



NATIONAL HUMAN RESOURCES DEVELOPMENT COUNCIL OF SRI LANKA

ANNUAL REPORT
2012

MINISTRY OF YOUTH AFFAIRS & SKILLS DEVELOPMENT

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

Institutional Background

Institution	:	National Human Resources Development Council of Sri Lanka
Ministry	:	Ministry of Youth Affairs and Skills Development
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Chairman's Message

The year 2012 can be introduced as a turning point in the 15 years' journey of National Human Resources Development Council of Sri Lanka. Specially, this institute which functioned about a period of 6 months without appointing a permanent Chairman entered to a new path since October 2012.

1) Staff restructuring

In terms of the Circular No 30 issued by the Department of Management Services in year 2006, even if all the Public Corporations and Boards should restructure their staff according to the timely needs, since it has not fulfilled this requirement, the performance of this institute has been subjected to the criticism during previous years. By eliminating the said shortcoming completely, while it was able to approve an organizational structure and personnel sufficient to fulfill the functions expected by the Act of National Human Resources Development Council of Sri Lanka No. 18 of 1997, recruitment procedures were prepared for all the posts and furnished to the Salaries and Cadre Commission. Accordingly, a staff consisting the following posts was approved.

- I. A Director in charge of Research and Development Activities.
- II. An Assistant Director in charge of Finance Subject.
- III. Two Assistant Directors in charge of Development and Research Divisions.
- IV. Four posts of Research Officers
- V. Legal Officer / A post of Secretary to the Board of Governors
- VI. A Translator post
- VII. Four Development Assistant posts
- VIII. Eight Management Assistant Posts
- IX. Four Office Aid Posts
- X. Four Drivers' Posts

After obtaining the approval for the Recruitment Procedures in year 2013, the officers have been recruited for all the posts except for the post of Translator and Two posts of Research Officers.

2) Human Resource Development

A Human Resource Development Programme was commenced with the hope of enforcing the human resource with the knowledge, by taking into consideration the existing staff and the staff newly recruited for this institute and additionally, the staff of the other institutes of the Ministry of Youth Affairs and Skills Development. Training programmes conducted during year 2012 and the number of participants has been given below. It is very significant that this programme has subjected to the admiration of all, as per the participants' responses.

Date	Name of the Training Programme	Enrolments
2012-10-22	Office Management	98
2012-11-12	Preparation of Recruitment Procedures	81
2012-11-16	Office Management	63
2012-12-07	Pensions	99
2012-12-13	A Dignified Public Service.	144

3) Social Hospitality Programme

A special programme to guide the school leavers for the vocational training was commenced in Jaffna district in good faith of entering the youth in North and East areas who had been kept away from the course of development due to the thirty years' war, to the Development movement again. Arrangements were made to conduct one day workshop with the participation of vocational training institutes of our Ministry such as Vocational Training Authority, National Apprentice and Industrial Training Authority, National Youth Council, National Fisheries and Nautical Engineering Institute and the Department of Technical Education and Training, by mobilizing

about 400 youths to the Technical College in Jaffna on 30.11.2012, thereby recruiting 335 students for such vocational training institutes as follows.

Vocational Training Authority	- 91
National Apprentice and Training Authority	-100
National Youth Council	- 39
National Fisheries and Nautical Engineering Institute	- 51
Department of Technical Colleges	- 54

4) Preparation of an Action Plan for year 2013.

As per the provisions laid down in the Act to incorporate this institute, the main objective of establishing this institute is to provide the incidental provisions required for the initiation, promotion and implementation of the policies relevant for the human resources development. For that purpose, the function of this council has been allocated under five major areas.

- I. Employment Training and Education
- II. Utilization of Science & Technology
- III. Upliftment of living condition
- IV. Providing social protection for the disadvantaged people
- V. Economical reforms

The relevant Act specifies that the function of this council is to give recommendations to the Minister in order to submit the human resource development programmes to the government with relevant to the above areas in line with the national policy.

For this purpose the studies and researches should be carried out in relation to the above fields. An Action Plan which includes the following activities was prepared in year 2012 in order to perform this function.

Study about the tendency of providing employment opportunities in foreign and local job markets

- a) Preparation of a vocational guidance programme suitable for all the vocational training institutes, schools and universities.
- b) To launch a study to identify the potential services offered by the government for the families whose parents have been lost due to the war.
- c) Many projects including the study to identify the possibility of enhancing the job satisfaction of the graduates recruited to the public service under various schemes were included in that Action Plan.

5) Programme for teaching Tamil language

Our institute has to work with the Tamil and Muslim community in North and East areas. But, there is no one in our office who knows the Tamil language. Therefore a project for teaching Tamil language for whole the staff has been commenced and it is continuing successfully.

6) Meeting of the Board of Governors

Another problem identified is that the meetings of the Board of Governors has not been held continuously. actions are being taken to hold the meetings of the Board of Governors continuously since October 2012 and there had been a sufficient quorum in the meetings.

Wijaya Wickramarathna,
Chairman

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Annual Report – 2012

1.1 Institutional Background and the Scope

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

1.2 Introduction to the Institution.

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

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1.3 Vision-

“A nation of visionary and skilled human capital”

1.4 Mission:-

Develop, implement, promote and facilitate the effective policies and strategies on human resource thereby contributing to make **Sri Lanka the wonder of Asia.**”

1.5 Objective

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

Monitoring, investigating and reviewing of relevant policy plans and programs taking the initiative to implement the projects operating with relative institutions Carrying out programmes in connection with the other subjects stated in the Act with the consent of the Minister in charge of the subject.

1. (a) Employment, training and education
(b) Utilization of science and technology
(c) Upliftment of the living standard
(d) Designing the social security for the underprivileged groups and
(e) Instruct the Minister in charge of the portfolio in relation to all the aspects of National Human Resources Policy including the rationalization and integration of human resources relevant for the protection of the rights through economical reforms.
2. Give recommendations for the Minister in charge of the portfolio in order to submit the plans and programmes of developing human resources in comply with the national policy.

3. Reviewing and examining the national human resource development policy and undergoing plans and programmes and proposing recommendations to the Minister regarding the changes to be made for the said policies and programmes when necessary.
 4. Enquiring about the implementation of human resource development plans and programmes approved by the government.
 5. Implementation of any project connected with any subject stated in the schedule below. However, in case the project is connected with the subjects assigned to a separate minister, that should be implemented with the concurrence of the said minister. And
- a) To undertake all other activities that is deemed as necessary or beneficial or incidental by the council.

1.5 Authority of the Council

The authorities assigned to the Council as per the sub section 16(2) (1) of National Human Resource Development Council of Sri Lanka Act No. 18 of 1997 are as follows:

- (a) To conduct the surveys, investigations, studies and research needed to perform the role of the council.
- (b) To enquire the experts, professionals or people in public or private regarding the matters relating for the human resource development
- (c) To create and maintain the relationships with international agencies and other organizations situated outside Sri Lanka, which are performing the same functions as the council.
- (d) Reaching to the agreements and contracts, which are needed to fulfill the functions, assigned to the Council under this Act and to perform the same.
- (e) Engage in the activities for conducting human resource development researches through the establishments or individuals within and outside Sri Lanka.
- (f) To develop and maintain a data bank in relation to the human resource development and all other affiliated areas.
- (g) Opening and maintaining current accounts, savings accounts or deposit accounts in any bank or banks.
- (h) To accept and receive both movable and immovable aids and donations.

- (i) Taking steps to improve the skills of the officers of the council aiming at the development of a pool of experts specialized in various sections of human resources developments
- (j) To appoint the committees, groups of specialists and consultant boards for the better performance of the functions of the council.
- (k) To enquire and receive the information including the statistics obtained by the Ministries, Government Departments, State Cooperation, Statutory boards, Provincial Councils, local government institutions and private institutions that are deemed as necessary by the council.
- (l) To take all steps deemed as necessary or beneficial or incidental by the council in order to implement and carry out the functions, authorities and the activities of the Council, according to the opinion of the Council.

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

This Commission operating under the purview of the Ministry of Vocational and Technical Training is composed of a Chairman and twenty (20) members appointed under the provisions made in National Human Resources Council of Sri Lanka Act No. 18 of 1997. Out of them, fifteen (15) persons have been appointed in ex officio, while the remaining five (5) members are from relevant institutions. In addition to that, 5 members are appointed by considering the experiences and skills in the relevant fields and out of them two (2) persons are from private sector. The Minister in charge of the portfolio has been vested the power under the Act to appoint a member among them as the executive chairman, and the chairman is the chief executive officer. The Council comprised nineteen (19) members as at 31.12.2012.

Director Board of the Council for year 2012 was comprised as follows.

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

- | | | | |
|-----|------------------------------|---|---|
| 1. | Mr.Wijaya Wickramarathna | - | Chairman, National Human Resources Development Council of Sri Lanka. |
| 2. | Mr.K.A.Thilakarathna | - | Secretary, Ministry of Youth Affairs and Skills Development |
| 2. | Dr.Sunil Jayantha Nawarathna | - | Secretary, Ministry of Higher Education |
| 3. | Mr.Gotabhaya Jayarathna | - | Secretary, Ministry of Education |
| 4. | Doctor Y.D.Nihal Jayathilaka | - | Secretary, Ministry of Health |
| 5. | Mrs. Dhara Wijethilaka | - | Secretary , Ministry o Technology and Research |
| 6. | Mr.J.L.U.Jayaweera | - | Secretary, Ministry of Labour Relations and Productivity Development. |
| 8. | Mr.P.B.Abeykoon | - | Secretary, Ministry of Public Administration and Home Affairs |
| 7. | Mr.Anura Siriwardhana | - | Secretary, Ministry of Industries and Commercial Affairs |
| 10. | Mr.W.Sakalasooriya | - | Secretary, Ministry of Agriculture |

- | | | | |
|-----|-----------------------------|---|---|
| 11. | Prof. Dayantha S.Wijesekara | - | Chairman, Territory and Vocational Education Commission |
| 12. | Dr.Rasika Perera | - | Director General, Territory and Vocational Education Commission |
| 11. | Prof. Lakshman Jayathilaka | - | Chairman, National Education Commission |
| 12. | Prof. Kshanika Hiriburegama | - | Chairman, University Grants Commission |
| 13. | Mr.Chandana Arunadeva | - | Chairman, National Apprentice and Industrial Training Authority |
| 14. | Mr.A.Dayarathna | - | Additional Director General, Ministry of Public Finance |

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

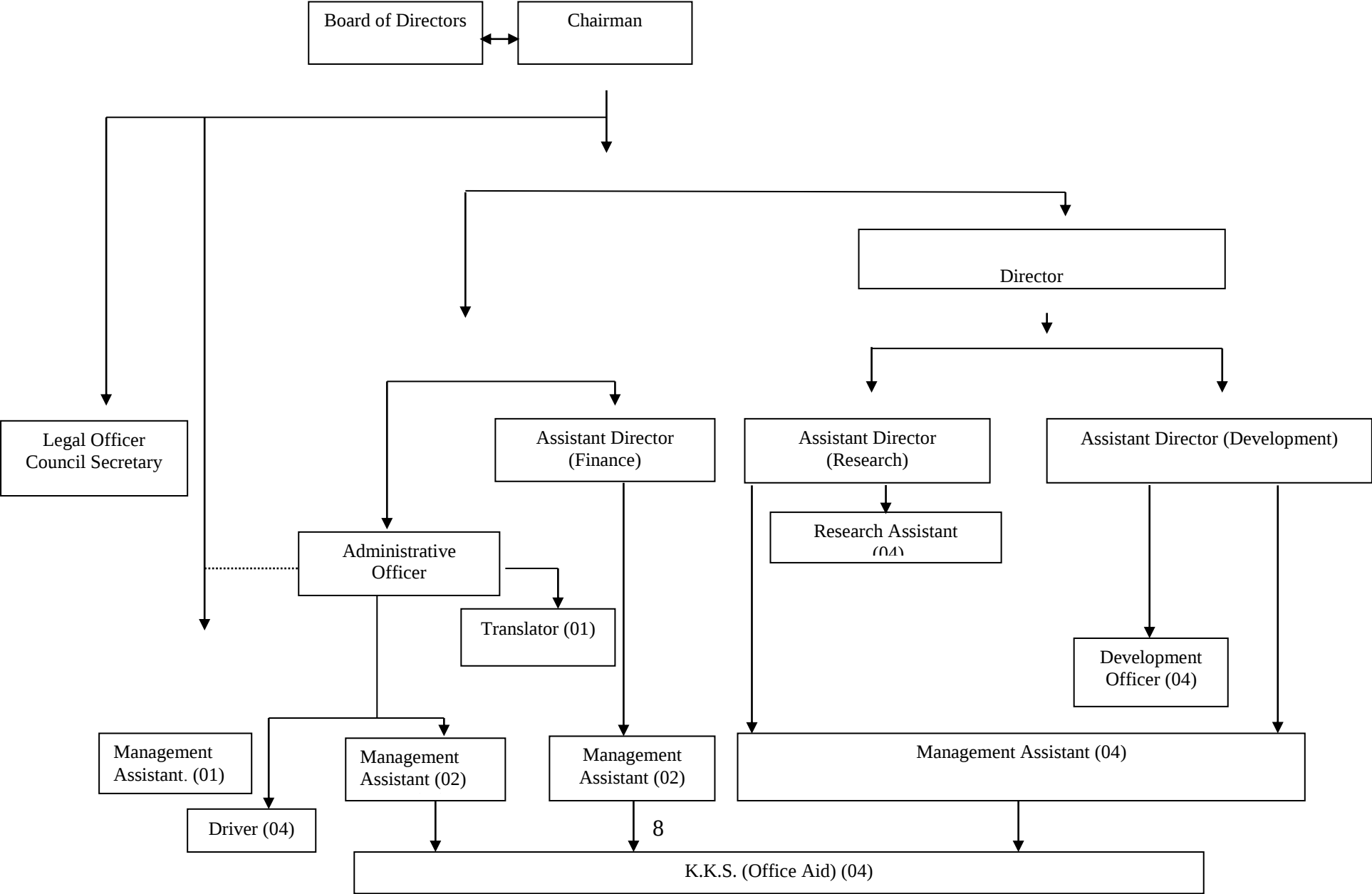
- | | | | |
|----|-----------------------------------|---|---|
| 1. | Mr.Piyadasa Pathirana Weerasingha | - | Sarasi, Radampola, Urugamuwa |
| 2. | Mrs. Lalitha Withanachchi | - | No. 377, Tangalle Rd., Meddawatta, Matara |
| 3. | Mr. A.S.Gamage | - | Batuwaththa, Aluthgolla, Meethalawa |

Council & the Meetings

Five (05) Director Board meetings were held for year 2012 at the office of the National Human Resources Development Council of Sri Lanka, in Narahenpita and they were as follows.

Members of the Council	Date of meeting held				
	2012.03.29	2012.08.20	2012.10.04	2012.11.05	2012.12.14
Chairman, National Human Resources Development Council of Sri Lanka.	√	√	√	√	√
Secretary, Ministry of Youth Affairs and Skills Development	-	-	√	√	√
Secretary, Ministry of Higher Education	-	-	√	√	-
Secretary, Ministry of Education	-	-	-	-	-
Secretary, Ministry of Health	-	√	-	-	-
Secretary, Ministry of Technology and Research	√	√	√	√	-
Secretary, Ministry of Labour Relations and Productive Development	√	-	-	-	-
Secretary, Ministry of Public Administration and Home Affairs	√	-	√	-	-
Secretary, Ministry of Policy Planning and Implementation	-	-	-	-	-
Secretary, Ministry of Industrial and Commercial Affairs	-	√	-	-	-
Secretary, Ministry of Agriculture	-	√	-	√	√
Secretary, Ministry of Finance and Planning	√	√	√	√	√
Chairman, Territory and Vocational Education Commission	√	√	√	√	√
Director General, Territory and Vocational Education Commission		√	√	√	√
Chairman, National Education Commission		√	√	√	√
Chairman, University Grants Commission	√	√	√	√	√
Chairman, National Apprentice and Industrial Training Authority	-	√	-	-	-
Appointed member – Mr.Piyadasa Pathirana Weerasingha	√	√	√	√	-
Appointed member – Mrs. Lalitha Withanachchi	-	√	√	-	-
Appointed member – Mr. S.S.Gamage	-	-	-	-	-
Total no. Of participants	8	13	12	11	8

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



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

Designation	Approved Cardre	The staff as at 31. 12. 2012	Vacancies as at 31.12. 2012	Name
Chairman	01	01	-	Mr. Wijaya Wickramarathna
Director	01	-	01	-
Assistant Director	03	-	03	-
Council Secretary/Legal Officer	01	-	01	-
Research Officer	04	-	04	-
Administrative Officer	01	01	-	Mrs. J.A.C.P. Jayasingha
Translator	01	-	01	-
Development Officer	04	-	04	-
Personal Assistant of the Chairman	01	01(Acting)	-	Mtss. Nalika Rathnayaka
Management Assistant	08	05	03	Mrs. K.S.N.Perera Mrs. Chathurika Jayasekara Mrs. Chamini Kariyawasam Mr. Rajitha Maddage Mrs. Mala Damayanthi
Driver	04	03	01	Mrs. Maduranga Pinnaduwa Mr. Erwin Jayarathna Mr. M.P.K.Lakmal
K.K.S. (Office Aid)	04	01	03	Mr. Buddhika Wijesingha
Total	33	13	22	

Although it has passed 15 years with the establishment of this institute, all most all the staff grade posts have become vacant during past few years and it has not been restructured in terms of the Management Service Circular No. 30. However, as a result of the effort made at the later part of year 2012, it was able to make approve a sufficient carder. While the formal recruitment procedures have been made, since the approval of the Department of Management Service could not be obtained until the end of year 2012 even, recruitments could not be made so far for the vacant posts. Specially, existing all the posts vacant in Development and Research Division has become a big challenge in carrying out the activities relating to the Action Plan of the institute

Resignation during the year 2012

Name	Post	Date of Resigning
Mrs. S.N.Jayaneththi	Research Assistant	31.05.2012
Mr. Nimal Bopage	Chairman	19.06.2012
Miss. Manjari Perusingha	Finance Assistant	19.06.2012
Miss. M.A.K.N.Sandamali	Research Assistant	31.07.2012
Mr. S.P.Priyanga	Research Assistant	31.07.2012

06. Programmes and Projects

6.1 . National Hosting Programme to enforce the school leavers who have failed the G.C.E. (O/L) and G.C.E. (A/L) exams

Venues and the number of the participants in the workshops of vocational guidance programme which are being implemented in the districts of Kegalle, Ratnapura, Badulla, Monaragala and Jaffna to enforce the school leavers who have failed the G.C.E. (O/L) and G.C.E.(A/L) exams are as follows.

District	Date	Venue	Number of Participants
Kegalle	19.05.2012	Walagamba Maha Vidyalaya	143
Ratnapura	20.05.2012	Technical College	106
Badulla	21.05.2012	Town Hall	87
Monaragala	22.05.2012	Community Hall	51
Jaffna	30.11.2012	Technical College	306

At the career guidance workshop for the school leavers living in Jaffna district, 806 letters were sent to them, resulting 306 participants with their parents.

At the end of this workshop, held with the participation of training institutes such as Department of Technical Education and Training, Vocational Training Authority, National Apprentice and Industrial Training Authority, National Youth Council, Ocean University of Sri Lanka which are under control of the Ministry of Youth Affairs and Skills Development, number of the same day enrolments for the training courses conducted by the said institutes are as follows.

Training Institute	Number of registered students
Vocational Training Institute(VTA)	91
National Apprentice and Industrial Training Authority (NAITA)	100
Department of Industrial Education and Training (DTET)	54
Ocean University of Sri Lanka /National Institute of Fisheries and Nautical Engineering (NIFNE)	51
National Youth Service Council (NYSC)	39
Total enrolments	335

Workshops conducted for the enforcement of human resource serving in the institutes under the Ministry of Youth Affairs and Skills Development

Under this workshop, while several workshops were conducted to enforce the staff serving in the institutes under the Ministry of Youth Affairs and Skills Development by covering the areas such as the preparation of recruitment procedures, office management, pensions and a dignified public service, information in that regard are as follows.

Number of participants for the workshops held to enforce the human resource

Name of the institute	Workshop and date of conducted				
	Office Management		Preparation of recruitment procedure	Pension	A dignified public service
	22.10.2012	16.11.2012	12.11.2012	07.12.2012	13.12.2012
National Human Resource Development Council of Sri Lanka	15	15	11		15
Ministry of Youth Affairs and Skills Development	58	27	19	68	71
Centre of Training Rural Leaders		-	01	1	1
Tertiary and Vocational Education Commission	11	-	03	-	1
Youth Corp	-	-	01	-	-
National Youth Service Corporate Association Ltd.,	-	-	-	-	3
Youth Services Ltd	-	-	-	-	3
Ocean University	-	-	06	-	2
Vocational Training Authority	14	15	12	-	23
Department of Industrial Education and Training	-		06	30	
National Youth Services Council	-	6	09	-	-
National Apprentice and Industrial Training Authority	-	-	19	-	15
German Technical Training Institute	-	-	03	-	10
National Business Management Training Institute	-	02	-	-	-
Total	98	92	63	99	144

Ministry: Ministry of Youth Affairs and Skills Development
Institute: National Human Resources Development Council of Sri Lanka
Action Plan - 2012

No.	Field and Major Activities	Financial Allocation s Rs.M.	Unit Index	Targeted Plan												Output
				Jan	Feb.	Mar.	Apr.	May	Jun	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	
	Area 01															
111	Research, Education, Survey,															
1	Research on the Security of Senior Citizens	1.70	No. of Researches				1									Research Report
12	Researches on Sri Lankan X skills	1.70	No. of Researches				1									Research Report
3	Researches on People with Various Talents	1.70	No. of Researches				1									Research Report

4	Special Research and Survey	1.90	No. of Researches				1			1			1		1	Research Report 04
No.	Field and Major Activities	Financial Allocations Rs.M.	Unit Index	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Output
	Field 02															
112	Workshops and Seminars															
5	Free level youth net –FLY NET Vocational guidance programme for those who failed G.C.E. (O/L) & (A/L)	4.50	Number of programmes		3	3	3	3	3	3	3	3	3	3		30
			Participation		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000		10000
	Field 03															
113	Projects															

6	National Skills Moon for 2012	5.00	Number of programmes	4	4	4	4	4	4	4	4	4	4	4	4	48
			Participation	200	200	200	200	200	200	200	200	200	200	200	200	2400
7	Research on the Security of Senior Citizens	2.50							*							
8	Sri Lanka X skills	2.50							*							
9	Projects on “From Unemployment to Employment”	3.50	Number of programmes		1	1	1	1	1	1	1	1	1	1	1	11
			Participation		500	500	500	500	500	500	500	500	500	500	500	5500
10	Researches on people with Various Talents	2.50							*							

No.	Field and Major Activities	Financial Allocations Rs.M.	Unit index	Jan	Feb	Mar	Apr	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Output
11	“Dayata Kirula” programme	2.50	Number of Programmes	2	2	1										5
			Participation	250	250	250										750
12	Web Reconstruction	1.50	No. of Units	1						1						Institute Webs
13	Human Resource Development (International & Local)	2.00	No. of Agencies	1	1	1	1	1	1	1	1	1	1	1	1	12
	Field 04															

14	<i>Mahinda Theory in Sri Lankan politics</i>	4.00	No. of Books								5000					The book of “Mahinda theory in Sri Lankan politics”
15	<i>Human First magazine</i>	2.00								1					1	Magazine 2
No.	Field and Major Activities	Financial allocations Rs.M.	Unit index	Jan	Feb	Mar	Apr	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Output
	<i>Field 05</i>															
16	<i>Institutional Development</i>															
161	<i>Material Development</i>															
1611	<i>Rehabilitation</i>															
	<i>Buildings and structures</i>	0.50					1									
1612	<i>Acquisition of Fixed Assets</i>															

	<i>Vehicle</i>			1	1	1										
	<i>Furniture & Office Equipments</i>	3.50			24	21	5	2	11	1						
	<i>Property, Plants and Equipments</i>	1.00						1								Official Efficiency
	<i>Human Resource Development</i>															
	<i>Staff Development</i>	1.00	Number of programmes		1	1	1	1	1	1	1	1	1	1	1	Staff Development and Official Efficiency
			Participation		3	3	3	5	4	5	5	5	5	5	5	

Total 45.50

*Planning and implementation of the project should be done subsequent to the researches.

Ministry: Ministry of Youth Affairs and Skills Development

Institute: National Human Resources Development Council of Sri Lanka

Capital Progress Report - 2012

No.	Field and Major Activities	Allocation for year 2012 Rs .M.	Expenditure up to 31.12.2012 Rs. M	Balance Rs.M.
	Field 01			
111	Research, Education, Survey,			
1	Research on the Security of Senior Citizens	1.70	0.280	1.42
2	Researches on Sri Lankan X skills	1.70		1.70
3	Researches on people with Various Talents	1.70		1.70
4	Special Researches and Survey	1.90	0.095	1.805
112	Workshops and Seminars			
5	Free level youth net –FLY NET A programme for those who failed G.C.E. (O/L) & (A/L)	4.50	2.186	2.314
113	Projects			
6	National Skills Moon 2012	5.00	0.065	4.935
7	Research on the Security of Senior Citizens	2.50		2.50
8	Sri Lankan X skills	2.50		2.50
9	Projects on “From Unemployment to	3.50	4.445	(0.945)

	Employment”			
10	Researches on people with Various Talents	2.50		2.50
11	Dayata Kirula Programme	2.50	2.529	(0.029)
12	Web Reconstruction	1.50	0.133	1.367
13	Human Resource Development (International & Local)	2.00	0.144	1.856
	Project 04			
14	Mahinda Theory in Sri Lankan Politics	4.00	0.069	3.931
15	Human first magazine	2.00		2.00
	Field 05			
16	Institutional Development			
161	Material Development			
1611	Rehabilitation			
	Building & Structures	0.50		0.50
1612	Acquisition of fixed Assets			
	Vehicles			
	Furniture & Office equipments	3.50	0.160	3.34
	Property, Plants and Equipments	1.00	0.017	0.983
	Human Resource Development			
	Staff Development	1.00	0.012	0.988

Gross Total 45.50 10.135 35.365

Accounting Policies

01. Normal Policies

Financial statements of National Human Resource Development Council of Sri Lanka are prepared on a historical cost basis in accordance with the generally accepted accounting policies and in compliance with the Sri Lanka Accounting Standards introduced by the Institute of Chartered Accountants of Sri Lanka.

01. Valuation of Assets

2.1 Stock

Stock has been valued at the cost or net realized value which is the lower.

2.2 Valuation of Assets

The cost of fixed asset are recognized as the total of their purchasing cost and the expenditure incurred until these assets are transferred for its intended use in progress.

2.3 (a) Valuation

The value of fixed assets is shown by deducting the accumulated depreciation from the cost.

(b) Change of Accounting Policies.

While allocation for the depreciation was not done for the year in which the property, plants and equipments prior to year 2009, the depreciation was calculated for the whole in the process of disposal / removal of the assets (purchased before year 2009). With effect from year 2009, provision for the depreciation for the property, plants and equipments was done from the date of purchase/disposal of the assets.

2.4 Depreciation

Provision for the depreciation for property, plants and equipments was calculated using straight-line method based on their cost or assessment value as follows. In this case, cost is written off taking into consideration the productive lifetime of the asset.

Building & Plan	2.5%
Furniture & Fittings	10%
Office equipment	10%
Electrical equipment & equipments	20%
Computer	20%
Vehicle	20%
Books	10%
Other assets	10%

03. Liabilities & Provisions

3.1 Gratuity

Provisions have been made for gratuities in the accounts, in conformity with Sri Lanka Accounting Standard No.16 and No.12 of 1983.

04 Revenue & Expenditure Accounts

Accounts have been prepared on accrued basis. Here the expenditure for the month of February in next year has been taken into consideration while the expenditure for the previous year has been treated as accrued expenses

05 Grants by the government

While the Geeneral Treasury is providing the funds needed for theoperational activities of National Human Resources Development Council of Sri Lanka, an Annual Action Plan prepared based on the annual budget allocation is used for it.

These funds to cover the capital expenditures and recurrent expenditures of National Human Resources Development Council of Sri Lanka are received in two ways as Capital and Recurrent .

The aggregate of the total recurrent grants allocated during a year by the General Treasury, has been entered in the Income and Expenditure Account of the National Human Resources Development Council of Sri Lanka as “Income” and The “aggregate of the recurrent expenditure” and the aggregate of the cost incurred on human resource development activities out of the capital grants received by the General Treasury (Capital expenditure) is depicted as the” total Capital grant”.

In the Income and Expenditure Account of the National Human Resources Development Council of Sri Lanka, under the Income,

The aggregate of the unrealized capital provisions at the end of the year is shown in the balance sheet of the National Human Resources Development Council of Sri Lanka

National Human Resources Development Council of Sri Lanka
Balance Sheet as at 31.12.2012

	Notes	Balance as at 31.12. 2012		Balance as at 31.12. 2011	
		Rs.	Cts.	Rs.	Cts.
1 Current Assets (Annexure 1)	1		17,742,592.54		11,067,797.64
2 Current Assets					
Stock			90,131.45		71,459.80
Debtors	2		-		-
Other advances	3		25,939.50		48,212.00
Pre payments	5		-		34,990.48
Employees loan - distress	6		1,291,175.09		1,778,513.15
Festival advance	7		10,000.00		13,000.00
Receivables	8		1,770.00		1,770.00
Petty cash	9		-		-
Cash balance	10		3,373,266.14		2,495,323.79
3 Total current assets			4,792,282.18		4,443,269.22
4 Total current assets					
Deposits payable	11		29,580.57		29,580.57
Capacity rehabilitation project	11a		48,097.63		48,097.63
Debtors	11b		-		3,000.00

	Payments due	53,055.00	53,055.00
	Accrued expenses	420,135.54	792,373.30
5	Total current asset	550,868.74	926,106.50
6	Net current assets (3)-(5)	4,241,413.44	3,517,162.72
	Total (1)+(6)	21,984,005.98	14,584,960.36
Financed by			
Accumulative fund			
	Balance at the beginning of financial year	11,861,144.48	6,060,241.12
	Net adjustments	10,500,000.00	6,750,000.00
		22,361,144.48	12,810,241.12
	Gvt. Receipts capital	212,360.97	1,817,851.94
	Income & Expenditure Acct.	(3,401,583.87)	(2,766,948.58)
	Balance as at the end of year	19,171,921.58	11,861,144.48
	Other funds	1,833,030.00	1,833,030.00
	Allocations for gratuity (Annexure 13)	979,054.40	890,785.88
		21,984,005.98	14,584,960.36

Assistant Director (Finance)

Date -----

Chairman /Director

Date -----

Revenue and Expenditure Account for the year ended as at 31.12.2012

		Note	Rs..	Cts	Rs..	Cts
Income	Income					
Gvt.grants recurrent	Gvt. grants Recurrent		9,350,000.00		10,218,907.73	
Gvt. Grants capital	Gvt. Grants capital		10,003,639.03		19,182,148.06	
Other incomes	Other incomes		85,090.25		88,019.06	
1 Total income	Total income		19,438,729.28		29,489,074.85	
Less expenses	Less expenses					
	Personnel emoluments					
Personnel emoluments and wages	and wages	1	4,730,319.50		5,370,902.34	
Employees welfare	Employees welfare	2		-	22,953.05	
Recreational activities	Recreational expenses	3		-	95,546.00	
	Travelling expenses and					
Travelling expenses and subs	subs	4	8,265.00		365,769.74	
Utilities & other services	Utilities & other expenses	5	37,934.60		2,474,060.05	
Maintenance expenses	Maintenance expenses	6		-	2,082,475.57	
Supplies	Supplies	7		-	544,637.65	
Financial expenses	Financial expenses	8		-	93,237.09	
Library services	Library services	9	10,003,639.03		16,140.00	
NHRDC Activities	NHRDC Activities	10		-	19,182,148.06	
2 Total expenses	Total expenses		14,780,158.13		30,247,869.55	
		(1) -				
Surplus/deficiency year	Surplus/deficiency year	(2)	4,658,571.15		(758,794.70)	
Additions	Additions					
Adjustments for year	Adjustments for year	11	354,782.50		(2,008,153.88)	
Transfers to the accumulated fund	Transfers to the accumulated fund		5,013,353.65		(2,766,948.58)	

National Human Resources Development Council of Sri Lanka

Notes to the Balance Sheet

Noncurrent assets	Cost as at 01.01.2012	(Remov als)	Cost as at 01.01.2012 after the adjustment	Annexure Additions	1 Cost as at 31.12.2012	Depreciation for year 2012	Accumulated depreciation as at 31.12.2012	Write off value as at 31.12.2012	Write off value as at 31.12.2011
Buildings & plants	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1,291,230.07	-	1,291,230.07	40,165.27	1,331,395.34	124,022.61	238,498.15	1,092,897.19	1,176,754.53
Office Equipments	1,303,345.95	-	1,303,345.95	120,228.00	1,423,573.95	124,889.87	326,573.19	1,097,000.76	1,101,662.63
Electrical Equipments	57,656.25	-	57,656.25	-	57,656.25	1,220.00	17,457.65	40,198.60	41,418.60
Computer	2,313,025.75	-	2,313,025.75	14,300.00	2,327,325.75	323,666.59	1,202,187.02	1,125,138.73	1,434,505.32
Vehicles	8,450,000.00	-	8,450,000.00	10,500,000.00	18,950,000.00	3,404,520.55	4,764,520.55	14,185,479.45	709,000.00
Books	76,231.15	-	76,231.15	3,486.00	79,717.15	201.75	73,469.36	6,247.79	296,354.00
Other assets	413,865.50	-	413,865.50	-	413,865.50	24,863.00	218,235.48	195,630.02	220,493.02
	13,905,354.67	-	13,905,354.67	10,678,179.27	24,583,533.94	4,003,384.37	6,840,941.40	17,742,592.54	4,980,188.10

Note:1. Only the assets of which the effective life time remains were depreciated.

Assets of which the book value for year 2012 is zero has been recomputed

Notes to the Revenue and Expenditure Acct.

		for the year		for the year	
		ended as at		ended as at	
		31.12.2012		31.12.2011	
		Rs	Cts	Rs	Cts
Notes					
01	<u>Personal emoluments</u>				
	Salaries and wages	2,613,984.41		3,146,005.25	
	Salaries for acting	89,636.32		-	
	Cost of living allowances	847,683.87		1,023,750.00	
	EPF	406,834.73		453,720.41	
	ETF	101,708.67		113,430.14	
	Overtime	87,739.32		180,886.24	
	Payments for leave	5,866.00		41,087.16	
	Special allowance	327,597.66		131,248.26	
	Temporary salaries	161,000.00		50,700.00	
	Gratuity	88,268.52		230,074.88	
		4,730,319.50		5,370,902.34	

Notes

02 **Employees welfare**

Employees training and development	12,000.00	20,373.05
Medical charges	-	-

Other employees welfare	136,551.00	2,580.00
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148,551.00	22,953.05
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Notes

03 Recreational activities

Recreational expenses	112,261.00	95,546.00
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112,261.00	95,546.00
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Notes

04 Travelling expenses and allowances for meetings

Local travelling allowances

and subsidiary allowances	74,087.50	152,528.50
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Foreign travelling expenses and

subsidiary allowances	0.00	62,241.24
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Allowances for meetings of

Administrative Board	181,600.00	98,000.00
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Allowances for audit

committee meetings	54,400.00	53,000.00
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310,087.50	365,769.74
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Notes

05 Utilities and other services

Assessment tax	43,555.52	43,555.52
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Electricity	887,272.97	801,807.71
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Water	36,367.65	41,352.72
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Telephone charges	195,975.42	245,905.97
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Postal and telex charges	8,265.00	5,390.00
--------------------------	----------	----------

Cleaning charges

	151,931.64	99,909.00
Publicity	-	-
Security Charges	383,940.00	360,000.00
E-mails	108,561.20	77,599.95
Others	249,083.08	798,539.18
	2,064,952.48	2,474,060.05

Notes

06 Maintenance expenses

Buildings	8,256.43	7,210.00
Furniture & fittings	-	-
Vehicles	529,643.34	934,707.84
Office equipments	486,074.93	215,771.97
Computer	37,934.60	74,920.00
Electrical equipments	10,910.00	7,277.57
Others	-	-
Depreciations	4,003,384.37	842,588.19
	5,076,203.67	2,082,475.57

Notes

07 Supplies

Stationary and others		
Office materials	200,319.47	106,831.65
Fuel	447,002.00	437,806.00
	647,321.47	544,637.65

Notes

08 **Financial expenses**

Audit charges	85,000.00	85,000.00
Bank charges	-	8,237.09
	85,000.00	93,237.09

Notes

09 **Library services**

News papers	16,760.00	16,140.00
	16,760.00	16,140.00

Notes

10 **NHRDC activities**

Studies, Surveys, Researches and findings	375,253.00	43,100.00
Seminars and workshops	2,185,435.68	15,268,510.75
HRD projects	7,373,538.75	3,870,537.31
Publications	69,411.60	-
	10,003,639.03	19,182,148.06

Notes

11 **Previous year adjustments**

Receipts	377,055.00	0.00
Deductions- payments	22,272.50	2,008,153.88
	354,782.50	(2,008,153.88)

National Human Resources Development Council of Sri Lanka

Cash Flow Statements 2012

	Balance as at		Balance as at	
	31.12.2012		31.12.2011	
	Rs.	Cts.	Rs.	Cts.
Cash flow from operational activities				
Cash surplus for the year	(3401583.87)		(2766948.58)	
Adjustments affecting the change of funds				
Depreciations	4,003,384.37		842,588.19	
Gratuity allocation	88,268.52		121,323.38	
Operational surplus prior to the change of capital in progress	690,069.02		(1,803,037.01)	
Increase/Decrease - Stock	(18,671.65)		84,655.85	
Increase/Decrease - Debtors		-	21,702.28	
Increase/Decrease - Payments in advance	34,990.48		(3,386.72)	
Increase/Decrease - Employees loan	490,338.06		(159,895.17)	
Increase/Decrease - Receipts		-		
Increase/Decrease - Other advances	22,272.50		76,000.00	
Increase/Decrease - Deposit payments		-		
Increase/Decrease - Other payments	(3,000.00)		3,000.00	
Increase/Decrease - Expenses payable	(372,237.76)		168,439.94	
Funds generated the cash flow from operational activities	843,760.65		(1,612,520.83)	
Cash flow from investment activities				
Purchase of furniture	(40,165.27)		(296,454.19)	
Purchase of office equipments	(120,228.00)		(500,295.20)	
Purchase of electric equipments	0		0	
Purchase of Computers	(14,300.00)		(936,480.00)	
Purchase of books	(3,486.00)		-	
Purchase of other assets			(18,140.00)	
Funds generated by investment activities	(178,179.27)		(1,751,369.39)	
Cash flow from financial activities		-		0.00
Government receipt capital	212,360.97		1,817,851.94	
Other funds		-		
Net increase/decrease in cash and equivalents	877,942.35		(1,546,038.28)	
Cash and equivalents at the beginning of the year	2,495,323.79		4,041,362.07	
Cash and equivalents at the end of the year	3,373,266.14		2,495,323.79	

National Human Resources Development Council of Sri Lanka

Extraction from financial information - 2012

<u>Expenditure head</u>	<u>Estimate</u> <u>2012 Rs.</u>	<u>Actual Expenses</u> <u>2012 Rs.</u>	<u>As a percentage</u> <u>of the estimate</u> <u>cost</u>
Recurrent expenditure			
Personnel emoluments			
Salaries & wages	3,313,600.00	2,774,984.41	83.75
Other allowances	1,977,118.00	1,411,281.53	71.38
EPF	540,088.00	406,834.73	75.33
ETF	135,000.00	101,708.67	75.34
Salaries acting	90,000.00	89,636.32	99.60
Overtime	394,858.00	87,739.32	22.22
Salaries acting	138,936.00	5,866.00	4.22
Gratuity	948,000.00	0.00	0.00
	7,537,600.00	4,878,050.98	64.72
Travelling expenses			
Local	541,400.00	74,087.50	13.68
Foreign	176,000.00	0.00	0.00
	717,400.00	74,087.50	10.33
Supplies			
Stationaries	505,000.00	200,319.47	39.67
Fuel	1,714,000.00	447,002.00	26.08
Others	68,000.00	0.00	0.00
	2,287,000.00	647,321.47	28.30
Maintenance expenses			
Vehicles	530,000.00	529,643.34	99.93
Property/Plants/Equipments	90,000.00	48,844.60	54.27
Buildings & structure	15,000.00	8,256.43	55.04
Furniture & equipments	625,000.00	486,074.93	77.77
Others	250,000.00	0.00	0.00
	1,510,000.00	1,072,819.30	71.05
Contractual services			
Rented vehicles	440,000.00	0.00	0.00
Telephones	420,000.00	304,536.62	72.51
Postal charges	30,000.00	8,265.00	27.55
Electricity	960,000.00	887,272.97	92.42

Water	72,000.00	36,367.65	50.51
Cleaning charges	160,000.00	151,931.64	94.96
Security charges	420,000.00	383,940.00	91.41
Assessments & tax	50,000.00	43,555.52	87.11
Others	350,000.00	334,083.08	95.45
	2,902,000.00	2,149,952.48	74.09
<u>Others</u>			
Employees welfare	432,000.00	136,551.00	31.61
Contribution charges	36,000.00	16,760.00	46.56
Recreational expenses	154,000.00	112,261.00	72.90
Payments for the previous year	300,000.00	22,272.50	7.42
	922,000.00	287,844.50	31.22
Total recurrent expenses	15,876,000.00	9,110,076.23	57.38

Capital expenses

Fixed assets

Acquisition

Property/Plants & equipments	500,000.00	134,528.00	26.91
Furniture	1,350,000.00	40,165.27	2.98
Others	3,150,000.00	3,486.00	0.11
	5,000,000.00	178,179.27	3.56

Other capital expenses

NHRDC activities

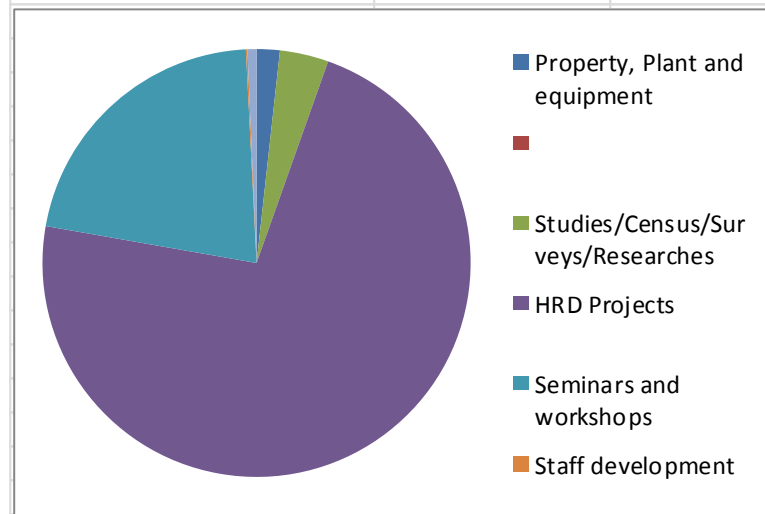
Study/Census/Survey			
Researches	7,000,000.00	375,253.00	5.36
Seminars & workshops	4,500,000.00	2,185,435.68	48.57
HRD Projects	22,000,000.00	7,317,038.75	33.26
Staff development	1,000,000.00	12,000.00	
Publications	6,000,000.00	69,411.60	0.00
	40,500,000.00	9,959,139.03	24.59
Total capital expenses	45,500,000.00	10,137,318.30	22.28

Extraction of Financial Information 2012

Recurrent Expenditure

Personnel Emoluments	4,730,319.50
Contractual Services	2,064,952.48
Transport allowances	310,087.50
Supplies	647,321.47
Maintenance Expenses	5,076,203.67
Others	350,572.00
Total	13,179,456.62

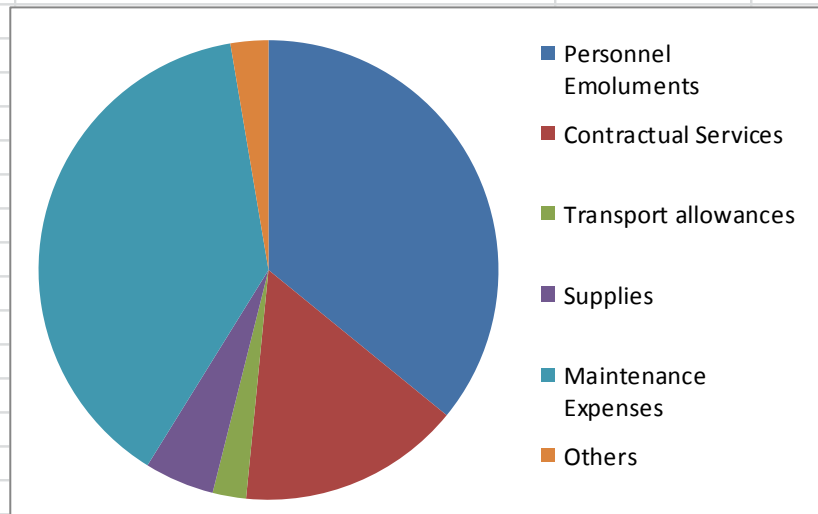
Recurrent Expenditure



Capital Expenditure

Property, Plant and equipment	178,179.27
Studies/Census/Surveys/Researches	375,253.00
HRD Projects	7,373,538.75
Seminars and workshops	2,185,435.68
Staff development	12,000.00
Publications	69,411.60
Total	10,193,818.30

Capital Expenditure





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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல

My No

YS/D/NHRDC/2012/FA

ඔබේ අංකය
உமது இல

Your No.

දිනය
திகதி

Date

31 October 2013

The Chairman
National Human Resources Development Council of Sri Lanka

Report of the Auditor General on the Financial Statements of the National Human Resources Development Council of Sri Lanka for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the National Human Resources Development Council of Sri Lanka for the year ended 31 December 2012 comprising the balance sheet as at 31 December 2012 and the income and expenditure account and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 24 of the National Human Resources Development Council of Sri Lanka Act, No. 18 of 1997. My comments and observations which I consider should be published with the Annual Report of the Council in terms of Section 14(2)(c) of the Finance Act, appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act, was furnished to the Chairman of the Council on 15 May 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.

අංක 306/72 පොල්දූව පාර,
බත්තරමුල්ල, ශ්‍රී ලංකාව

දුරකථනය
தொலைபேசி
Telephone.

2887028-34

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oaggov@slt.net.lk

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

1:4 Basis for Qualified Audit Opinion

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

2. Financial Statements

2:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the National Human Resources Development Council of Sri Lanka 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 Deficiencies

Even though it had been stated under the accounting policy that the accounts are maintained on the accrual basis an expenditure of Rs.164,957 incurred in respect of the ensuing year had been brought to account as expenditure of the year under review.

2:2:2 Accounts Payable

No steps whatsoever had been taken either to settle or to credit to the income a sum of Rs.53,055 shown in the financial statements as unclaimed liabilities since the year 2008.

2:2:3 Lack of Evidence for Audit

The evidence indicated against the following items of account had not been furnished to audit.

Item	Value	Evidence not made available
	Rs.	
Fuel	83,330	The Motor vehicles numbers which fuel had been supplied by 21 fuel bills.
Registration Fees	16,800	Confirmation of payments

2:2:4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Section 14(1) of the National Human Resources Development Council of Sri Lanka Act, No. 18 of 1997	The duties and functions of the Council such as the advice and recommendations to be provided to the Minister, making enquiries relating to the implementation of plans and programmes for the development of human resources had not been done.
(b) Section 8(1) of the Finance Act, No. 38 of 1971	Even though the draft budget should be presented to the Board of Directors three months before the commencement of the financial year and obtain the approval, the draft budget estimates for the year 2012 had been approved by the Board of Directors only on 29 March 2012.
(c) Financial Regulation 371	Advances totaling to Rs.500,000 had been granted to three officers exceeding the approved limit of Rs.20,000
(d) Paragraph 5.2.6 of Public Enterprises Circular No. PED/12 of 02 June 2003	A budgeted statement of income and expenditure, cash flow statement for the year under review and a budgeted balance sheet as at end of the year under review had not been prepared and presented along with the budget.
(e) Guideline 1.2.1 of the Government Procurement Guidelines	Even though sums aggregating Rs.577,350 had been spent for construction works, motor vehicles, hiring of computers and purchase of T Shirts and Cameras, the Procurement Guidelines had not been followed in that connection.

3. Financial Review

3:1 Financial Results

The operations of the Council for the year under review had resulting in a deficit of Rs.3,756,366 as compared with the corresponding deficit of Rs.758,795 for the preceding year. The deterioration of the financial results for the year under review by a sum of Rs.2,997,571 as compared with the preceding year had been specially due to the decrease of the Government grants by a sum of Rs.10,047,417 despite the decrease of Rs.7,052,773 in the expenditure.

4. Operating Review

4:1 Performance

The following observations are made.

- (a) The expenditure incurred on the development of human resources which is the main objective of the Council, taken as a percentage of the total recurrent expenditure indicated a low value.

Year	Total Recurrent Expenditure	Expenditure on Human Resources Development	Human Resources Development Expenditure as a Percentage of the Total Recurrent Expenditure
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	Rs.	Rs.	
2008	6,728,939	659,801	09.80
2009	8,675,394	1,540,029	17.70
2010	12,423,287	3,378,959	27.20
2011	30,247,869	19,182,148	63.42
2012	23,195,095	10,003,639	43.13

- (b) The Council had entered into a Memorandum of Understanding with a private company in September 2011 for the preparation and maintenance of a database on the unemployed workmen in Sri Lanka and the designing and maintenance of three websites had been an objective of that project.

The following observations are made in this connection.

- (i) According to the cost estimate presented, a sum of Rs. 40,000 had been paid for the Dedicated Server required for preparation of the website. Nevertheless, a sum of Rs.132,500 had been paid again for that purpose.
- (ii) A proper study of the project had not been carried out before the award of this contract and the Government Procurement Guidelines had not been followed in the award of the contract.
- (iii) Even though the data system and the website had been prepared those had not been utilized even up to 14 August 2013. As such the expenditure of Rs. 942,975 incurred in that connection had become fruitless.

(c) Fly Net Programme

This project had been implemented with the primary objective of showing that the life can be made successful by engaging in alternative vocational activities and for referring them to the relevant training institutions for strengthening the students who had failed in the General Certificate of Education (Ordinary Level) and (Advance Level) examinations. The following observations are made in the examination of this project.

- (i) According to the data made available by the Department of Examinations, relating to the year 2011 the total number of students who should have been taken into this programmes due to failing the Advanced Level and the Ordinary Level examinations had been 270,048. No residential camps had been conducted in accordance with the plans prepared. The only activity carried out under this programmes had been the conduct of 05 district seminars. A very insignificant number of 640 students only had participated in the seminars.

- (ii) Even though a sum of Rs.21,055,033 had been spent from the year 2010 to the year 2012 on the programmes for the students who had failed the examinations which conducted under different names such as F-03, W-09 and Fly Net it had been possible to achieve the participation of only 465,057 students or 2.49 per cent of the students expected for the programme. The Council did not have any data relating to the progress of the 11,578 students. Out of the overall expenditure on the programme 61 per cent represented the publicity expenses.

Other Projects

The programme called “from unemployment to Employment” had been implemented in the Anuradhapura District for the registration of the candidates for employment in the private sector and placing them in employment by 31 March 2012 had been finalized on 31 March 2012. The expenditure incurred thereon amounted to Rs.2,218,153. An external Consultant had implemented this programme which had ended in total failure and none of the objectives expected had not been achieved. Despite such situations, the Chairman had appointed the same Consultant for the implementation of other project from April to August 2012 and spent a sum of Rs.280,000 in that connection.

The following observations are made in this connection.

- (i) At least the covering approval of the Board of Governors had not been obtained for the implementation of the Project.
- (ii) Even though the projects had been called as other projects, the activities to be executed by them or the nature of the projects had not been explained.
- (iii) An agreement had not been entered into in connection with the execution of the activities of this project estimated at Rs.700,000. As there was no information on the progress even the assignment of any functions to the consultant is not certain.
- (iv) This had not been open for competitive biddings in terms of the Government Procurement Guidelines.
- (v) The expenditure of Rs.280,000 incurred had become fruitless as there were no objectives achieved from the project.

- (vi) Even though the payment of a sum of Rs.60,000 in cash made to the Consultant had been noted in a voucher, it was not possible to ascertain in audit whether he had accepted the money.

(d) Deyata Kirula Project 2012

A sum of Rs.2,529,431 had been spent on the Deyata Kitula National Development Exhibition held at Oyamaduwa, Anuradhapura from 03 to 12 February 2012. The following matters were observed at an examination of this event.

- (i) Thirteen persons comprising 06 persons including the Chairman and Officers of the Council and 07 persons including the Consultant and his staff only had participated at the exhibition. The Assistant Research Officers had spent a sum of Rs.61,180 for food for the participants from 02 to 12 February 2012. But the sum of Rs.88,390 obtained by the former Chairman for the supply of food for 25 officers for 08 days is a transaction of contentious nature.
- (ii) According to bills presented by the former Chairman, a sum of Rs.60,050 had been paid to a private institution. But there were no benefits accrued to the Council from that payment.
- (iii) Even though 02 houses and a hotel had been booked for accommodation at a cost of Rs.367,178, there was no evidence that the Project Consultant and the staff remained therein on full-time basis for 15 days. But the facilities available at those houses and the number that can be accommodated was not made available to audit.
- (f) As the Council had not carried out any functions from July to September 2012, the sum of Rs.1,216,361 spent on salaries and other overhead during that period had become fruitless.
- (g) According to the Progress Report prepared as at 31 December 2012, the total savings of provisions amounted to Rs.30.49 million and 06 projects with provisions amounting to Rs.12.90 million included therein had not been implemented. The expenditure on 02 projects had exceeded the provision by a sum of Rs.0.98 million.

- (h) Thirteen projects implemented by the Council in the years 2010, 2011 and 2012 at a cost of Rs.27,501,957 had been abandoned halfway. That amount taken as a percentage of the total human resources development expenditure of the three years amounting to Rs.32,564,746 represented 84 per cent.
- (i) The capital and recurrent grants received from the Government for the year 2012 amounted to Rs.10,301,090 and the income earned by the Council in that year amounted to an insignificant sum of Rs.85,090.

4:2 Management Inefficiencies

Five Meetings of the Board of Directors only had been held in the year 2012 and 03 members of the Board of Directors had not participated any of those meetings. The participation of another seven members had been at a weak level.

4:3 Apparent Irregularities

The following observations are made.

- (a) Even though the former Chairman had obtained sums totalling Rs.68,100 comprising a sum of Rs.47,100 for a Matara District Project and a sum of Rs.21,000 for the Kegalle District Review Meetings, such project and meetings had not taken place.
- (b) Even though sums totalling Rs.69,411 comprising Rs.43,097 for the publication of a newspaper advertisement for the publication of a book called "Sri Lanka Deshapalanaye Mahindawadi Nyaya and a sum of Rs.26,314 as other expenditure had been spent, such book had not been compiled.
- (c) The Council had identified the year from September 2011 to September 2012 as the Human Resources Development Year and spent a sum of Rs.3,124,386 comprising a sum of Rs.3,107,497 on the publicity for holding a reality show for the selection of the "Nipunatha Sanda" through a singing competition open to all skilled Sri Lankan Community at district, provincial and national level organized in that connection and a sum of Rs.26,889 as other expenditure. No other activity other than the publication of the media notices had been done and the project had been abandoned after June 2012.

4:4 Transactions of Contentious Nature

The following observations are made.

- (a) Even though a sum of Rs.22,400 had been paid for obtaining the internet facilities, said to be for the implementation of several projects in the Corporate Plan, no objectives had been achieved therefrom.
- (b) Instead of handing over the work relating to advertising in the electronic and print media direct to the institutions, a sum of Rs.4,937,720 had been paid to a private company in that connection in the year 2012 alone without following the Procurement Guidelines. According to the address appearing in the letter of appointment issued by the Minister of Youth Affairs and Skills Development to the Chairman and the address appearing in the letterheads of that company, it was established that the company concerned is a business run from the residential address of the former Chairman.
- (c) All the fuel bills produced by the former Chairman for the sum of Rs.19,600 obtained as fuel expenses in connection with a one day seminar held in Ratnapura in May 2012 had been those obtained about one month after the said seminar.

5. Accountability and Good Governance

5:1 Corporate Plan

The Corporate Plan prepared for the years 2010 to 2014 did not include a review of the operations of the three preceding years in terms of Sub-section 5.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003. A financial evaluation of the annual progress could not be carried out as the financial value of the objectives to be achieved had not been stated.

5:2 Action Plan

The Action Plan for the year 2012 had been approved by the Board of Directors only on 29 March 2012.

5:3 Procurement Plan

A Procurement Plan for the goods and services for purchase during the year under review had not been prepared and approved in terms of the Guideline 4.2(c) of the Government Procurement Guidelines.

5:4 Internal Audit

An Internal Audit Unit had not been in operation in the Council and the Internal Audit Unit of the line Ministry of Youth Affairs and Skills Development had carried out the internal audit of the affairs of the Council.

5:5 Budgetary Control

According to the Progress Reports presented, variances of 75 per cent were observed between the budgeted expenditure and the actual expenditure of 03 items. As such it was observed that the approved Annual Budget Estimates had not been made use of as an effective instrument of management control.

6. Systems and Controls

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

- (a) Procurement
- (b) Budgetary Control
- (c) Accounting

NHRDC/03/01/05/2013

14.10.2013

Auditor General,
Auditor General's Department,
Polduwa Road,
Battaramulla.

Report of the Auditor General on the Financial Statements of the National Human Resources Development council of Sri Lanka for the year ended 31st December 2012 in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1991.

My clarifications are kindly mentioned on Auditor General Report in terms of section 14(2) (c) of Finance Act No. 38 of 1991 with reference to Financial Statements for the year ended 31st December of National Human Resources Development Council of Sri Lanka No.YS/D/NHRDC/2012/FA dated on 28th May 2012 on the above subject.

As Chairman and other staff who had served in above accounting period are not presently at our office to give adequate and proper information for this audit query and most of relevant source documents are not available at office, information had been presented to audit query based on existing information. You are suggested to inquire from above officers or return them back to office to obtain necessary information.

2.2.1 Accounting deficiencies

(a)The steps had been taken to properly account in accordance with accrual basis in due course.

2.2.2. Accounts Payable

Steps are being taken to be recognized unclaimed liabilities as revenue or settled the balance after doing age analysis within this year.

2.2.3 Non availability of evidences for audit

This projects had been carried out within former Chairman' s period of service and presently no any person who had joined at that time are serving and no any source document related to that had been submitted to our institute.

2.2.4 Non compliance with laws, rules, regulations and management decisions

(a.) Section 14 (1) of Act of National Human Resources Development Council of Sri Lanka No. 18 of 1997.

Agreed

(b) Act No. 38 of Section 8(1) of Finance 1971

The Governing Council attended on 28th October 2011 for the last time for year 2011 and after that draft budget had been submitted for approval on which next immediate Government Council meeting held i.e.29/03/2012.

(c) Financial Regulations-F.R. 371

Currently, advances are being duly paid to all Officers subject to limit of Rs. 20000/=

(d) Sub Para of Public Enterprises Circular No. PED/12 dated 02/06/2013

Agreed. The actions will be taken to prepare budgeted Income Revenue Statement, Budgeted cash Flow and budgeted Balance Sheet for the next year.

(e) Government Procurement Guidelines Para 1.2.1

These all purchases had been incurred for Deyata Kirula project and the source documents related to that can't be found. It is expected to follow Procurement Guidelines when purchasing in due course.

3. Agreed

4. Operating Review

4.1 Performance

4.1(a) Agreed with the information given

Preparation of an online database of unemployed persons.

Ven. Pattiwila Mahinda Thero is the Chairman of both Puretel Ceylon (pvt) Ltd.and Sustainable Social and Economic Development (pvt) Ltd...The staff and address of both companies are same.

- (b) (i) These payments have been done as Sustainable Social Economic Development (pvt) Ltd. issued an invoice informing that annual payments should be made to Dedicate Server for designing and maintaining webs.
- (ii) The activities related to this contract were carried out by Chairman's office. Such staffs are not serving at office now and the related documents have not been submitted. Therefore we have no information about a proper study carried out for the contract and adherence with Government Procurement Guidelines.
- (iii) As this website is not properly activated it is expected to investigate on possibility of possessing related data and Source code.

(c) Fly Net Programme

- (i) Agreed with information
- (ii) Agreed with information

(d) Other Projects

- (i),(ii),(iii),(iv),(v),(vi)

This project was performed during the period of former Chairman. Presently, no officers related to that project are serving and related source documents had not been submitted.

(e) Deyata Kirula Project 2012

- (i),(ii),(iii)

This project was performed during the period of former Chairman. Presently, no officers related to that project are serving and related source documents had not been submitted.

- (f) During this period, there was no Chairman for Institute and a lady Officer of the Ministry was appointed to act in the post of Chairman. Further, as there was no any responsible Officer in Research and Development Division, it was unable to properly carry out all activities. Presently, the Institute continuously performs their activities after recruiting new Officers to Research and Development Division of Institute.

- (g) Non-availability of knowledgeable adequate staff to implement the projects caused the reasons for non-spending of allocations of the projects mentioned in audit.

- (h) The related documents are not available to find out the success and failure of the projects mentioned by you and the workers served at that time are not working presently.

- (i) Agree with information

4.2 Managerial inefficiencies

(a) As the presence of Board of Directors is very weak it was inquired from Auditor General whether there is a possibility of sending a representative for that through a letter dated 09th September 2011. but it was informed that it couldn't be done in terms of the Act. Further, at the meeting of Board of Directors, it was decided to not to change the existing number of Directors. (A copy was attached.)

4.3 Visible irregularities

(a) This is a project to be implemented under special project plan. An amount of Rs. 27000/= had been incurred for fuel by former Chairman as basic expenses of that project. An advance amount of Rs. 20000/= taken by Chairman was recovered from salary of December 2012 and an advances were settled.

(b) An initial step for launching this book had been taken. As those activities have not been completed yet no payments had been done in accordance with the decision of Director Board.

(c) This project was carried out at former Chairman's period. Presently, no Officers related to that project are serving and the source documents related to that had not been submitted to our institute.

4.4 Contraventional transactions

(a) The projects which paid annual registration fees had been released to Cyber Space in Deyata

Kirula premises to obtain L.K. Domain ownership.

(b) Agreed with information. Presently, the relevant Officer is not at office. The source documents related to these transactions can't be found.

(c) Erroneous payments

Agreed with information.

5. Accounts and good governance

5.1 Corporate Plan

The actions will be taken to prepare the Corporate Plan prepared for the future period in term of Public Enterprises Circular PED/12 dated 02/06/2003.

5.2 Action Plan

As the first Board of Directors' meeting was held on 29th March 2012 for year 2012 after on 28th October 2011 Action Plan for year 2012 was approved on that date.

5.3 Procurement Plan

Agreed

5.4 Internal Audit

As the required cadre for establishment of Internal Audit Division was not approved by the Department of Management Services under Ministry of Finance, the activities of Council had been audited by Internal Audit Division of Ministry of Youth Affairs & Skills Development as the line Ministry.

5.5 Budgetary Control

The operations couldn't be implemented to achieve expected budgetary targets due to non availability of an adequate staff. Accordingly, there is a decline in actual expenditure when comparing with budgetary expenditure. It is expected to regulate financial control in due course on the expense variations recognized in accordance with this budget.

6. Systems and Controls

The necessary steps will be taken to act in accordance with audit guidance.

Wijaya Wickramaratna

Chairman

National Human Resources Development Council of Sri Lanka