

VOCATIONAL TRAINING AUTHORITY OF SRI LANKA

MINISTRY OF TERTIARY EDUCATION
AND TRAINING

ANNUAL REPORT - 2002

No. 354,
Elvitigala Mw.,
JANUARY 2003
Colombo - 05

30 January 2003

PRESEENTATION

Hon.Kabir Hashim
Minister of Tertiary Educational and Training
Ministry of Tertiary Educational and Training
18,Ward Place
Colombo 07

Honorable Sir,

Annual Report 2002 – Vocational Training Authority of Sri Lanka

In terms of Section 25 of the Vocational Training Authority of Sri Lanka Act. No. 12 of 1995 and Section 14 (2) (C) of the Finance Act. No.38 of 1971, I am Pleased to Submit the Annual Report of the Vocational Training Authority of Sri Lanka 2002.

Your faithfully,

Professor H.B.Kotagama
Chairman
Vocational Training Authority of Sri Lanka

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VOCATIONAL TRAINING AUTHORITY OF SRI LANKA **ANNUAL REPORT - 2002**

PART I

1. Members of the Vocational Training Authority of Sri Lanka

The Authority was composed of the following Members in the year 2002 in terms of section 5 of the Vocational Training Authority of Sri Lanka Act No. 12 of 1995:

- | | | |
|----|--|--|
| 1. | Mr. U. Marasinghe Director (Administration) Vocational Training Authority of Sri Lanka appointed to cover up essential duties of Chairman on 26.12.2001 | covering up essential duties of Chairman |
| 2. | Mr. Ajith Colonne appointed as acting Chairman on 11.03.2002 | Actg. Chairman |
| 3. | Prof. H.B. Kotagama appointed as Chairman on 8.10.2002 | Chairman |
| 4. | Mr. P. Thayaparan appointed as actg. Vice Chairman on 25.9.2002 | Acting Vice Chairman |
| 5. | Mr. Gihan Nanayakkara Managing Director, Forbes Textiles Pvt. Ltd. appointed on 18.7.2002 | Member |
| 6. | Mr. Rohantha Peiris Managing Director, Ace Cargo (Pvt.) Ltd. Aitken Spence Group appointed on 18.7.2002 | -do- |
| 7. | Mr. Namiz MUSAFAER Project Manager, Intermediate Technology Development Group appointed on 18.7.2002 Mr. Upali Ratnayake Executive Director, Chartered Institute of Management Accountants, Sri Lanka Division appointed on 18.7.2002 | -do- -do- |
| 8. | Mr. P. Maddugoda Addl. Secretary, Ministry of Youth Affairs and Sports appointed on 18.7.2002 | -do- |

- | | | |
|-----|---|------|
| 9. | Mr. K.D.C. Nanayakkara Director General (Evaluation & Standards), Ministry of Human Recourse Development, Education & Cultural Affairs appointed on 18.7.2002 | -do- |
| 10. | Mrs. S. Sathkumara Director, Dept. of Fiscal Policy & Economic Affairs appointed on 30.10.2002 | -do- |
| 11. | Mr. Mahinda Madihahewa Commissioner General of Labour appointed on 18.7.2002 | -do- |
| 12. | Mr. Ajith Colonne Chairman, National Apprentice & Industrial Training Authority appointed on 18.7.2002 | -do- |

2. Senior management staff of the Authority in the year 2002

Chairman and Vice Chairman

1. Prof. H.B. Kotagama
appointed as Chairman on 8.10.2002
2. Mr. Ajith Colonne
acting Chairman from 11.03.2002 to
7.10.2002
3. Mr. P. Thayaparan
actg. Vice Chairman appointed on 25.9.2002
4. Mr. Upali Marasinghe
Director (Administration)
Vocational Training Authority of Sri Lanka
appointed to cover up essential duties of
Chairman from 26.12.2001

Directors

1. Mr. C. Vidanapathirana
appointed as Director, Administration Division
on 18.6.2002, and acting Director, Research

Division from 18.6.2002 to 18.9.2002

2. Major L.H.O. Abeygunawardena
Director, Job Placement & Monitoring Division
3. Mr. T. Gunaratne
Acting Director, Planning Division
4. Mr. C. Vidanapathirana
Director, Research Division from 1.1.2002 to
17.6.2002
5. Mr. T. Bandara
appointed to cover up duties of Director,
Training Division from 9.5.2002
6. Mr. G.M.P.A. Gallaba
appointed to cover up duties of Director,
Administration Division from 3.6.2002
7. Mr. G.M.P.A. Gallaba
appointed to cover up duties of Director,
Research Division from 19.9.2002
8. Mr. M.M.P.K. Mayadunne
resigned as Director, Training Division
30.4.2002
9. Mr. Upali Marasinghe
resigned as Director, Administration Division
31.5.2002

Dy. Director

1. Mrs. K.P. Kalubowila
Dy. Director, Finance Division

**Chief Internal
Auditor**

1. Mr. P.M. Wijesinghe
covering up duties of Chief Internal Auditor

Consultants

1. Mr. Nihal Abeysinghe
appointed on 1.7.2002
2. Mr. A.T.S. Athugala
appointed on 1.7.2002
3. Mr. M.W.M.B. Mirihella

appointed on 1.7.2002

Asst Directors

1. Mr. Sarath Ananda
2. Mr. Ananda Herath - on secondment from
Dept. of Labour
3. Mr. N.D.P. Dammika
4. Mr. R.P.B. Thilakasiri
5. Mr. W.A. Ranaweera
6. Mr. W.D. Fernando
7. Mr. W.W. Soysa
8. Mr. K.J. Koralage
9. Mr. B.S. Wimalasundara
10. Mr. D.P.M. Jayathilaka
11. Mr. N.S.D. Navaratne
12. Mr. H. Samarajeewa – on no pay leave
13. Mr. C.R. Samaraweera
14. Mr. D.R.S.L. Dasanayaka
15. Mr. U.K. Nanda
16. Mr. D.M.A. Bandara
17. Mr. L.C.K. Liyanage - released to the Skills
Development Project

Accountants

- 1 Mr. P.G. Jayantha
- 2 Mr. H.U. Kariyawasam

Pro tem Executive Secretary - Mr. T. Gunaratne from 7.11.2002

3. Bankers and Auditors :

Bankers

- People's Bank
- Commercial Bank
- Seylan Bank
- Hatton National Bank
- Bank of Ceylon

Auditors

- The Auditor General
The Auditor General's Department

PART II**Report of the Board - 2002**

The year 2002 for the Authority was a period when fresh thoughts were given to making optimum use of its resources, both physical and human, in order to deliver a better output in a more efficient and effective manner. As part of this exercise, studies were done to identify less productive resources and, to work out how such resources can be redeployed to achieve better results.

A parallel activity during this exercise was to have the Authority fully involved in the integrated approach to vocational and technical training, in which all major players in the TVET sector were to share resources when possible, and to move towards the common goal of

achieving a nationally and internationally acceptable vocational and technical training system.

At the beginning of the year, the Authority did contribute its share to make the Government's 100 day programme a success. Through a well co-ordinated and accelerated job placement system, it was possible for the Authority to find job opportunities to 3118 of its trained youth during this programme. Besides, 1093 informally trained masons and carpenters were tested and issued with National Trade Certificates by 10th of April.

In 2002, a total of 25,290 trainees were enrolled in the Authority's varied training programmes, and 20,655 completed the training successfully by year end.

Career guidance service provided by the Authority, saw a 71% rise over the previous year. In 2002, a total of 37,226 school-leavers and school children actively participated in 56 Careers Service workshops conducted almost right through the country with the aid of the Authority's 14 Careers Service Units.

Although the Authority was badly affected by not being able to procure capital goods and finish capital work in time, the Authority did complete its Action Plan 2003, District and Institute Development Plan and Strategic Plan for 2003-05 well in time.

Foreign donor agencies, Vocational Training for Rural Women and Youth (VTW) Project of the gtz and the Swisscontact came forward to launch joint projects in 2002. The VTW was specifically keen to work with the Authority in setting up training and production units. The work related to these units will be pursued and completed in the coming year.

Nova College, a premier Technical Institute in the Netherlands through the Netherlands Alumni Association of Lanka (NAAL), also offered a valuable package of technical assistance towards the latter part of the year. This again will be pursued and completed in the coming year.

T. Gunaratne
pro tem Executive Secretary

PART III

Functions of the Authority

The functions of the Authority as laid down in section 3 of the Act are:

- a) to continue every vocational training project or programme conducted by the Manpower Division and the Foremen Training Institute on the day immediately preceding the appointed date;
- b) to formulate programmes for vocational training and to provide, directly, or through any agency in the public or private sector, vocational training to eligible persons so as to enable them to acquire the necessary skills required for employment;
- c) to conduct National Trade Tests and examinations and to issue certificates and other awards to persons who have undergone vocational training in accordance with the development plan prepared under the Tertiary and Vocational Education Act. No. 20 of 1990;
- d) to carry out research and development in vocational training;
- e) to co-ordinate, facilitate and assist, all forms of vocational training conducted by agencies in the public or private sector;
- f) to offer career guidance and counselling services to enable persons who have undergone vocational training to choose careers according to their aptitudes and skills;
- g) to offer job placement services wherever possible, to persons who have satisfactorily completed vocational training;
- h) to engage in research activities on the manpower needs of the economy and the demand for job skills and employment opportunities;
- i) to set up organizations and programmes relating to vocational training;
- j) to liase, and establish links with international vocational training organizations and institutions; and
- k) to co-ordinate and facilitate the training of trainers required for vocational training by the public and private sectors.

PART IV

Major achievements of the Authority - 2002

In 2002, the Authority continued with its programmes of delivering vocational training, focusing more on the rural youth. It was also able to reach its target of 20,000 youth completing their training in 2002. Further, it was possible to find employment opportunities to 6900 of the trained on its own initiative, achieving 78% of its job placement target of 8800.

1. Delivery of vocational training

In the year 2002, a total of 25,290 trainees were enrolled in the Authority's National Institutes, and in its District, Special and Rural Centres. Of this, 20,655 did complete their training by the year end, while 646 were still in training by 31st of December. Distribution of trainee population on rural and urban bases as well as other significant parameters are given in graphics on page 10.

2. Job placement service

Target for job placement in 2002 was set at 8800 and it was possible to place 6900 in employment by the year end, reaching an achievement of 78.4%.

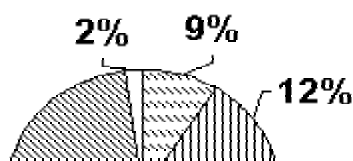
Employment placement activity as a whole was satisfactory, given that half the training courses in rural centres and most of the training courses in National, District and Special Centres finish off in December.

However, the present deficiencies in the placement system so far as attending to those finishing off in and after December would be substantially lowered with the implementation of the Skills Development Project sponsored Management Information System (MIS), which should come into effect in May 2003. Under this system, a total of 26 institutes and centres of the Authority will be interconnected, facilitating on-line flow of vital data and information.

Major Training Statistics - 2002

Trainee enrolments

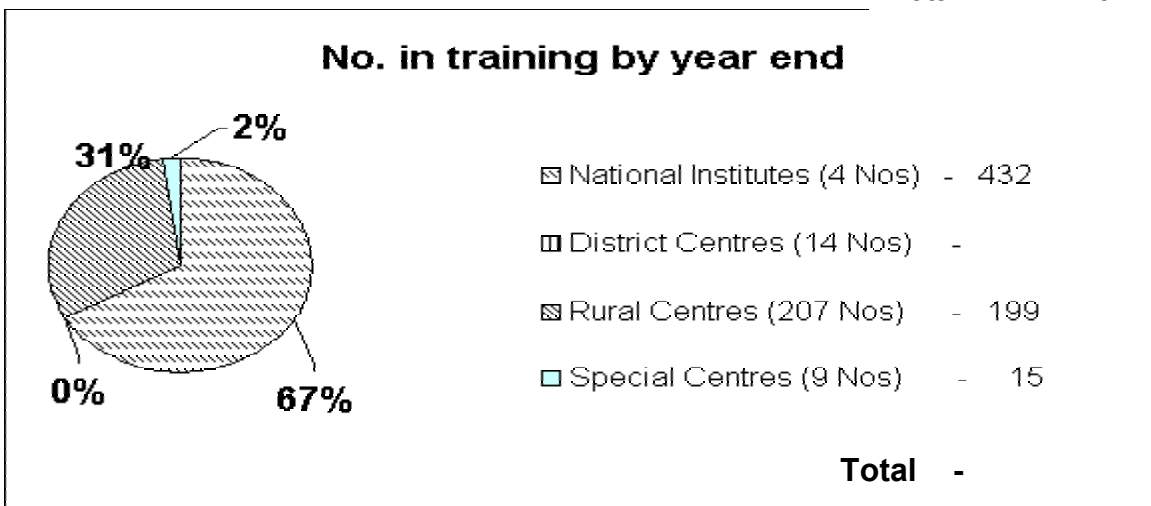
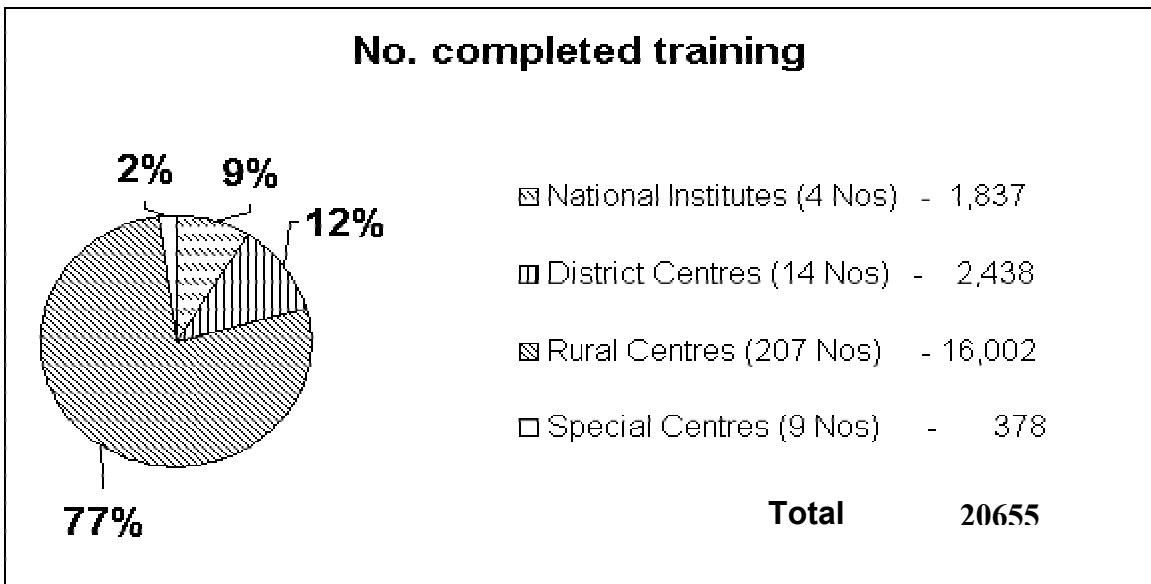
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■ National Institutes (4 Nos) - 2,232

■ District Centres (14 Nos) - 3,157

Total - 25,290



3. Career guidance and counselling for school children and school-leavers

In 2002, 37,226 school-leavers and school children were provided with career guidance and counselling services by conducting 56 workshops in different

parts of the country. This shows a 71% increase over the last year's figure of 21,715.

It was made possible through the assistance offered by the Skills Development Project to procure the necessary equipment and set up a Millennium Centre and 11 Careers Service Sub-Centres in 2002. In addition, the project provided financial assistance at the rate of Rs. 30,000.00 a centre to conduct career service workshops.

4. Authority's participation in the Government's 100 day programme

The Authority did commendably well in its participation of the Government's 100 day programme by achieving the targets set for different activities assigned to it.

Under this programme, 417 practising craftsmen were given skills upgrading in joint collaboration with 8 private sector companies specializing in specific products and services. Further, 3,118 jobs of which 147 overseas, were found for those trained by the Authority during this period.

1093 informally trained craftsmen, 562 masons and 531 carpenters, were tested, and found skilled to be issued with National Trade Certificates. A jewellery training centre and a Tamil medium training course were also launched in the Sabaragamuwa Province within the 100 day programme.

5. Optimization of available resources – development of strategic plan 2003-05 and district and institute development plan 2003-05 and being partner of the integrated approach to vocational training

In 2002, an insight was made into the working of the Authority in the overall context of the vocational training system in the country, especially to ascertain how effectively its resources were being utilized.

Arising out of this exercise, the Strategic Plan 2003-2005 was developed and presented to the Hon. Minister on 29th August 2002. Action was under way by the year end to finalize the District/College Development Plan 2003-05, based on the Strategic Plan.

Avenues were also sought to share the resources among the different agencies coming under the TVET sector, and to move towards an integrated approach. This process was greatly facilitated by the fact that all lead agencies in the sector now function within one Ministry.

The common aim would be to see that the TVET lead agencies work together even at the district level, thereby making the best use of the limited resources available to them.

PART V

Staff details and overseas training for staff members

A total of 1,396 were on the payroll and in the service of the Authority by the end of 2002, and eight members of the Authority's staff received opportunities to follow training programmes overseas. Related details are as follows.

STAFF OF THE AUTHORITY AS AT 31.12.2002

| | Designation | | Approved Cadre | Staff as at year end | Vacancies as at year end | Remarks |
|-----|---------------------------------------|---------------------|-----------------------|-----------------------------|---------------------------------|--|
| 1. | Chairman | provided by the Act | | 01 | - | |
| 2. | Vice Chairman | | | 01 | - | acting basis |
| 3. | Director | | 06 | 02 03* | 04 | 1 acting basis* 2 covering up duties* |
| 4. | Dy. Director | | 06 | 02 | 04 | |
| 5. | Asst. Director | | 24 | 19 01* | 05 | 1 acting basis* |
| 6. | Senior Consultant (contract) | | 01 | - | 01 | |
| 7. | Junior Consultant (contract) | | 03 | 03 | - | |
| 8. | Chief Internal Auditor | | 01 | 01* | 01 | covering up duties* |
| 9. | Senior Training Manager | | 10 | 39 | 01 | |
| 10. | Training Manager | | 30 | | | |
| 11. | Training Manager (IT) | | 01 | - | 01 | |
| 12. | Manager (Transport & Maintenance) | | 01 | 01 | - | |
| 13. | Manager (Supplies) | | 01 | 01 | - | |
| 14. | Manager (Printing) | | 01 | - | 01 | |
| 15. | Executive Secretary | | 01 | 01* | 01 | pro tem* |
| 16. | Administrative Officer | | 01 | 01* | 01 | acting basis* |
| 17. | Training Officer | | 40 | 17 | 23 | |
| 18. | Training Officer (IT) | | 03 | - | 03 | |
| 19. | Research Officer | | 02 | 02 | - | |
| 20. | Planning Officer | | 02 | 02 | - | |
| 21. | Student Admission & Placement Officer | | 01 | 01 | - | |
| 22. | Testing & Evaluation Officer | | 03 | 02* | 03 | 2 acting basis* |
| 23. | Investigation Officer | | 03 | 01* | 03 | 1 acting basis* |
| 24. | Accountant | | 02 | 02 | - | |
| 25. | Audit Officer | | 01 | 01 | - | |
| 26. | Programme Officer | | 28 | 28 | - | |
| 27. | Job Placement Officer | | 25 | 24 | 01 | |
| 28. | Career Guidance Officer | | 25 | 13 | 12 | |

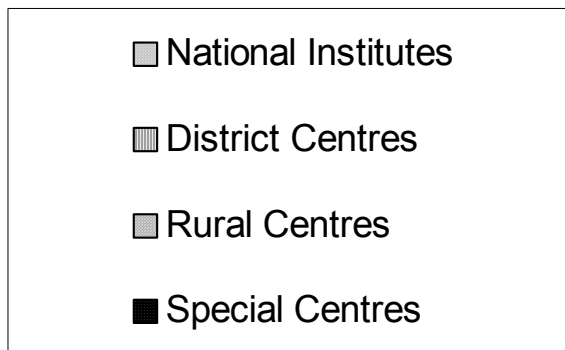
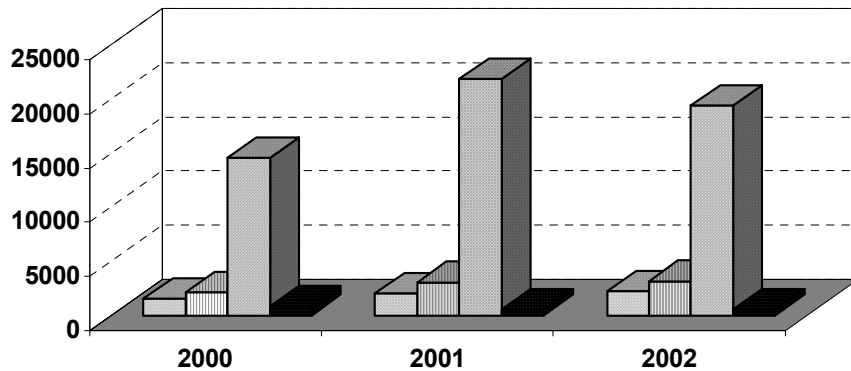
| | Designation | Approved Cadre | Staff as at year end | Vacancies as at year end | Remarks |
|-----|-------------------------------------|-----------------------|-----------------------------|---------------------------------|------------------------|
| 29. | Secretary | 07 | 05 | 02 | |
| 30. | Chief Clerk | 01 | - | 01 | |
| 31. | Audit Clerk | 03 | - | 03 | |
| 32. | Receptionist/Telephone Operator | 01 | - | 01 | |
| 33. | Computer Programmer | 02 | - | 02 | |
| 34. | Accounts Assistant | 19 | 17 | 02 | |
| 35. | Accounts Assistant(IT) | 01 | - | 01 | |
| 36. | Senior Instructor | 40 | 15 | 25 | |
| 37. | Senior Instructor (IT) | 38 | - | 38 | |
| 38. | Instructor | 946 | 790 | 156 | |
| 39. | Instructor (Contract basis) | 122 | 96 | 26 | |
| 40. | Instructor (IT) (Contract basis) | 40 | - | 40 | |
| 41. | Computer Operator | 06 | 04 | 02 | |
| 42. | Chief Stores Officer | 03 | 01 | 02 | |
| 43. | Audit Assistant | 04 | 03 | 01 | |
| 44. | Supervisor (Printing) | 01 | - | 01 | |
| 45. | Typesetter (Printing) | 01 | - | 01 | |
| 46. | Stores Officer | 21 | 21 | - | |
| 47. | Clerk/Typist | 74 | 74 | - | |
| 48. | Clerk/Typist (IT) | 01 | - | 01 | |
| 49. | Accounts Clerk | 20 | 15 | 05 | |
| 50. | Steno/Typist | 05 | 05 | - | |
| 51. | Cashier | 01 | 01 | - | |
| 52. | Machine Operator (Printing) | 01 | - | 01 | |
| 53. | Driver | 30 | 28 | 02 | |
| 54. | Driver (IT) | 01 | - | 01 | |
| 55. | Store Keeper (IT) | 01 | - | 01 | |
| 56. | Storeman | 02 | 02 | - | |
| 57. | Book Binder (Printing) | 01 | - | 01 | |
| 58. | Workshop Aide/Gardener/ Labourer | 80 | 89** | - | 6 casual 3 contract |
| 59. | Labourer (IT) | 02 | - | 02 | |
| 60. | Printing Assistant | 03 | - | 03 | |
| 61. | KKS | 10 | 03 | 07 | |
| 62. | Sanitary Aide | 03 | 03 | - | |
| 63. | Watcher | 65 | 65 | - | |
| | TOTAL | 1780 | 1396 | 393 | |

** 9 excess staff

Overseas training for the Authority's staff – 2002

| | Training Programme | Country | No. of participants |
|----|--|----------------|----------------------------|
| 1. | Training programme in GTC- Mechatronics | Japan | 01 |
| 2. | Training needs analysis and training course design at Technical Instructor Training Institute (TITI) | Nepal | 01 |
| 3. | Training management in vocational training institutions | Japan | 01 |
| 4. | GTC- Mechanical Engineering | Japan | 01 |
| 5. | GSE Production and Control Technology | Germany | 02 |
| 6. | GSE Network Management & Application of Information and Communication Technologies in TVET | Germany | 01 |
| 7. | Training Programme on Women in Management | Sweden | 01 |
| | TOTAL | | 08 |

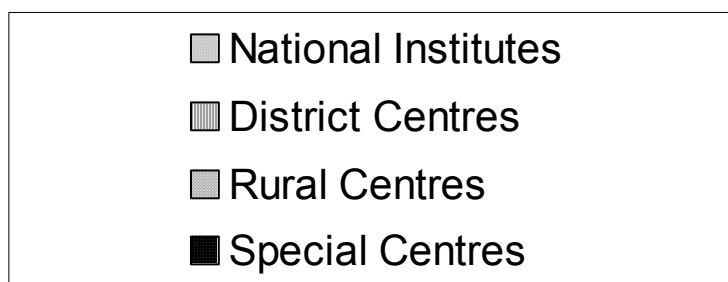
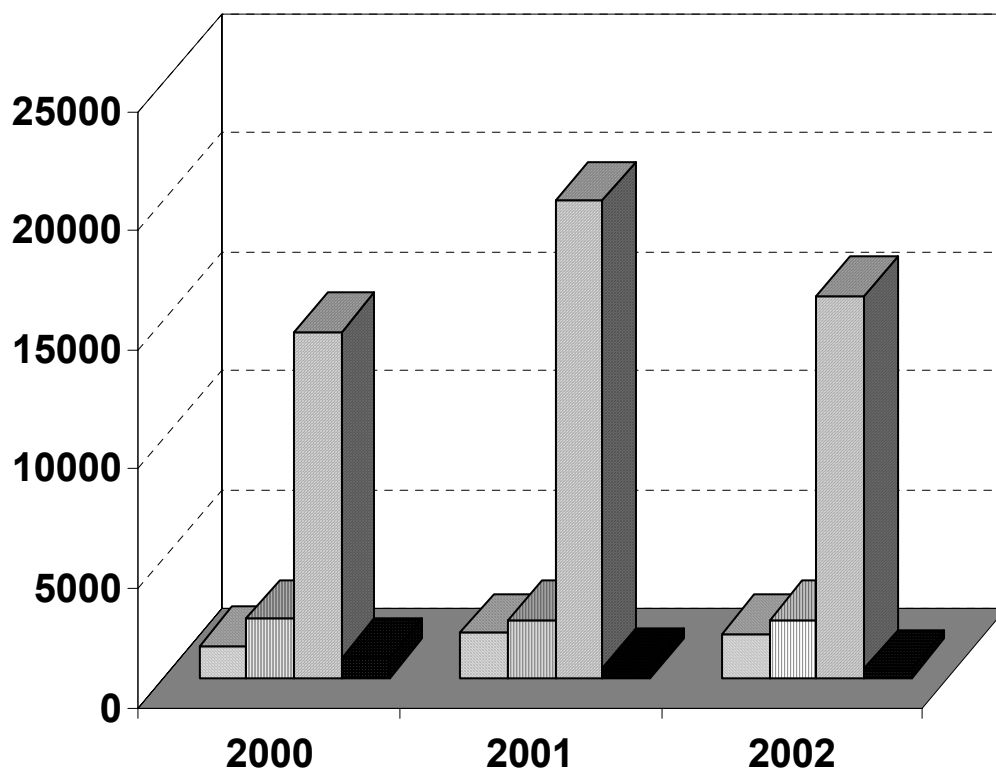
**Vocational Training Authority of
Sri Lanka
Trainee Enrolments - 2000 to 2002**



| Centres/ Institutes | 2000 | 2001 | 2002 |
|----------------------------|--------------|--------------|--------------|
| National Institutes | 1503 | 2041 | 2232 |
| District Centres | 2081 | 3050 | 3157 |
| Rural Centres | 14527 | 21806 | 19351 |
| Special Centres | 816 | 509 | 550 |
| Total | 18927 | 27406 | 25290 |

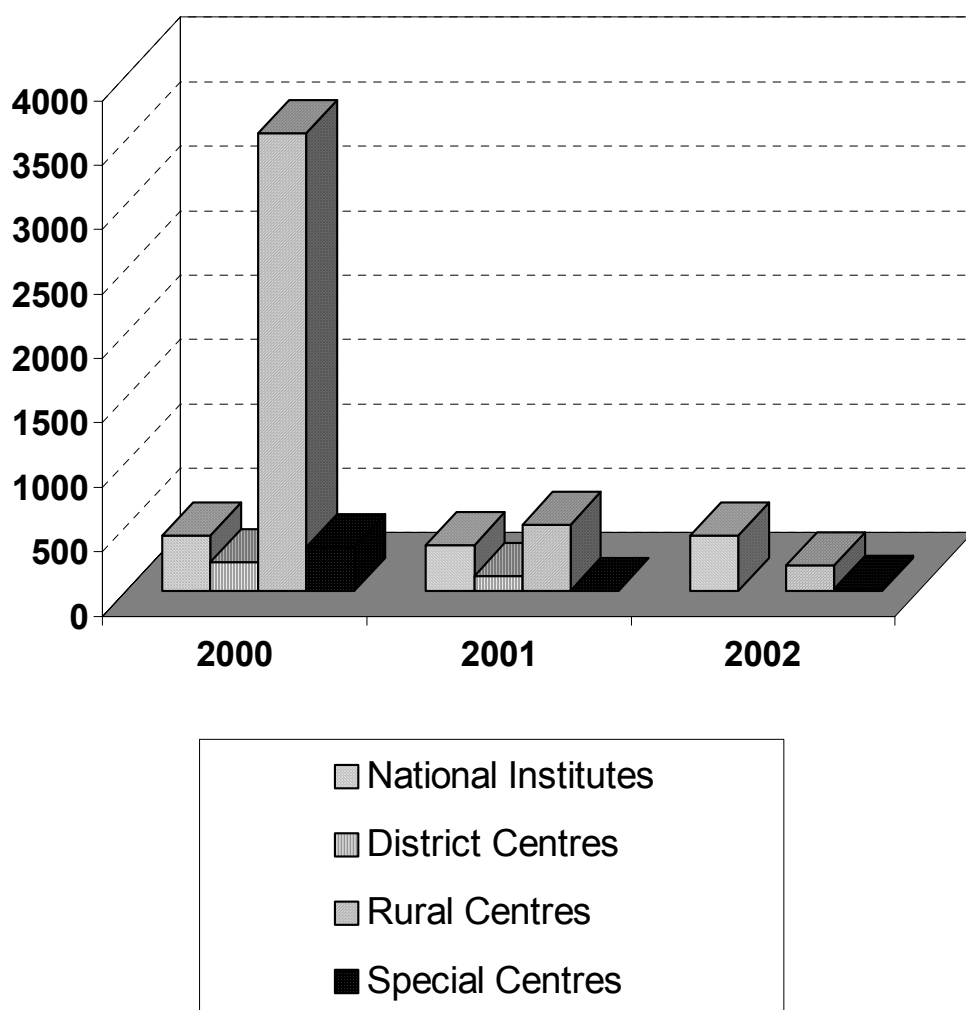
Vocational Training Authority of Sri Lanka

No. Completed Training - 2000 to 2002



| Centres/Instiutes | 2000 | 2001 | 2002 |
|---------------------|-------------|------------|------------|
| National Institutes | 433 | 356 | 432 |
| District Centres | 224 | 118 | |
| Rural Centres | 3554 | 511 | 199 |
| Special Centres | 341 | | 15 |
| TOTAL | 4552 | 985 | 646 |

**Vocational Training Authority of
Sri Lanka
No. in Training by Year End - 2000
to 2002**



| Centres/Institues | 2000 | 2001 | 2002 |
|--------------------------|--------------|--------------|--------------|
| National Institutes | 1308 | 1879 | 1837 |
| District Centres | 2464 | 2425 | 2438 |
| Rural Centres | 14529 | 20013 | 16002 |
| Special Centres | 814 | 409 | 378 |
| TOTAL | 19115 | 24726 | 20655 |

FOREWORD

Final Accounts for the year 2002 Vocational Training Authority of Sri Lanka

01. During the year under review Rs.220,522,652.00 related from the Treasury details are given below.

| 01.1. Govert. Grant Recurrent | <u>Allocation</u> | <u>Funds Released</u> |
|-------------------------------|----------------------|-----------------------|
| Recurrent expenditure | 208,160,000.00 | 207,260,000.00 |
| Capital Expenditure | <u>16,360,000.00</u> | <u>13,262,652.00</u> |
| Total | 224,520,000.00 | 220,522,652.00 |

| 02. Details of Income generated | <u>Expected Income</u> | <u>Amount Generated</u> |
|---------------------------------|------------------------|-------------------------|
| Income generated | 16,000,000.00 | 12,213,993.68 |

The Final Accounts for the year ended 31st December 2002 is presented herewith for the approval of the Board.

The following documents are included:-

- (1) Balance sheet as at 31st December 2002.
- (2) Income and expenditure Accounts for the year ended 31st December 2002.
- (3) Cash flow statement for the year 2002.
- (4) Notes to the accounts for the Year ended 31st December 2002.

Prof. H.B. Kotagama
Chairman
Vocational Training Authority of Sri Lanka

Vocational Training Authority of Sri Lanka
Balance Sheet as at 31 December 2002

| | Note s | 2002 | 2001 |
|----------------------------------|-----------|-----------------------|-----------------------|
| 1. Fixed Assets | | | |
| Property plant & equipment | 2 | 807,107,784.19 | 275,280,885.78 |
| Less: Provision for depreciation | 2 | 168,606,820.23 | 69,611,292.21 |
| | | 638,500,963.96 | 205,669,593.57 |
| Work in Progress - SDP | | 13,672,692.00 | |
| Fixed Deposit | | 25,000.00 | |
| | | 652,198,655.96 | 205,669,593.57 |
| 2. Current Assets | | | |
| Stock | | 932,880.34 | 1,545,964.80 |
| Security Deposit | | 112,500.00 | 112,500.00 |
| Mobilisation Advance | | 206,924.50 | |
| Insurance pre payment A/c | | - | |
| Advance for Supplies & Services | 3 | 1,740,876.40 | 2,790,687.04 |
| Staff loan & advances | 3 | 6,405,123.16 | 6,266,110.04 |
| Sundry debtors | 3 | 10,223,102.35 | 11,615,701.81 |
| Fixed Deposit | | | 25,000.00 |
| Current Account with H/O | 5 | (1,480,842.52) | (111,577.63) |
| Cash intransit | | 6,065,468.24 | 3,245,402.39 |
| Cash at bank & in hand | 4 | 27,353,209.53 | 23,057,151.14 |
| | | 51,559,242.00 | 48,546,939.59 |
| 3. Current Liabilities | | | |
| Accrued Expenses | 6 | 10,394,047.46 | 10,977,439.01 |
| Sundry Creditors | 7 | 9,140,929.63 | 11,227,642.11 |
| Provision for Retiring Gratuity | | 10,950,354.90 | 7,529,095.50 |
| | | 30,485,331.99 | 29,734,176.62 |
| Net current assets (2-3) | | 21,073,910.01 | 18,812,762.97 |
| Capital employed | | 673,272,565.97 | 224,482,356.54 |
| Resources Available | | | |
| Govt. grants - Capital | 8 | 275,501,314.50 | 36,351,534.00 |
| Labour Department -grant | | 528,100,289.07 | |
| Differed income - grant | 9 | 51,070,816.64 | 38,377,299.29 |
| Accumulated surplus/deficit | | (181,399,854.24) | 149,753,523.25 |
| | | 673,272,565.97 | 224,482,356.54 |

Chairman

Deputy Director (Finance)

Vocational Training Authority of Sri Lanka
Income and Expenditure Account for the year ended 31st December 2002

| | Not e | 2002 Rs. | 2001 Rs. |
|--|----------|------------------------|-----------------------|
| Receipts | | | |
| Government Grant - Recurrent | | 207,260,000.00 | 435,731,319.00 |
| Labour Department - Recurrent | | 5,564,581.66 | |
| Aids received | 10 | 3,286,200.87 | 14,353,985.58 |
| Other Income | 11 | 12,213,993.68 | 15,756,766.14 |
| Production Unit Income | 12 | 4,043,758.61 | 1,121,932.20 |
| Security Unit Income | | (322,013.66) | |
| | | 232,046,521.16 | 466,964,002.92 |
| <u>Less:</u> | | | |
| Training Expenses | | | |
| Stipends | 13 | 16,999,795.96 | 19,086,173.12 |
| Concessionary Season tickets | | 3,000,000.00 | |
| Curriculum development | | 279,902.50 | 1,332,969.45 |
| Training Materials | 14 | 18,858,044.72 | 29,104,650.30 |
| | | 39,137,743.18 | 49,523,792.87 |
| Administration & Establishment | | | |
| Staff Cost | 15 | 155,772,615.63 | 150,432,068.51 |
| Transportation & Communication | 16 | 8,766,549.68 | 14,094,706.32 |
| Supplies & office requisites | 17 | 2,010,528.11 | 2,899,863.96 |
| Premises Maintenance | 18 | 17,101,449.19 | 18,614,341.31 |
| Equipment Maintenance | 19 | 1,655,510.85 | 3,073,539.61 |
| Audit fees | | | |
| Depreciation | 2 | 27,766,150.46 | 18,476,310.11 |
| Provision for gratuity | | 3,821,484.90 | |
| Expenses related to Grants | 20 | 7,390,722.23 | 10,770,402.90 |
| Other expenses | 21 | 5,476,857.36 | 5,713,418.55 |
| | | 229,761,868.41 | 224,074,651.27 |
| Total Expenditure | | 268,899,611.59 | 273,598,444.14 |
| Surplus (Deficit) | | (36,853,090.43) | 193,365,558.78 |
| Statement of Accumulated surplus / deficit | | | |
| Balance as at 1st january | | 149,753,523.25 | (47,175,572.19) |
| Prior year adjustment | | (294,300,287.06) | 3,563,536.66 |
| As restated | | (144,546,763.81) | (43,612,035.53) |
| Surplus / Deficit during the year | | | 193,365,558.78 |

| | | |
|-----------------------------|------------------|----------------|
| | (36,853,090.43) | |
| Balance as at 31st December | (181,399,854.24) | 149,753,523.25 |

Vocational Training Authority of Sri Lanka
Cash flow Statement for the year 2002

| | 2002 | | 2001 | |
|--|------|-------------------------|------|-------------------------|
| | Rs. | Cts. | Rs. | Cts. |
| <u>Cash flows from Operating Activities</u> | | | | |
| Government Grants - Recurrent | | 207,260,000.00 | | 435,731,319.00 |
| Labour Department - Recurrent | | 5,564,581.66 | | |
| Net out flow from operation | | (249,677,672.09) | | (242,365,760.22) |
| Add: Depreciation | | 98,415,622.49 | | 18,673,393.37 |
| Amotisation of Capital Aids - (Differd Income Depreciation | | 576,905.53 | | |
| Gratuity | | 3,821,484.90 | | 6,729,095.50 |
| Operating Surplus/ Dificit Before Working Capital Changes | | 65,963,922.49 | | |
| Increase/ Decrease Stocks | | 613,084.46 | | (517,285.30) |
| Increase/ Decrease Debtors | | 1,392,599.46 | | 351,722.49 |
| Increase/ Decrease Advances for Suppliers | | 1,049,810.64 | | 720,238.08 |
| Increase/ Decrease Mobilisation Advances | | (206,924.50) | | |
| Increase/ Decrease Staff Loans & Advance | | (139,013.12) | | 62,725.68 |
| Increase/ Decrease in Deposits & Payment | | | | (62,500.00) |
| Increase/ Decrease Accrued Expenses | | (583,391.55) | | 5,486,791.47 |
| Increase/ Decrease Creditors | | (2,086,712.48) | | 721,646.29 |
| Increase/ Decrease Fixed Deposit | | | | (25,000.00) |
| Prior Year Adjustment | | (294,300,287.06) | | 3,563,626.50 |
| Current Account with H/O | | 1,369,264.89 | | (5,437,261.29) |
| Cash intransit | | (2,820,065.85) | | 68,571.90 |
| Net Cash from Operating Activities | | (295,711,635.11) | | |
| Cash Generated from Operations | | (229,747,712.62) | | (212,029,995.53) |
| <u>Cash flows from Investing Activities</u> | | | | |
| Purchase of property, Plant & Equipment | | (531,826,898.41) | | (44,260,779.86) |
| Work In Progress | | (13,672,692.00) | | |
| Net Cash Used In Investing Activities | | (545,499,590.41) | | (44,260,779.86) |
| <u>Cash flows from Financing Activities</u> | | | | |
| Government Grant - Capital | | 239,149,780.50 | | (189,535,595.00) |
| Labour Department Grant - Capital | | 528,100,289.07 | | |
| Foreign Aids and Grants | | 12,693,517.35 | | 16,690,232.40 |
| Gratuity Peyment During the year | | (400,225.50) | | |
| Net Cash Used In Financing Activities | | 779,543,361.42 | | (249,695,594.38) |
| Net Increase In Cash & Cash Equivalent | | 4,296,058.39 | | 6,595,091.17 |
| Changes in Cash & Cash Equivalent beginning of the year | | 23,057,151.14 | | 16,462,059.97 |
| Changes in Cash & Cash Equivalent end of the year | | 27,353,209.53 | | 23,057,151.14 |

Vocational Training Authority of Sri Lanka

Notes to the Accounts for the period ending 31st December 2002

1. General Accounting Policies

1.1 Accounting Requirements

The Financial statements have been prepared in accordance with the generally accepted accounting principals. No adjustments have been made for inflationary factors affecting the accounts.

1.2 Post Balance sheet events

The materiality of events occurring after the balance sheet date Has been considered and appropriate adjustments were made In the accounts where necessary.

1.3 Stocks

Stocks have been generally valued at cost or net realizable Value which ever is lower.

1.4 Transfer of assets

Transfer and valuation of the assets of the Man Power Division of the Labour Department has been finalised According to the Treasury Circular No.58, on 5th May1968. The total value of transferred assets as in Aug.1995 is Rs.533,664,870.73. Out of this the total value of fixed assests is Rs.528,100,289.07. The total depreciation up to31st December 2002 is Rs. 79,104,503.25. After deducting the depreciation the value of assets (Rs.448,995,785.82) has been taken to the final accounts, for the year 2002. The value of the consumable items is Rs.5,564,581.66.This amount is charged to the Income and Expenditure Account in the year 2002.

Depreciation of Fixed Assets

Depreciation is not provided in the year of acquisition. Depreciation is calculated in reducing balance method after taking into account the estimated life of the various assets at the following rates.

Rate of Depreciation

| | |
|--|-----|
| Building | 5% |
| Machinery | 10% |
| Furniture Fittings and Office Equipment | 10% |
| Training Equipment | 10% |
| Data Processing Equipment | 10% |
| Motor Vehicle | 25% |
| Other Asset | 10% |
| Communication Outlay | 10% |
| Tools and Instruments | 10% |
| Reh. and Improvement - Building | 5% |
| Reh. and Improvement –Motor Vehicles | 25% |
| Reh. and Improvement -Structures | 5% |
| Reh. and Improvement –Others | 10% |
| Reh. and Improvement –Data processing Equip. | 10% |
| Reh. and Improvement –Machinery and Equip. | 10% |

1.5 Income and Expenditure Account

1.5(a) Grants received from the Government towards recurrent expenditure and the miscellaneous income of the Authority are credited to the income and expenditure accounts.

1.5(b) The deficit of the income over expenditure has been arrived at after making provisions for all known liabilities and depreciation of fixed assets.

1.5(c) All expenditure incurred in operations of the Authority, and maintaining its capital assets is a state of efficiency has been charged to revenue.

1.6(d) During the year 2002 about 58 employers has filed cases in the courts and the Human Right Commission.

On 21.01.2003 Labour Tribunal, Kandy has ordered to pay Rs.73000 as compensation to Mr. A.M.Samarasinghe, Ex. Asst. Director of VTA.

Inventory items having short life nature and not material to capitalized are now been written off to income and expenditure accounts. However for the purpose of control these items are inventoried and physical control is exercised.

1.7 Grants received

1.7(a) Grants related to income

These grants recognized as income in the year which they are received

1.7(b) Grants related to assets

This represents grants received from various donor agencies. This grants related to Property Plant and Equipment initially credited to differed income in a systematic basis over the useful life of the related Property plant and Equipment.

HS/F/VTA/2002

31 March 2003

The Chairman,
Vocational Training Authority of Sri Lanka

Report of the Auditor General on the accounts of the Vocational Training Authority of Sri Lanka for the year ended 31 December 2002 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971

The audit of accounts of the Vocational Training Authority of Sri Lanka for the year ended 31 December 2002 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 observations which I consider should be published with the annual report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act will be issued in due course.

1:2 Scope of Audit

Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and the extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards, methods and practices to obtain reasonable assurance as to whether the financial statements are free of material misstatements. The audit included examination of evidence supporting the amounts and disclosures in financial statements and assessment of accounting principles and significant estimates and judgements made in the preparation of financial statements, evaluation of their overall presentation and determining whether

accounting policies adopted were appropriate, consistently applied and adequately disclosed. 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.

2. Accounts

2:1 Audit Opinion

In view of my observations appearing in this report, I am unable to express an opinion on the accounts presented. Major deficiencies observed are given below.

| <u>Deficiency</u> | <u>Reference to relevant Paragraph In this Report</u> |
|--|---|
| 1. Accounting Policies | 2:2:1 |
| 2. Accounting Deficiencies | 2:2:2 |
| 3. Unreconciled Control Accounts | 2:2:3 |
| 4. Accounts Receivable and Payable | 2:2:4 |
| 5. Lack of Evidence for Audit | 2:2:5 |
| 6. Unidentified balances | 2.2.6 |
| 7. Non-compliance with Laws, Rules, Regulations and Management Decisions | 2:2:7 |
| 8. Weaknesses in Systems and Controls | 4 |

2:2 Comments on Accounts

2:2:1 Accounting Policies

The fixed assets of the Authority costing Rs.807,107,784 as at the end of the year under review had not been classified according to a proper basis. It was observed that the annual rates of depreciation adopted for certain categories of assets had not been in conformity with their existence and effective life.

2:2:2 Accounting Deficiencies

Errors in classification amounting to Rs.219,953, understatements totalling Rs.8,960,764, overstatements totalling Rs.289,430, and inappropriate disclosures amounting to Rs.260,475 were observed in relation to items of accounts included in the accounts presented.

2:2:3 Unreconciled Control Accounts

Unreconciled differences aggregating Rs.4,219,762 were observed between the balances shown in the accounts presented and the balances as per subsidiary records in respect of 30 control accounts balances.

2:2:4 Accounts Receivable and Payable

According to information made available, balances of accounts receivable and accounts payable outstanding for over one year amounted to Rs.10,079,848 and Rs.5,478,670 respectively.

2:2:5 Lack of Evidence for Audit

In the absence of Registers of Fixed Assets, schedules and Board of Survey reports relating to fixed assets aggregating Rs.807,107,784, physical stock verification reports in respect of stocks valued at Rs.932,880, copies of curriculum relating to payments aggregating Rs.175,376, three files relating to advances, running charts relating to 59 vehicles and details of season tickets from 5 district offices and journal entries relating to a value of Rs.92,362, those items of expenditure could not be satisfactorily vouched or accepted in audit. Further, replies to 24 audit queries issued in the year under review and the preceding year had also not been furnished even upto 28 February 2003.

2.2.6 Unidentified Balances

A sum of Rs.3,326,748 was being shown in the accounts as cash-in –transit for over several years and action had not been taken for its identification.

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

The following instances of non-compliance were observed in audit.

| Reference to Laws, Rules, Regulations, etc. | Particulars |
|--|-------------|
| ----- | ----- |

(a) Finance Act No.38 of 1971

**Section 7(1) and Paragraph 2 Preparation and implementation of a
of Treasury Circular No.PED/52 corporate plan, approving the budget**

and Sections 8(1), 12, 13(5)(b), and 14(3) and Sections 1 and 2 of Public Finance Circular No.PF/PE/21 of 24 May 2002

as prescribed and on the due date, following the format of accounts and tabling the annual reports in Parliament had not been done in terms of the regulations and reports on stocks and stores and debtors and creditors had also not been furnished to the Auditor General.

- (b) Accounting and Auditing Standards Act No.15 of 1995

Accounting Standard No.3
and Public Finance Circular
No.PF/PE/17 of
19 October 2001

Accounts had not been prepared in
accordance with the instructions.

- (c) Inland Revenue Act No.38
of 2000
Section 131

Withholding taxes amounting to
Rs.143,174 had not been deducted
in respect of 2 payments
relating to constructions.

- (d) Treasury Circular No.842 of
19 December 1978 and
Treasury Circular No.
IAI/2002/02 of
28 November 2002

A Register of Fixed Assets had not
been maintained.

- (e) Financial Regulation 507

An annual Board of Survey had not been carried
out in respect of fixed assets of the Authority
amounting to Rs.807,107,784 and stocks
amounting to Rs.932,880.

- (f) Guidelines on Government
Tender Procedure-

Sections 2:1, 13:1, 13:2, 14,
16 and 17:1 of Chapter 2 –
Sections 27, 28, 29 and 36
of Chapter 3.
Section 150.2 of Chapter 11

Action in terms of the regulations had
not been taken in respect of construction
works valued at Rs.3,031,411 and
purchase of motor cycle engines and
computer equipment valued at Rs.2,588,500.

- (g) Public Finance Circular
No.PF/PE/3 of

Audit and Management meetings had
been held only once for year 2002.

19 November 1999

- (h) Public Finance Circular
No.PF/PE/17 of
19 October 2001

Reports required to be furnished
quarterly had not been furnished

- (i) Ministry of Finance and

None of the officers who had

- | | |
|---|--|
| <p>Planning Circular No.MF/6/1/1/96 of 20 April 1996 – Section 2:4:1 and Letter No.PM/PS/5 of the Prime Minister’s Office</p> | <p>participated at foreign courses and workshops had furnished a statement of accounts showing how the foreign exchange was spent within 30 days of returning to the Island and a report on the foreign tour required to be furnished within 07 days of returning to the Island.</p> |
| <p>(j) Paragraphs 1:3:1(iii) and 2:3 of Circular No.22/99 of 8 October 1999</p> | <p>Vehicles had been provided to 5 officers to travel between the residence and the office without the relevant approval whilst assigned vehicles had been provided to officers not entitled for assigned vehicles.</p> |
| <p>(k) Management Services Circular No.14 of 3 January 2002 - Sections 1 and 2</p> | <p>12 employees had been recruited, contrary to this, during the year under review on permanent and contract basis.</p> |
| <p>(l) Circular No.27 of the Chairman of the Vocational Training Authority</p> | <p>The value of advances remained unsettled for over one year as at 31 December 2002 amounted to</p> <p style="text-align: right;">Rs.1,196,709.</p> |

3. Financial and Operating Review

3:1 Financial Results

According to the accounts presented, the operations of the Authority for the year ended 31 December 2002 had resulted in a deficit of Rs.36,853,090 as compared with the deficit of Rs.33,865,260 for the preceding year after the adjustment of Government grants amounting to Rs.227,230,819 erroneously shown in the accounts as recurrent income for 2001. Accordingly, an increase of Rs.2.99 million was shown in the deficit for the year under review. Decrease of the Government grants and other income received by Rs.7.69 million, decrease of training expenses by Rs.10.39 million and the increase of establishment and administration expenses by Rs.5.69 million for the year under review as compared with the preceding year had contributed for this position.

3:2 Utilisation of Funds

A sum of Rs.3,000,000 obtained from the Treasury for capital expenditure for the year under review remained unspent as at end of the year under review and this amount had been sent to District Offices on 31 December 2002.

3.3 Operating Performance

(i) Training Activities, Job Placements and Vocational Carrier Guidance

Particulars of training courses as at 31 December 2002 as compared with the preceding year are given below.

| | <u>Year</u> | |
|---|-------------|-------------|
| | <u>2002</u> | <u>2001</u> |
| Number of Students who Completed Training | 19,907 | 22,769 |
| Number of Students undergoing Training | 1,440 | 7,666 |
| | ----- | ----- |
| | 21,347 | 30,435 |
| | ===== | ===== |
| Number of Instructors - Permanent | 575 | 596 |
| - Contractual | 307 | 303 |
| Various categories of courses conducted | 89 | 101 |

The following observations are made.

- (a) Certain courses in most of the Training Centres (months 6, 3) had been conducted only once a year. As a result, it was observed that the permanent instructors were idling most of the year. Similarly, it was also observed that courses had been conducted twice a year with a lesser number of students whilst certain centres had conducted only one course.
- (b) Courses from which a knowledge in new technology could be obtained were confined to Colombo. In spite of having an adequate number of instructors on permanent and contract basis at the Narahenpita, National Vocational Training Centre, external instructors had delivered more lectures than them.
- (c) Information furnished to audit and the information furnished to the Training Division by the district offices were contradictory.

(ii) Job Placements

25 Job Placement Officers are working in the Authority and the information furnished revealed 6,919 job placements by them during 2002 which included 5,509 local job placements, 296 foreign job placements and 1,114 self employment placements.

The following observations are made in this connection.

- For local job placements, apprentices are referred to institutions for recruitment after checking their qualifications. But, the institutions concerned had not intimated whether or not they were recruited and the Authority too had not followed up this.
- For foreign employment, they are referred to the relevant foreign employment agencies and the date of departure had not been mentioned in the list of names furnished in order to ascertain whether they had actually departed for employment.
- The Authority does not in any way help for self-employment and only the names of those who had followed courses in sectors such as carpentry, masonry and beauty culture had been forwarded.

(iii) Carrier Guidance Service

13 Carrier Guidance Officers are working in the Authority and they had been attached to 8 districts. According to information furnished, It was observed that they all together had conducted 222 programmes during 2002.

The following information was observed in this connection.

- (i) Officers had not been appointed for 16 districts whilst 5 officers had been appointed to the Colombo District and 2 officers to the Kandy District.
- (ii) Files lacked evidence of actual position of conducting the programmes and the programmes had not been extended to cover the entire district and these had been conducted in the centre of towns.
- (iii) Three officers had not conducted even a single programme.
- (iv) According to information made available, an officer had not conducted programmes for more than 50 days per year.

3.4 Underutilization and Misusage of Resources

Training materials valued at Rs.449,496 sent to Anuradhapura District Office during 2000 had not been made use of even as at October 2002 due to absence of programmes whilst 8 television sets valued at Rs.99,900 sent in February 2001 had not been made use of for training activities even by October 2002. Further, out of the 3,189 minutes of internet facilities used in 3 months, 3,036 minutes had been used by outside parties.

3.5 Apparent Inefficiencies

As a result of failure to follow the prescribed procedure relating to accidents to vehicles it had not been possible upto 5 December 2002 to obtain from the Insurance Corporation, the claim of Rs.217,861 incurred on repairs affected to a vehicle due to an accident. Further, two accidents inclusive of the accident to the above vehicle had not been inquired into and reported to the relevant parties in terms of Financial Regulation 104.

3.6 Irregular and Fruitless Purchases

- (i) The maximum limit of payments that could be approved by an Assistant Director of a District Training Centre amounted to Rs.25,000. However, purchases had been made without regard to this limit and in order to circumvent this, expenditure on several bills had been splitted and payments had been made to the same institution on the same date by several cheques. A sample check revealed such purchases valued at Rs.1,346,651 in 17 instances by 6 Centres.
- (ii) It was observed at the audit of Training Centres that motor cycle engines valued at Rs.1,449,000 purchased for rehabilitation of training equipment relating to motor cycle courses conducted in Training Centers could not be fitted to the relevant motor cycles. It was further observed that this supplier of engines had been charged for violating tender conditions and supply of goods not in conformity with specifications in supplying motor cycle engines in 1999.
- (iii) A proper evaluation as regards the requirements had not been carried out in purchasing equipment valued at Rs.843,500 for computer courses. As a result, computer accessories valued at Rs.107,000 were found stored for about one year without being issued.

3.7 Personnel Management

The approved cadre of the Authority as at 31 December 2002 totalled 1,780 whilst the actual cadre totalled 1,393. A formally approved recruitment procedure was not available. Further, copies of letters relating to appointments, transfers, promotions, removal of staff etc. had also not been furnished to the Auditor General.

3:8 Vehicle Utilisation

Particulars of the motor vehicles owned by the Authority could not be obtained due to the non-maintenance of a register of motor vehicles by the Authority and the non-availability of vehicle numbers and the value in the schedule of motor vehicles furnished with the accounts.

Daily running charts in respect of most of the motor vehicles included in the schedule of motor vehicles presented, had not been furnished to audit. In the circumstances, information such as the distances performed, fuel consumed, etc. required for an evaluation of the performance could not be obtained.

4. Systems and Controls

Special attention is needed in respect of the following areas of control.

- (i) Accounting
- (ii) Advances for Supplies and Services
- (iii) Use of Motor Vehicles
- (iv) Stocks
- (v) Purchases
- (vi) Fixed Assets
- (vii) Cash and Bank
- (viii) Foreign Travel Expenses
- (ix) Building Modernisation Works
- (x) Issue of Concessionary Season Tickets
- (xi) Payment Activities of District Offices

(S.C. MAYADUNNE)
AUDITOR GENERAL.

