510.24
344	N.B.T.	737,651.00	379,004.84
346	Uniforms to staff	746,249.36	380,721.32
348	Tea to staff	974,957.00	1,104,693.00
350	Health Insurance	281,219.64	155,635.00
351	Bad Debts	1,640,640.32	
354	Others	27,505.00	4,800.00
369	Exhibition	42,925.09	145,183.34
370	Advertising and publicity	2,761,942.18	1,572,326.00
372	Entertainment	301,405.37	161,738.00
373	Seating allowance	638,800.00	251,500.00
379	Service Charges(Reg.of Contractors C-11)	525.00	2,025.00
380	Legal & professional fees		67,519.50
381	Economic Service Charges	1,533,681.57	1,300,000.00
382	Licence fees	48,029.54	57,499.55
384	Miscellaneous expenses	301,574.28	40,018.51
385	Rent & rates	103,169.58	81,430.25
388	Lodging	44,759.60	30,575.00
		10,185,034.53	5,754,179.55
	Total Expenses of Revenue Generation Activities	168,543,782.04	141,944,458.14

A/c Code	Description	Year Ended 31.12.2012 Rs.	Year Ended 31.12.2011 Rs.
	NOTE 9		
	Other Income		
116	Non refundable tender fees	125,500.04	4,449.18
118	Fines, surcharges and others	9,307.69	14,092.38
111	Deferred Income	2,484,378.10	90,910.03
119	Interest Income-Treasury Bills	1,675,520.73	1,126,862.05
122	Miscellaneous	1,081,404.10	546,551.19
123	Profit/Loss Disposal of Fixed Assets	3,143,281.31	353,000.00
141	Miscellaneous Income(Without VAT)	471,154.00	1,454.40
167	Identity Card for Contractors	23,100.00	25,200.00
170	Sale of Contractor Directory	201,785.23	191,634.81
377	Income From ICTAD Qul.Dev.Project	2,750,000.00	3,638,335.71
		11,965,431.20	5,992,489.75
	NOTE 10		
	Administration Expenses		
	Personnel Emoluments		
200	Salaries and wages	22,913,935.39	22,183,610.92
201	Cost of Leaving Allowance	5,555,861.37	5,904,229.01
203	Attendance Incentive	1,158,222.13	1,369,221.92
208	Acting allowance	315,189.89	226,519.08
210	Other allowance	49,456.17	28,800.00
220	Holiday Pay & Overtime	3,601,220.35	3,622,395.27
220a	Holiday Pay & Overtime		27,416.47
224	Membership subscription to professional bodies	44,920.60	60,233.45
226	Bonus Payments	554,773.00	639,984.00
330	E.P.F	3,790,432.92	3,421,018.64
332	E.T.F	757,218.06	684,203.71
334	Gratuity	1,065,587.00	6,690,185.00
		39,806,816.88	44,857,817.47
	Traveling expenses		
236	Traveling (local)	414,384.75	481,904.98
236a	Traveling (Income Genarated)		7,500.00
		414,384.75	489,404.98
	Supplies and requisites		
240	Photocopying expenses	494,916.08	477,525.09
242	Stationery	83,747.17	498,166.29
244	Office requisites	40,200.82	63,790.18
246	Printing Typing & Translating	192,710.00	108,874.00
248	Books and Periodicals	200,115.00	166,781.33
250	Audiovisual consumable	28,605.74	3,806.21
280	Insurance (assets)	340,501.45	150,165.60
		1,380,796.26	1,469,108.70
	Total -Administration Expenses	41,601,997.89	46,816,331.15

A/c Code	Description	Year Ended 31.12.2012 Rs.	Year Ended 31.12.2011 Rs.
	NOTE 11		
	Other Expenses		
	Maintenance Expenditure		
260	Building	2,566,088.57	930,596.33
262	Furniture, fixtures and office equipment's	1,794,566.44	2,539,621.03
264	Passenger vehicles	1,921,136.15	2,892,423.21
268	Plant ,Machinery and Equipment		
272	Others		500.00
		6,281,791.16	6,363,140.57
	Contractual Services		
			-
290	Fuel, oil and running expenses of passenger vehicles	4,543,611.97	3,223,306.02
294	Rental and hire charges (vehicles)	6,100.00	14,682.00
296	Postage	466,276.00	422,913.00
298	Telephone	755,994.73	761,496.33
299	Internet Charges	126,123.65	26,816.58
306	Electricity	2,627,483.14	2,199,743.44
308	Water Tax	374,036.16	423,257.53
310	Health and sanitation	699,071.35	471,849.96
312	Security Service	165,780.81	213,647.25
		9,764,477.81	7,757,712.11
	Training Activities		
320	Research & Studies	14,700.00	
360	Scholarships and training (local)	135,775.00	82,186.67
362	Scholarships and training (foreign)	38,300.00	
392	Fees and allowances to teaching staff	11,700.00	36,000.00
410	Training material	1,533.10	1,987.93
416	Trainig Aides	62,554.89	
440	Trainee Allowances	102,000.00	199,050.00
		366,562.99	319,224.60

A/c Code	Description	Year Ended 31.12.2012 Rs.	Year Ended 31.12.2011 Rs.
	Others		
345	With-Holding Tax		596.70
344	N.B.T.	2,228,065.00	1,014,359.08
346	Uniforms to staff	169,419.33	142,088.95
348	Tea to staff	473,406.00	558,712.00
350	Health Insurance	188,106.46	105,862.50
351	Bad Debts	298,099.25	4,257,063.85
354	Others	8,000.00	1,000.00
353	Surcharges	23,013.00	
369	Exhibition	34,286.18	215,391.47
370	Advertising and publicity	1,965,143.61	1,818,021.36
372	Entertainment	450,248.76	402,955.00
373	Seating allowance	264,032.00	191,750.00
374	Audit fees	250,000.00	250,000.00
378	Insurance General		25,013.48
380	Legal & professional fees	14,034.96	50,141.00
381	Economic Service Charges	88,221.50	60,000.00
382	License fees	107,523.12	96,702.64
384	Miscellaneous expenses	122,853.19	231,865.91
385	Rent & rates	1,924.52	276,852.34
388	Lodging		5,200.00
390	Fees and allowances to consultants		100,000.00
425	Refreshments for Training Program me		21,300.00
		6,686,376.88	9,824,876.28
	Total - Other Expenses	23,099,208.84	24,264,953.56



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

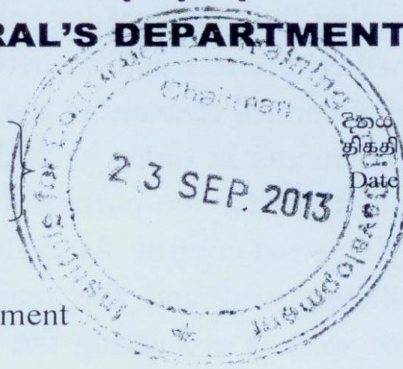


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எனது இல

My No.

EH/F/ICTAD/FA/12

ඔබේ අංකය
உமது இல
Your No.



දිනය
திகதி
Date

17 September 2013

The Chairman,
Institute for Construction Training and Development

Report of the Auditor General on the Financial Statements of the Institute for Construction Training and Development (ICTAD) for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971.

The audit of financial statements of the Institute for Construction Training and Development (ICTAD) for the year ended 31 December 2012 comprising the balance sheet as at 31 December 2012 and the income and expenditure statement, 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. 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 issued to the chairman of the Institute on 12 June 2013.

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 Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. 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 procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

අංක 306/72 පොල්දූව පාර,
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දුරකථනය
தொலைபேசி
Telephone. } 2887028 - 34

இல. 306/72, பொல்துவ வீதி,
பத்தரமுல்லை இலங்கை

ෆැක්ස් අංකය
பக்ஸ் இல
Fax No. } 2887223

No.306/72, Polduwa Road,
Battaramulla, Sri Lanka

ඉලෙක්ට්‍රොනික් තැපෑල
ஈ- மெயில்
E-mail. } oaggov@sltnet.lk

judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institution's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution'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 the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 Institute for Construction Training and Development as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Accounting policies

According to the ICTAD accounting policies statement, income is recognized on accrual basis. However, due to failure in issuing invoices for the services provided during the year 2012 such income had not been recognized as income for the year under review and as a result profit was understated by that amount.

2.2.2 Accounting Deficiencies

Following observations are made.

(a) Property, Plant and Equipment

- (i) Following disclosures had not been made in the financial statements.
 - The gross carrying amount and the accumulated depreciation at the beginning of the year.
 - The effective date of the revaluation and the methods and significant assumptions applied in estimating the fair values with regard to property, plant and equipment stated at revalued amounts.
- (ii) Assets purchased at a cost of Rs.697,646,458 which were fully depreciated but are being in use at present had not been revalued and taken into accounts.
- (iii) Although revaluation should be made for the entire class of property, plant and equipment, the ICTAD had not revalued of assets worth of Rs.200,100,473 in the same class during the year under review.
- (iv) Although balance of service advance account amounting to Rs.8,007,337 had been transferred to non-current assets during the year under review, no any evidence had been made available to audit that such works were completed.
- (v) Certain property, plant and equipment purchased during the year under review at a cost of Rs.2,674,250 had not been capitalized, and remained as stocks. Hence, stocks and non-current assets had been overstated and understated respectively by the same amount.
- (vi) Non-current assets valued at Rs.2,778,676 had been capitalized without any acceptable supporting documents attached to the journal entries.
- (vii) Assets relating to Centre for Habitat Planning and Development (CHPD) taken over from the Ministry of Construction, Engineering Services, Housing and Common Amenities in 2010 had not been valued and taken into accounts.

- (b) The subscription income received from contractors had not been recorded on accrual basis. According to the sample test, it was noticed that subscription fee amounting to Rs.1,546,250 which was not relevant to the year 2012 had been included and they need to be accounted as future income.

2.2.3 Contingent Liabilities

The ICTAD had not disclosed information relating to contingent liabilities arising from five legal cases filed against the ICTAD.

2.2.4 Accounts Receivable and Payable

Following observations are made.

- (a) The hire charges receivable amounting to Rs.114,529,393 with regard to the hire of motor vehicles, plant and machinery to the National Equipment and Machinery Organization (NEMO) during the period from 1997 to 2004 had not been recovered even up to 06 June 2013.
- (b) A sum of Rs.19,696,070 relevant to debtors of Head office, Operational Training Centre (OTC) and Construction Equipment Training Centre (CETRAC) had been continually shown as receivable since 1992 without action being taken to recover.
- (c) The debtor control accounts balance had been decreased by Rs.7,229,513 or 36% as compared with previous year. The debtors amounting to Rs.6,761,278 had been transferred to the debtor clearance account for more than one year. The ICTAD had not taken follow up action to recover it.
- (d) Out of the sundry debtor balances of Rs.118,042,203 as at 31 December 2012, a sum of Rs.116,412,258 or 99 per cent had been outstanding for more than five years and no confirmation letters had been called for on such debtors despite our request to do so.
- (e) Confirmation letters had been sent for debtors totaling of Rs.12,785,721 which represented 65% of the total debtor balances amounting to Rs.19,696,070 and out of that only Rs.1,687,144 representing 13% had been responded. Out of Rs.1,687,144 , balances had not been accepted for Rs.1,445,502 which represented 86%. Following observation is made in this regard.

- (i) The line Ministry debtor balance amounting to Rs.1,280,265 represented 5% of total debtors. According to the confirmation letter, the Ministry had not agreed to pay this amount. The ICTAD had not taken any action to collect these amounts from the line Ministry in timely basis.
- (f) A sum of Rs.1,128,270 shown in the financial statements as the amount to be claimed from Inland Revenue Department since 2004. The ICTAD had not made any attempt to recover this amount.
- (g) According to the Financial Statements, debtors balance of Construction Equipment Training Centre (CETRAC) was Rs.3,129,957 which had arisen due to the credit facility extended to the training participants where the recoverability of these outstanding debtors were doubtful.
- (h) Certain courses had been conducted by the Centre for Habitat Planning and Development (CHPD) but course fee amounting to Rs.184,150 up to 31 December 2012 had not been recovered due to lack of follow up action.
- (i) According to the age analysis provided by the ICTAD, sundry creditors amounting to Rs.2,305,021 had been outstanding for more than 5 years without being settled.
- (j) Refundable foreign Aid amounting to Rs.2,663,659 was shown under Non-Current Liabilities in the balance sheet. This balance had been brought forward since 1996. However, no any effective action had been taken to settle this amount.

2.2.5 Lack of Evidence for Audit

The following items could not be satisfactorily vouched in audit due to non-availability of evidence shown against each item.

Item	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) VAT,GST and Stamp duty	1,128,270	} Detailed Schedules Physical verification reports and Fixed Assets Register
(b) Refundable Foreign Grants	2,663,659	
(c) Property, Plant and Equipment	1,786,004,708	

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

Instances of non-compliance observed in audit are given below.

Reference to Laws, Rules, Regulations, and Management Decisions	Non-compliance
(a) Finance Act, No. 38 of 1971 Section 13(2)	The determined audit fees for the period from 1998 to 2011 amounting to Rs.2,300,678 had not been paid by the ICTAD up to 05 April 2013.
(b) Economic Service Charges Act No. 13 of 2006	The ICTAD had not paid any amount of Economic Service Charges since the inception and even the returns had not been sent.

2.2.7 Transactions not supported by Adequate Authority

Providing security services for the Centre for Habitat Planning and Development (CHPD) had been assigned to a private security firm and the agreement had been extended up to 30 September 2012. Even thereafter, the security services had been provided by the same private firm and Rs.85,312 had been paid for the period from September to December 2012 without proper authority.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, operations of the ICTAD for the year under review had resulted in a deficit of Rs.78,758,145 as compared with the corresponding deficit of Rs.77,929,027 for the preceding year thus indicating an increase in the deficit of Rs.829,118, after taking into accounts of the Government recurrent Grants of Rs.47,150,000 received during the year under review as compared with the recurrent grant of Rs.55,200,000 received in the preceding year. The reason for the increase of deficit was due to the higher expenditure on revenue generation activities during the year under review.

3.2 Analytical Financial Reviews

Following observations are also made.

- (a) The operating deficit of the ICTAD was Rs.79 Mn resulting from the utilization of 260 staff, total assets worth Rs.727 Mn and the government contribution of Rs.87 Mn received during the year under review. (capital and recurrent grants)
- (b) The deficit of the ICTAD for the year under review represented 11 per cent of the total assets as compared with 12 per cent for the preceding year indicated a favorable position of 1 per cent.

4. Operating Review

4.1 Performance Review

Following observations are made.

(a) Development Division

The main objectives of the Institute for the Construction Training and Development are Registration of contractors, grading and maintaining related data base, promoting new technical knowledge, providing standard and directions for construction field. The Development Division had been established as main division to achieve above goals and objectives. The total employees of the division were 19 officers including the Director and the Deputy Director. A proper Annual Implementation plan had been prepared for the year 2012, and the actual revenue for the year 2012 were Rs.75Mn when compared with the budgeted amount of Rs.70 Mn. Total expenditure for the staff of this division was Rs.10 Mn for the year under review.

(b) Training Division

- (i) According to the Corporate plan of ICTAD, main objectives of the division are, conducting research and development, identify the training needs and man power assessment for the national construction industry. Sufficient evidence was not made available to audit, whether any research and development activities were conducted by the ICTAD.

- (ii) Six programmes which were included in the Annual Implementation Plan (AIP) for the year 2012 had not been conducted during the year under review.
- (iii) Another, main objective of the training division is, to establish a National Vocational Qualification (NVQ) assessment Centre to award NVQ certificates for skilled technician to improve competence and abilities of persons who occupied in the construction industry, and award the certificates. Following observations are made in this regard.
- Even four NVQ/ Recognition of Prior Learning (RPL) pre assessment programmes and four NVQ/RPL full assessment programmes had been budgeted for the year 2012 no any programme were conducted for NVQ/RPL during the year 2012.
 - Even though NVQ had been started as national requirement and 12,575 persons had been provided knowledge under NVQ pre assessment programme in the past three years, only 1,423 participants had completed full assessment programme. But certificates were obtained only by 1017 participants out of the candidates who completed the programme.

(c) Centre for Habitat Planning and Development (CHPD)

- (i) Total income and expenditure of the CHPD were Rs.17.7 Mn and Rs.17.6 Mn respectively for the year 2012 and the profit earned thereon was very low representing 0.56% only.
- (ii) Eight Courses, Seminars and Workshops which were included in the Annual Implementation Plan (AIP) for the year 2012 had not been conducted during the year under review.
- (iii) Although five courses had been conducted during the year 2012 the targeted income as included in AIP had not been achieved. Accordingly 62% of income had been earned out of targeted income of the above courses and thereby CHPD was unable to earn Rs.2,262,500. However, reasons for decreasing of income were not analyzed and taken actions for rectification.

(d) Construction Equipment Training Centre (CETRAC)

- (i) Total income and expenditure of the CETRAC were Rs.15.5Mn and Rs.46.5Mn respectively in the year 2012 and thereby a loss of Rs.31Mn had occurred and net profit ratio was minus 201%.
- (ii) Seven Projects, Programmes, and Activities which were included in the Annual Implementation Plan (AIP) had not been carried out to achieve the targeted income.

(e) Operator Training Center (OTC)

- (i) Total income and expenditure of the OTC were Rs.28.8 Mn and Rs.62.8Mn respectively in the year 2012 and thereby a loss of Rs.34 Mn had occurred and net profit margin ratio was minus 118%.
- (ii) Even though, 13 programmes had been budgeted in the annual implementation plan, only 11 programmes had been conducted and additional 4 new programmes had been held during the year 2012.
- (iii) According to the annual implementation plan, 1055 training activities to be conducted and expected revenue was Rs.16.4 Mn. However, the achievement was Rs.13.4 Mn by conducting 816 activities only. Although Dump truck driver training and Crawler tractor training programme had been budgeted to carry out 16 and 12 times respectively, no such activities were conducted during the year under review. The Chairman had informed me that the two programmes included in the AIP were not conducted due to poor response from the applicants.

(f) Advisory Division

Although six seminars and activities (overall performance of the division) had been conducted during the year, the targeted income which was included in AIP had not been achieved and 36% of income only had been earned out of targeted income of the above seminars and activities.

4.2 Management Inefficiencies

Following observations are made.

- (a) Machine cost report (MCR) had not been updated and maintained properly. Hence it was unable to identify income, cost, profit / loss and repair cost in relation to training activities of the Operating Training Center at Galkulama in audit.
- (b) 2000 copies of Directory for Contractors had been printed at a total cost of Rs.4,351,000 without ascertaining the demand. As the information becoming outdated, selling price of the books had to be reduced thus resulting a loss of Rs.534,767 occurred to the Institute up to 31 December 2012. Since the information contained in 1132 books which were already outdated the recoverability of cost of Rs.2,462,666 is in doubt.
- (c) The ICTAD had signed Memorandum of Understanding (MOU) with Wayamba Creative Engineering Consortium (WCEC) on 16 September 2012 to cater the provincial demand for the construction training. Following observations are made in this regard.
 - (i) Diploma course had been commenced on 30 September 2012 but ICTAD portion of Rs.143,500 had not been received at the commencement of the programme.
 - (ii) Further no any invoice had been issued to WCEC by CHPD up to the date of audit on 31 January 2013. This situation had been observed in audit as poor internal control system implemented by the CHPD.
 - (iii) The ICTAD had conducted same courses in the year 2011 with a Government Institution having same conditions which were included in the MOU. Therefore, it was unable to understand the reasons for signing MOU with a private institution to conduct such course without having enough benefits.
- (d) A sum of Rs.533,333 ($50,000 \times 32 \times 1/3$) had been received from National Apprentice and Industrial Training Authority (NAITA) for 32 students. However, invoice had not been issued until the date of audit on 11 March 2013 by the ICTAD.

(e) **Stock Control**

Stocks of Rs.194,121,235 had been shown in the financial statements and following observations are made in this regard.

- (i) Tyres valued at Rs.181,140 had been idling in the stores since 1997.
- (ii) The ICTAD stocks represent 78% of current assets and 27% of total assets and this position had been maintained for last several years. Therefore, the ICTAD had tied up much of its capital, in stocks which would adversely affected the cash position of the Institute.
- (iii) Following Observations were made in connection with the Stores in CETRAC;
 - Large number of stocks had not been used for more than 10 years. Out of that, some of the stocks had remained unused since 1997.
 - Certain stocks had obsoleted. Furthermore, it was unable to value them because values were not made available to audit.
 - There were certain spare parts where relevant machines and equipment were not with the CETRAC

4.3 Uneconomic Transactions

Following observations are made.

- (a) The ICTAD had signed an agreement with a private party in February 2011 to promote the domestic foods for six years which was not within the objections of the ICTAD. Following observations are made in this regard.
 - (i) According to the agreement entered, the private party should pay rental amounting to Rs.17,500 per month which is to be increased by 10% annually. Rental includes electricity, water and security service costs. As per cost benefit analysis, the ICTAD had to incur more expenses for this private party than its income and it was observed as an uneconomic transaction.

- (ii) If it terminates the agreement during the six year period, the ICTAD should pay Rs.525,000 for a temporary building to the private party according to the agreement which could be identified as an unfavorable condition.
- (b) A sum of Rs.5,232,728 had been incurred on vehicle repairs which were carried out through private garages. However it was observed that this could have been reduced if the repairs were done at the workshop of CETRAC.

4.4 Inappropriate Disclosures

Circuit banglows at Katharagama, Anuradhapura and OTC Tiripanne valued at Rs.2,321,208, Rs.1,360,215 and Rs.16,582,992 respectively had been capitalized and shown under property, plant and equipment of the financial statements by the ICTAD without the ownership of the lands to the ICTAD. The ICTAD had not made any action to acquire the lands in the name of the ICTAD.

4.5 Utilization of Resources by other Institutions

Following observations are made.

- (a) Four A/C rooms and non A/C rooms in the CETRAC building had been given free of charge to seven external parties who were officers / employees in other Government Institutions. As a result CETRAC had occurred an estimated loss of Rs.3,737,532.
- (b) Though the ICTAD should not release employees to the Ministry or any other Institution in terms of Public Enterprises circular No PED/12 dated 02 June 2003, three employees had been given to the line Ministry without the requisite approval. Further the ICTAD had paid emoluments amounting to Rs.1,932,704 for the released employees during the year under review.

4.6 Human Resources Management

Following observations are made.

- (a) The Director post which is the top position had been vacant in CETRAC since May 2010. In addition to that, 26 other positions had been in vacant position in the CETRAC. Among them Training officers, Engineer assistants, Demonstrators,

who are directly relevant to the training had been included and it would adversely affect the quality of training provided by the CETRAC.

- (b) The Public Enterprises circular No PED/12 of 02 June 2003 provides guidelines to govern public enterprises in different fields relating to planning and administration of human resource. Following observations are made in this regard.
- (i) 19 positions were made as acting appointment in the ICTAD including senior management positions such as Internal Auditor, Director Finance and Deputy Director of operational training. In addition to that approval for 16 appointments had been made by the Chairman without the consent of the Board of Directors.
 - (ii) A person who had been appointed and designated as office aid was engaged for the driver's duty since 01 September 2011. Furthermore, another person had been appointed for the post of office aid in the same section.
 - (iii) Five members were appointed for the post of acting security supervisors on 21 November 2011 and they were continued to be engaged as acting positions without considering them being appointed for the permanent post of security supervisors.
 - (iv) Following observations are made relating to the "Scheme of Recruitment" (SOR) of the ICTAD.
 - No specific "Job descriptions" were made available for the Deputy Directors in each section of the Institute in SOR and therefore it was unable to evaluate the functions they had handled.
 - Even though, some specific "Job descriptions were available with regard to certain designation in SOR, it had not been considered when preparing duty list to the staff. Hence it was unable to ascertain in audit whether the purpose of SOR had been achieved.

5. Accountability and Good Governance

5.1 Corporate Plan

Following observations are made.

- (a) The Corporate Plan had not been prepared according to the guidelines of the Public Enterprises Circular No. PED/12 of 02 June 2003 and following observations are made in this regard.
 - (i) The available resources such as land, buildings, operating facilities, human resources and management skills needed had not been shown in the Corporate Plan.
 - (ii) Strength and weaknesses of the ICTAD and the external threats and opportunities (SWOT) had not been analysed and considered in the Corporate Plan.
 - (iii) Key Performance indicators had not been decided and included in the Corporate Plan.
- (b) A Human Resource and Marketing and Publicity Divisions had not been established up to the date of audit on 16 April 2013. However the Corporate Plan had identified certain activities to be carried out by these divisions during the year under review. Furthermore, the said two divisions were not identified in the organization chart of the ICTAD.
- (c) Consultancy services had not been carried out in the CETRAC during the year 2012. However providing consultancy services on Construction Equipment, Machines and Maintenance and Management of Construction Equipment had been stated in the Corporate Plan as a key activity of the division.

5.2 Annual Action Plan

Following observations are made.

- (a) The responsibilities of managers with regard to the goals and targets to be achieved during the planned period had not clearly been identified.
- (b) An Action plan for the year 2012 had not been prepared for the Finance Division.
- (c) The Board of Directors of the ICTAD had suggested some of the revenue generation activities to be implemented in each division and Training Centre

separately since 2012. However, the action plan prepared for the year 2012 had not been amended accordingly.

- (d) It was stated in the Annual implementation Plan (AIP) that trainees from Maldives and South Asian countries to be trained in Construction Equipment Training Programme, but none of the foreign trainees were trained during past few years. Actions that need to be taken to attract foreign customers and the reasons for not participating such trainees had not been analyzed and considered by the ICTAD.

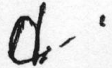
5.3 Budgetary Control

Significant variances were observed between the budget and the actual income and expenditure thus indicating that the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the ICTAD by my detailed report issued in terms of Section 13(7)(a) of the Finance Act. Special attention is needed in respect of the following areas of control.

- (a) Accounting and Maintenance of Accounting records
- (b) Receivables and Payables
- (c) Budget
- (d) Measurement of Performance against targets
- (e) Settlement of Advances
- (f) Issue of Invoices
- (g) Assets Management


H.A.S.SAMARAWEERA
AUDITOR GENERAL