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திறன்கள் அபிவிருத்தி மற்றும் தொழிற்பயிற்சி அமைச்சு
Ministry of Skills Development and Vocational Training



ලංකා - ජර්මන් කාර්මික අභ්‍යාස ආයතනය

இலங்கை - ஜேர்மன் தொழில்நுட்ப பயிற்சி நிறுவகம்

Ceylon - German Technical Training Institute

වාර්ෂික වාර්තාව

ஆண்டு அறிக்கை

ANNUAL REPORT

2015

නො. 582, ගාලු පාර (ගල්කිස්ස), මොරටුව.

இல.582, காலி வீதி, கல்கிசை.

No.582, Galle Road (Mount Lavinia), Moratuwa.

Report of the Director / Principal

Ceylon German Technical Training Institute – 2015

Ceylon German Technical Training Institute is a pioneer technical educational Institute in Sri Lanka producing mechanics endowed with Skills in the Automobile Mechanic Field and other fields in Sri Lanka. This Institute was established in the year 1959 in the premises of the then Ceylon Transport Board situated at Werahera as the Ceylon-German Technical School as a result of an agreement entered into between the Government of the Federal Republic of Germany and the Government of Sri Lanka.

The basic objective of the commencement with an initial batch of 60 students was the creation of mechanics for maintenance and repair of the Mercedes Benz buses manufactured in Germany imported to Ceylon for the Ceylon Transport Board established by the nationalization of the private Bus Companies in the year 1958. The students trained by this Institute were employed by the then Ceylon Transport Board, and in addition they were able to find employment in local institutions as well as in foreign countries.

With the increase in the number of buses of the Ceylon Transport Board the need for trained mechanics was also increased. In order to fulfill that requirement, the Institute was shifted to the present premises as the Ceylon-German Technical Training Institute with all facilities for the children of Sri Lanka to engage in Technical education. At present the Institute conducts 10 full time Training Courses and 450 students were enrolled during this year. In addition, training could be provided to about 2,800 students through 37 short term courses. The Diploma Course on Mechatronics (NVQ 5) and the National Diploma in Refrigeration and Air-conditions are the new Diploma Courses introduced during this year.

The training equipment have been supplied to the MATS for conducting training in the Hybrid Vehicle Technology for the improvement and high level of maintaining of the Automobile Mechanics Division. Further, Digital Logic IC Boards have been supplied as training equipment to the Auto Electrical Section for the development of training work. A new sheet Bending Machine for the development of training work of the Welding Section and a modern Hydraulic Compressor Training Equipment has been supplied to the Millwright Section had been supplied.

In addition, training accessories have been supplied to the other Divisions to improve their Training Courses.

In addition, steps were taken to improve the quality of performance by the development of the infrastructure facilities as well as updating courses.

Shantha B. Karunaratne
Director / Principal
Ceylon-German Technical Training Institute

Ceylon German Technical Training Institute
Advisory Committee - 2015

	Name	Designation	
01	Mr. P.G.Dasanayaka	Justice of peace (all island)	Chairman
02	Mr. A.S.Illangamge	Add. Secretary – Ministry of Skills Development & Vocational Training	Member
03	Mrs. Malkanthi Jayawardana	Director General – Tertiary & Vocational Educational Commission	Member
04	Mr. P.D. Balasooriya	CEO – Sri Lanka Transport Board	Member
05	Mr.S.V.Hemantha Kumara	Director – DFD , General Treasury	Member
06	Mr. Rajeeva Sanjaya Weeraman		Member
07	Mr. P.Nandasiri Gunawardana	Lawyer	Member
08	Mr. Shantha B. Karunaratne	Director /Principal, Ceylon German Technical Training Institute	Member

CEYLON-GERMAN TECHNICAL TRAINING INSTITUTE (C.G.T.T.I)

Objectives and Functions of the Institute

1. Creation of a Group of skilled Mechanics to suit the local and international requirements.
2. Conduct of full time courses on the Automobile Mechanics and other Sectors.
3. Conduct of Short Term Courses, at evening and weekend terms for the improvement of knowledge and providing mechanical knowledge for the school leavers and those in vocational employment.
4. Carrying out production activities including repairs to motor vehicles of external institutions and outside persons at concessionary rates.
5. Conduct of Special Courses and Seminars at the requests of the State Institutions, Industrial Sector and the Tri-Forces.

Vision

To be the excellent Training Institute of Automobiles Mechanics in the South Asia.

Mission

Providing modern training through the systematically developed technology for the automobile Mechanics and other Vacations related thereto in order for them to achieve high level performance by maintaining the standards required for an excellent Training Centre in the Automobile Sector in Sri Lanka.

Achievements

Enrollment of 450 Apprentices for the Full-time Courses in November 2015.

Enrollment of 50 Apprentices in March 2015 to the Borella Branch of the C.G.T.T.I.

Enrollment of 2,800 Apprentices in this year for 37 Short Term Courses.

Commencement of the Mechatronics and the Refrigeration and Air-conditioning courses in addition to the National Diploma in Automobile Mechanics.



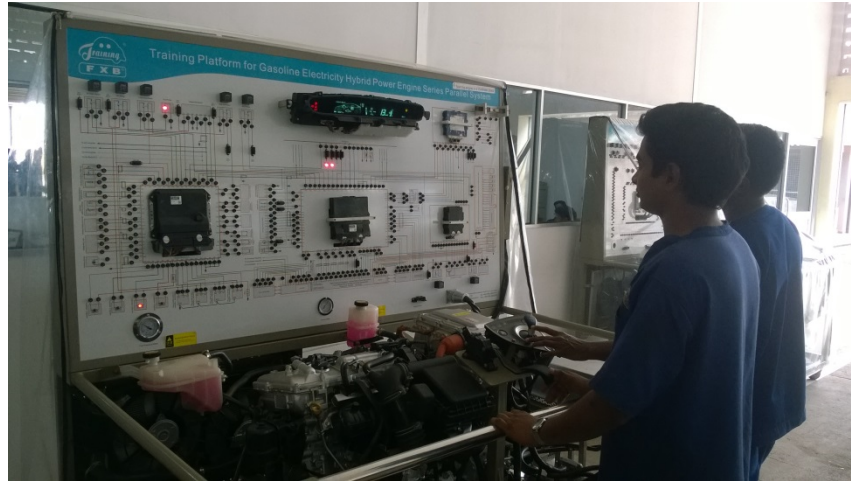
**Apprentices undergoing training in the
Air-coditioning Diploma Course**

Machinery with Modern technology were obtained for advancing the courses conducted by the Institute to a higher level.

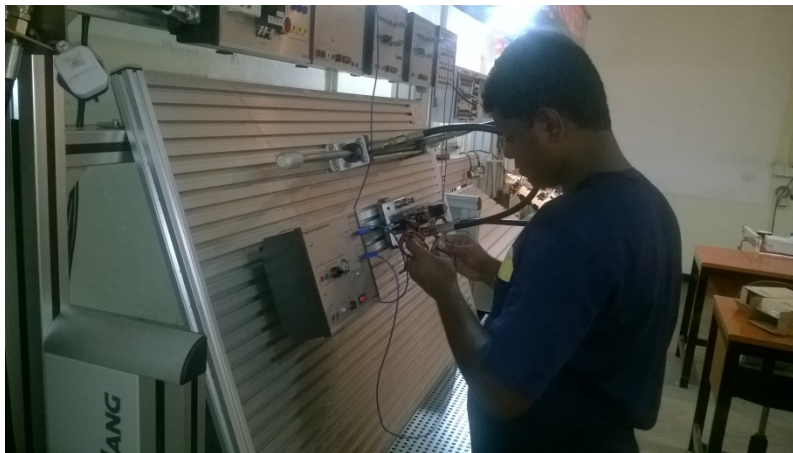


Apprentices following the Mechatronic Course receiving training from the modern training equipment

Apprentices following the Automobile Mechanics Course receiving training from modern training equipment



Apprentices following the Millwright Course receiving training from modern training equipment.



Apprentices following the Vehicle Electric Technology Training receiving training from modern training equipment.



Performance from 2015.01.01 to 2015.12.31

Training according to Sector	Passed Group						
	Male		Female		Total		As a percentage of Enrollment
	Enrolled	Passes	Enrolled	Passes	Enrolled	Passes	
Automobile Mechanics (4 years)*	100	77	-	-	100	77	77%
Millwright Technology (4 years)*	40	39	-		40	39	97.5%
Power Electric Technology (3 ½ years)	41	41	1	1	42	42	100%
Air-conditioning and Refrigeration Technology (3 ½ years)	40	32	1	1	41	33	80.5%
Machinist Technology (3 ½ years)	23	23			23	23	100%
Mechatronics Technology (3 ½ years)	-	-	-	-	-	-	-
Vehicle Electric Technology (3 years)	30	29			30	29	96.6%
Diesel Mechanic (3 years)	18	15			18	15	83.3%
Welding Technology (3 years)	25	21			25	21	84%
Borella Branch of C.G.T.T.I							
Vehicle Body Repairs and Painting Technology (3 years)	18	17	-	-	18	17	94.4%
	32	27			32	27	84.3%

Note : In respect of the Full-time courses of the year 2015, 450 Apprentices were enrolled in November for the preliminary Training.

Targets for the year

- ✓ Establishment of quality Management System & Management Information System for the Institution.
- ✓ Introduction of the Hybrid Technology Course for the Apprentices receiving training in the Automobile Mechanics
- ✓ Introduction of the following Courses
 - Auto AC Course
 - Advanced Industrial Automation Course
 - Advance Course in CNT Turn / Mill operator
 - Advanced CAD / CAM Training Course
- ✓ Construction of the Laboratory of the Welding and Power Electric Division
- ✓ Removal of asbestos sheets in several Divisions and fixing A1/Zn painted sheets
- ✓ Construction of the Hostel for Apprentices
- ✓ Construction of a new Preliminary Training Divisions

CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
Financial Position as at 31st December 2015

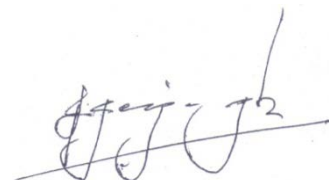
DESCRIPTION	NOTE	2015 Rs	2015 Rs	2014 Rs	2014 Rs
ASSETS					
Non Current Assets					
Property, Plant & Equipment	2	1,934,005,990		1,671,597,057	
Investment	8	<u>43,470,878</u>		<u>31,345,580</u>	
Other Financial Assets			1,977,476,868		1,702,942,637
Current Assets					
Non Movement Stocks		6,383,077		6,383,077	
Canteen Chairs Wip		328,834		328,834	
Stationery & Paints Stocks	29	399,847		400,000	
Income Receivable	26	767,981		837,450	
Advance A/C	5	1,383,746		1,560,000	
Current Accounts -S.L.C.T.B	7	1,133,529		1,133,529	
Deposit	4	272,000		272,000	
Advance for Fixed Assets	30	658,897		700,560	
Debtors	3	4,746,794		4,199,935	
Cash & Cash Equivalents	6	<u>17,421,158</u>		<u>30,083,181</u>	
			<u>33,495,863</u>		<u>45,898,566</u>
TOTAL ASSETS			<u>2,010,972,731</u>		<u>1,748,841,203</u>
LIABILITIES					
Current Liabilities					
Payables	28	162,537		-	
Accrued Expenses	9	12,786,353		11,149,826	
Loans	10	438,731		354,835	
Refundable Deposits	11	569,671		133,710	
Part Time Course Fees (2016)		7,500,000		7,000,000	
Creditors	27	<u>4,312,105</u>	25,769,397	<u>3,292,779</u>	21,931,150
				-	
Non Current Liabilities					
Deferred Income	13	622,778,644		344,063,939	
Gratuity payable		125,337,526		96,860,229	
			<u>748,116,170</u>		<u>440,924,168</u>
TOTAL LIABILITIES			<u>773,885,567</u>		<u>462,855,318</u>
			<u><u>1,237,087,164</u></u>		<u><u>1,285,985,885</u></u>

NET ASSETS / EQUITY

Accumulated Fund		845,275,098		845,275,098
Capital Reserve		4,407,578		4,407,578
Revaluation Reserve-Land/Building		699,375,298		699,363,298
Translation Reserve	14	<u>(311,970,810)</u>		<u>(263,060,089)</u>
			<u>1,237,087,164</u>	<u>1,285,985,885</u>

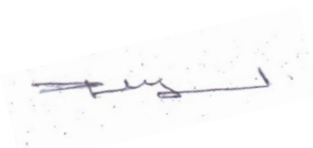


Director / Principal
C.G.T.T.I.
M.D.S.B.Karunaratne

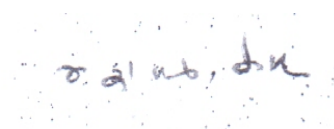


Accountant
C.G.T.T.I.
J.D.Y.B Jayasinghe

The Accounting policies on pages 20 to 21 and Notes on pages 05 to 20 from an integrate part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These financial statements wear approved by the Advisory committee and signed on their behalf.



Chairman
Advisory committee
J.Y.Peris



Member
Advisory committee
P.N.Gunawardana

CEYLON - GERMAN TECHNICAL TRAINING INSTITUTE
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
31ST DECEMBER 2015

DESCRIPTION	NOTE	2015	2014
OPERATION REVENUE		Rs.	Rs.
Recurrent Treasury Grant	12	170,000,000	132,488,000
Other Income	15	9,336,782	11,605,373
Part Time Income	1	10,785,582	9,692,500
MTTC Course Income	1 A	284,678	733,567
Transfer from Differed Income	13	97,908,992	59,916,696
SSDP Funds	38	12,738,630	11,027,462
Production Net Income	16	1,000,191	2,047,660
TOTAL INCOME		302,054,855	227,511,258
OPERATING EXPENSES			
Personnel Emoluments	17	180,145,115	120,420,277
Traveling	18	88,181	91,185
Staff Training & Development	19	3,150,552	2,193,447
Contractual Service	20	11,600,849	13,201,896
Supplies & Consumable Used	21	5,646,899	6,371,158
Maintenance Expenses	22	8,911,947	6,199,354
Depreciation	2	114,769,154	79,571,821
Other Recurrent Expenses	23	19,975,927	20,907,809
Training Materials	24	6,289,657	5,419,963
Finance Cost	25	387,295	302,775
TOTAL OPERATING EXPENSES		350,965,576	254,679,685
Surplus/(Deficit) from Operating Activities		(48,910,721)	(27,168,427)
Deficit on Canteen Building Disposal			(14,543,557)
Net Surplus/(Deficit) Before Extra Ordinary Items		(48,910,721)	(41,711,984)
Net Surplus/(Deficit) for the Period.		(48,910,721)	(41,711,984)
Prior Year Adjustment	32		12,935,165
Net Surplus/(deficit) After Prior Year Adjustment		(48,910,721)	(28,776,819)

CEYLON - GERMAN TECHNICAL TRAINING INSTITUTE
CASH FLOWS STATEMENT
YEAR ENDED 31st DECEMBER 2015

	Note	2015 (Rs.)	2014 (Rs.)
Cash Flows From Operating Activities			
Surplus (Deficit) from Ordinary Activities		(48,910,721)	(27,168,427)
Prior Year Adjustment		-	12,935,165
		(48,910,721)	(14,233,262)
Losses on Disposal of Canteen Building			(14,543,557)
Non Cash Movements			
Depreciation		114,769,154	79,571,821
Prior Year Adjustment- Depreciation adjustment	32		(12,986,278)
Building disposal - Canteen			14,543,557
Gratuity Provision		41,363,455	15,035,955
Amortization – Deferred income		(97,908,992)	(59,916,696)
		9,312,896	7,471,540
Increase/ Decrease in Payables		162,537	
Increase/ Decrease in Accrued Expenses		1,636,527	(21,847,894)
Increase/ Decrease in Current Liabilities		2,039,183	(22,318,266)
Gratuity Payments		(12,886,158)	(1,210,964)
Fix assets creditors – A/C Ref Building			2,859,133
Increase/ Decrease in Current Assets		(259,473)	(681,014)
Increase/Decrease in Stocks		153	(78,111)
Net Cash Flow from Operating Activities		5,665	(35,805,576)
Cash Flow from Investment Activitie			
Acquisition of fixed Assets		(377,178,087)	(53,003,991)
		(377,172,422)	(88,809,567)
Cash Flow from Financing Activities			
Increase / Decrease Investments		(12,125,298)	16,809,635
Reserves/Capital Grant		376,635,697	81,999,262
		(12,662,023)	9,999,330
Cash & Cash equivalents at beginning of the Period.		30,083,181	20,083,851
Cash & Cash Equivalents at End of the Period.		17,421,158	30,083,181

CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2015

	Accumulated Fund	Government/ Grant Deferred Income	Translation Reserve	Capital Reserve	Revaluation Reserve	Total
Opening Balance 01.01.2015	845,275,098	344,063,939	(263,060,089)	4,407,578	699,363,298	1,630,049,824
Prior Year Adjustment						
Net Surplus / (Deficit) For the Period			(48,910,721)			(48,910,721)
Capital Grant Treasury		56,000,000				56,000,000
Revaluation Reserves						
Received from SSDP Account		13,515,885				13,515,885
Equipments – SSDP		307,107,812				307,107,812
Vehicle					12,000	12,000
	845,275,098	720,687,636	(311,970,810)	4,407,578	699,375,298	1,957,774,800
Less:						
Transfer to Finance Performance A\C		(97,908,992)				(97,908,992)
Balance as at 31.12.2015	845,275,098	622,778,644	(311,970,810)	4,407,578	699,375,298	1,859,865,808

Note: 01

CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
PART TIME COURSES

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2015

	Note	Rs	Rs
		2015	2014
Income			
Interview Fees		2,352,050	1,229,497
Course Fees & Admission		41,596,786	42,075,762
Course Fees- Diploma	35	-	930,000
Call Deposit interest		352,916	
Interest on Treasury Bills-E.W.P.T		516,877	630,963
Miscellaneous Income	34	119,300	95,805
Fixed Deposit Interest- E.W.P.T		1,171,222	1,446,380
Total Income		46,109,151	46,408,407
Expenditure			
Part Time & Other Allowances		31,088,555	32,146,586
Diploma course expenses (NVQ)	36	542,421	602,664
Refreshments		7,653	9,168
Stationery		253,381	669,566
Postage & Telegrams		135,787	91,924
Bank Charges		31,730	36,030
Electricity		2,297,083	2,312,940
Advertisements		75,635	162,086
Stamp Duty			1,875
Training Materials		494,584	286,055
Risk Allowances			
Miscellaneous Expenses		6,940	25,413
Total Expenditure		34,933,769	36,344,307
Surplus/Deficit Before Bonus		11,175,382	10,064,100
Less: Bonus		(389,800)	(371,600)
Surplus/Deficit		10,785,582	9,692,500

CEYLON GERMAN TECHNICAL TRAINING INSTITUTE
MTTC COURSES

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2015

Income	Rs.	Rs.
	2015	2014
Course Fees	2,740,255	2,724,355
Total Income	2,740,255	2,724,355
Expenditure		
Part Time Allowance	679,586	655,580
Production Incentives		
Special Course incentive	333,115	289,751
Training		
Stationery	37,450	36,375
Maintenance Workshop Equipment	4,552	3,425
Postage & Telegrams		
Bank Charges		
Advertisements		
Stamp Duty		25
Training Materials	28,200	22,475
Office Equipments Maintenance		
Civil Maintenance		
Water	31,602	32,233
Telephone	55,288	54,361
Electricity	1,285,784	896,563
Miscellaneous Expenses		
	2,455,577	1,990,788
Total Expenditure		
	284,678	733,567
Surplus / Deficit		

Note -02

Property, Plant and Equipments	Land		Building		other		Vehicle		Machinery		Furniture & Fittings		Library Books		Office Equipment		TOTAL
	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI/BORE.
Balance as at 01.01.2015	940,350,000	209,000,000	335,988,464	11,000,000	12,533,933		37,968,000	202,000	381,376,102	16,538,162	29,847,103	714,395	1,899,262		41,693,027	400,170	2,019,510,618
Additions			14,714,074				12,000		34,444,334		3,672,722				3,117,782		55,960,912
Additions SSDP Items					3,455,717				288,814,162		15,270,986		1,663,270		12,013,040		321,217,175
Balance as at 31.12.2015	940,350,000	209,000,000	350,702,538	11,000,000	15,989,650	-	37,980,000	202,000	704,634,598	16,538,162	48,790,811	714,395	3,562,532	-	56,823,849	400,170	2,396,688,705
Depreciation																	
Balance as at 01.01.2015			55,407,121	1,684,209	3,300,047		1,548,334	42,083	213,831,158	10,841,663	19,200,060	621,241			41,100,123	337,522	347,913,561
Charge for the Year			33,951,103	1,100,000	3,044,768		9,542,500	50,500	35,962,195	2,028,619	2,134,866	28,175	474,816		3,066,406	62,033	91,445,981
Depreciation for SSDP Items									21,059,366		269,345		242,560		1,751,902		23,323,173
Balance as at 31.12.2015	-	-	89,358,224	2,784,209	6,344,815	-	11,090,834	92,583	270,852,719	12,870,282	21,604,271	649,416	717,376	-	45,918,431	399,555	462,682,715
Written down Value As at 31.12.2015																	
	940,350,000	209,000,000	261,344,314	8,215,791	9,644,835	-	26,889,166	109,417	433,781,879	3,667,880	27,186,540	64,979	2,845,156	-	10,905,418	615	1,934,005,990

Note-03

Debtors Accounts				Rs	Rs
				2015	2014
	C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Other Debtors	4,692,208			4,692,208	4,199,935
MTTC Allowances			54,586	54,586	-
Total	4,692,208	-	54,586	4,746,794	4,199,935

Note-04

Deposit				2015	2014
	C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Fuel (Security-Co-op. Society Moratuwa)	270,000			270,000	270,000
Electricity (Official Bungalow - Dehiwala)			2,000	2,000	2,000
Total	270,000	-	2,000	272,000	272,000

Note-05

Advance				2015	2014
	C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Festival Advance	114,450			114,450	215,400
Special Advance	597,500			597,500	609,500
Trainees Advance	27,350			27,350	27,350
Book Loan			519,100	519,100	548,600
Local Purchase	125,346			125,346	159,150
Total	864,646	-	519,100	1,383,746	1,560,000

Note-06

Cash & Cash Equivalents				2015	2014
	C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Return Money Order			2,400	2,400	2,400
Cash/Bank Balance	4,888,339		12,530,419	17,418,758	29,385,340
Bank Balance (Production)					1,462
Bank -MTTC					693,979
Total	4,888,339	-	12,532,819	17,421,158	30,083,181

Note-07

Current A/C S.L.C.T.B				2015	2014
	C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
S.L.C.T.B.Current A/C	1,133,529			1,133,529	1,133,529
Total	1,133,529	-	-	1,133,529	1,133,529

Note-08

Investment				2015	2014
	C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Fixed Deposit- PF	3,125,691			3,125,691	5,107,749
Fixed Deposit- E.W.P.T			19,276,232	19,276,232	18,082,920
Call Deposit			12,352,917	12,352,917	
Treasury Bills-E.W.P.T.			8,344,759	8,344,759	7,809,237
Fixed Deposit- D.P.T	371,279			371,279	345,674
Total	3,496,970	-	39,973,908	43,470,878	31,345,580

Note-09

Accrued Expenses					Rs	Rs
					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Salary Payable /4093		1,118,791			1,118,791	592,386
Salary Payable		305,920	59,291		365,211	365,211
E.T.F Payable		441,785			441,785	332,347
E.P.F Payable		5,725,392			5,725,392	5,194,200
Trainees Welfare						66,215
Union - SLNSS		10,600			10,600	15,400
MTTC Part Time Allowance		54,586			54,586	228,665
Sri Lanka Insurance		5,041			5,041	5,041
Union Payable		13,407			13,407	15,327
Welfare - Society - CGTTI		34,157			34,157	52,457
Sports		85,972			85,972	49,111
Welfare - Society -Trainees		64,316			64,316	33,550
Insurance Payables-Trainees		49,125			49,125	367,800
Book Loan		45,839			45,839	41,583
Social Security Board Payable		7,659			7,659	7,659
Stamp Duty		556			556	8,175
4080/1 Accrued Expenses		2,387,141			2,387,141	1,621,072
Tax		356,900	18,995		375,895	375,895
Pay Tax Payable		2,001			2,001	
P.T Allowances				1,590,011	1,590,011	1,371,691
Union – Teachers Association		3,800			3,800	9,300
4048/5012 Payable		15,268			15,268	15,268
National Skills Day						9,873
Bonus Payable				389,800	389,800	371,600
Total		10,728,256	78,286	1,979,811	12,786,353	11,149,826

Note-10

Loans (Third Party)					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
P.F.Loan – 7075 (S.L.C.T.B.)						124,003
Bank Loans (Third Party)		438,731			438,731	230,832
Total		438,731	-	-	438,731	354,835

Note-11

Refundable Deposit		C.G.T.T.I	BORELLA	PART TIME	2015	2014
					TOTAL	TOTAL
Canteen Tender		260,000			260,000	45,000
Tender		277,382			277,382	47,382
Play Ground Deposit		25,500			25,500	15,000
Auditorium Deposit		1,000			1,000	1,000
Name Board Tender		5,000			5,000	5,000
Scrap Item Tender						20,000
Welfare Deposit		789			789	328
Total		569,671	-	-	569,671	133,710

Note-12

Treasury A/C	Rs.	Rs.
	2015	2014
Capital Grant	56,000,000	78,700,000
Recurrent Grant	170,000,000	132,488,000
Total Grant	226,000,000	211,188,000
Less:- Deferred Income	56,000,000	78,700,000
Performance A/C	170,000,000	132,488,000

Note-13

Capital reserve	Debit	2015		2014
		Credit	Total	Total
Opening Balance		4,407,578		4,407,578
Balance		4,407,578	4,407,578	4,407,578
Deferred Income				
Opening Balance		344,063,939		321,981,373
Received from Treasury Account		56,000,000		78,700,000
Library Books				1,899,262
Vehicle				1,400,000
Received from SSDP Account		13,515,885		
Equipments - SSDP		307,107,812		
10% Transfer to P & L Account	97,908,992			(59,916,696)
Total	97,908,992	720,687,636	622,778,644	344,063,939

Note-14

	2015		2014
Translation Reserve	Credit		Credit
Opening Balance		(263,060,089)	(234,283,270)
Net Surplus (Deficit) for the Period		(48,910,721)	
Prior Year Adjustment			12,935,165
Net Surplus (Deficit) for the Period after PYA			(41,711,984)
Total		(311,970,810)	(263,060,089)

Accumulated Fund	2015	2014
Opening Balance	845,275,098	845,275,098
Total	845,275,098	845,275,098

Note-15

Other income				PART TIME	Rs	Rs
					2015	2014
		C.G.T.T.I	BORELLA		TOTAL	TOTAL
Examination Income		976,705			976,705	900,850
Traveling Pass		31,972			31,972	43,874
Miscellaneous Income		1,219,613			1,219,613	769,083
Insurance Commission						
Trade Test Fees		77,360			77,360	162,520
Fitness Charges		55,900			55,900	79,850
NVQ Course Fees		145,400			145,400	119,652
Special Course Fees		5,586,650			5,586,650	5,857,775
Skill competition receipt					-	-
Scrap Items sales		56,500			56,500	1,990,668
Canteen Rent		60,000	3,600		63,600	61,767
Auditorium Income		8,000			8,000	9,000
Admission – Training Materials		710,100			710,100	753,020
Welfare Income		11,661			11,661	17,789
Ground Fees		126,000			126,000	122,700
ICDL recovery		41,750			41,750	
Technological Studies						508,400
Tender Fees		193,000			193,000	104,000
Milk Centre - Rent						36,000
FD Interest		22,971			22,971	27,605
Milk Centre		9,600			9,600	40,800
Total		9,333,182	3,600	-	9,336,782	11,605,373

Note-16

Production Unit					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Production Income Private Canteen Chairs		2,021,312			2,021,312	5,019,576
Production Income - SLTB		1,426,740			1,426,740	1,719,504
Less : Production Meterials		(1,680,968)			(1,680,968)	(3,935,667)
Paints Materials		(50,000)			(50,000)	(35,000)
Incentive		(716,893)			(716,893)	(770,753)
Total		1,000,191	-	-	1,000,191	2,047,660

Note-17

Personal Emoluments					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Salaries & Wages	17A	115,819,533			115,819,533	87,947,962
Allowances	17B	21,505,727			21,505,727	15,954,955
Gratuity		41,363,455			41,363,455	15,035,955
Over Time-Board Holiday		12,784			12,784	103,148
Over Time		1,443,616			1,443,616	1,378,257
Total		180,145,115	-	-	180,145,115	120,420,277

Note-17A

Salaries & Wages					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Salaries		79,016,526			79,016,526	56,446,946
Additional Allowances(COL)		21,122,160			21,122,160	19,299,855
Contract Salaries		372,328			372,328	901,054
Contract Additional Allowances (COL)		12,425			12,425	
P.F. Board contribution		12,236,875			12,236,875	9,040,070
ETF		3,059,219			3,059,219	2,260,037
TOTAL		115,819,533	-	-	115,819,533	87,947,962

Note-17B

Allowances		C.G.T.T.I	BORELLA	PART TIME	2015	2014
					TOTAL	TOTAL
Band Training Allowances		243,000			243,000	204,900
Risk Allowances/ Compensation		220,000			220,000	
English Teachers Allowances		862,150			862,150	889,975
Daily Pay Allowances		1,467,247			1,467,247	147,015
Weekend Allowances						
Trainees Allowances		18,713,330			18,713,330	14,713,065
Total		21,505,727	-	-	21,505,727	15,954,955

Note-18

Traveling		C.G.T.T.I	BORELLA	PART TIME	2015	2014
					TOTAL	TOTAL
Foreign Travelling Traveling Expenses		88,181			88,181	91,185
Total		88,181	-	-	88,181	91,185

Note-19

Staff Training & Development		C.G.T.T.I	BORELLA	PART TIME	2015	2014
					TOTAL	TOTAL
Leadership Training Capacity Building- Teacher /Staff Training	33	2,504,978 645,574			2,504,978 645,574	2,066,239 127,208
Foreign Training/Travelling						
Total		3,150,552	-	-	3,150,552	2,193,447

Note-20

Contractual Service		C.G.T.T.I	BORELLA	PART TIME	2015	2014
					TOTAL	TOTAL
Electricity & Water Expenses	20A	4,854,296			4,854,296	6,060,331
Postage & Telecommunication	20B	1,109,877			1,109,877	720,718
Security Expenses		5,636,676			5,636,676	6,420,847
Total		11,600,849	-	-	11,600,849	13,201,896

Note-20A

Electricity & Water Expenses					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Electricity		3,465,132			3,465,132	5,149,552
Official Bungalow Water		1,389,164			1,389,164	910,779
Total		4,854,296	-	-	4,854,296	6,060,331

Note-20B

Postage & Telecommunication					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Postage & Telecommunication Stamps		1,066,394 43,483			1,066,394 43,483	690,128 30,590
Total		1,109,877	-	-	1,109,877	720,718

Note-21

Supplies & Consumable Used					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Stationary		1,339,615			1,339,615	1,096,833
Fuel Expenses		4,307,284			4,307,284	5,274,325
Sports Items						-
Fuel Expenses MTTC						-
MTTC Stationery						-
Total		5,646,899	-	-	5,646,899	6,371,158

Note-22

Maintenance Expenses					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Furniture & Office Equipments		818,584			818,584	425,990
Electricity Maintenance		784,089			784,089	926,883
Vehicle Maintenance		1,807,163			1,807,163	1,261,595
Civil Maintenance		2,338,200			2,338,200	2,210,780
Official Bungalow Maintenance		169,539			169,539	43,416
Work Shop Equipment Maintenance		2,976,207			2,976,207	1,310,165
Garden Maintenance		18,165			18,165	20,525
Total		8,911,947	-	-	8,911,947	6,199,354

Note-23

Other Recurrent Expenses					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Miscellaneous Expenses	23A	2,457,906			2,457,906	2,458,479
Welfare Expenses	23B	838,289			838,289	1,097,721
Verification Expenses						44,300
Ceremony		71,223			71,223	1,464,923
Uniforms						19,600
Intake Ceremony						
Deyata Kirula Exhibition						428,822
Exhibition Expenses		10,814			10,814	106,286
Certificate Awarding Ceremony						
Accounts Translate						
Removing old toilets building-SSDP						313,902
Audit Fees & Audit Meeting		14,400			14,400	74,000
Technological studies- schools	37	257,410			257,410	359,295
Tender Expenses						94,000
Annual Report						
Taxes	23C	10,600			10,600	
Insurance	23D	648,052			648,052	605,423
Other Allowance	23E	15,667,233			15,667,233	13,841,058
Total		19,975,927	-	-	19,975,927	20,907,809

Note-23A

Miscellaneous Expenses					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Examination Expenses		1,241,614			1,241,614	934,684
Sports		5,374			5,374	
News Papers		123,623			123,623	55,645
Ex-gratia Payments						
Refreshments		257,373			257,373	249,464
Innovation Test Fees						
Legal Fees						
Other Miscellaneous		270,907			270,907	334,914
Other Miscellaneous						30,932
Airport Charges						
Staff Uniforms		151,600			151,600	
Paper Advertisement		407,415			407,415	852,840
Seminar Expenses						
Total		2,457,906	-	-	2,457,906	2,458,479

Note-23B

Welfare Expenses					Rs	Rs
					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Welfare Expenses		419,695			419,695	652,218
Medical Bills		418,594			418,594	445,503
Trainees Welfare						
Total		838,289	-	-	838,289	1,097,721

Note-23C

Taxes					2015	2014
					TOTAL	TOTAL
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
VAT Receivable						
Stamp Duty		10,600			10,600	
Total		10,600	-	-	10,600	-

Note-23D

Insurance					2015	2014
					TOTAL	TOTAL
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Assets Insurance		604,189			604,189	583,822
Insurance (Money in Transit)		43,863			43,863	21,601
Vehicle						
Total		648,052	-	-	648,052	605,423

Note-23E

Other Allowances					2015	2014
					TOTAL	TOTAL
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Trade Test						
Procurement Committee/ TEC Allowance		62,750			62,750	
Performance Allowance- SSDP Funds	38	12,902,232			12,902,232	10,713,559
Advisory Com. Allowance		451,300			451,300	531,000
Attendance Allowance		1,141,312			1,141,312	1,150,917
Special Course		1,109,639			1,109,639	1,445,582
Total		15,667,233	-	-	15,667,233	13,841,058

Note-24

Training Materials					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Training Materials		6,289,657			6,289,657	5,419,963
Total		6,289,657	-	-	6,289,657	5,419,963

Note-25

Finance Cost					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Bank Charges		387,295			387,295	302,775
Bank Charges Production						
MTTC Bank Charges						
Total		387,295	-	-	387,295	302,775

Note-26

Income Receivable					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Fixed Deposit Interest Receivable				459,294	459,294	481,384
Treasury Bills Interest Receivable				287,996	287,996	306,641
Fixed Deposit Interest Receivable FT		17,991			17,991	20,625
Milk Bar Electricity Recovery						6,800
Canteen Rent		2,700			2,700	
Milk Bar Rent						22,000
		20,691	-	747,290	767,981	837,450

Note-27

Fixed Asset Creditors					2015	2014
	C.G.T.T.I	BORELLA	PART TIME		TOTAL	TOTAL
Swedish Trading	289,500				289,500	289,500
Metropolitan Eng. (Pvt) Ltd	682,272				682,272	682,272
Rockwell International	32,121				32,121	
Waterman Eng.(Pvt) Ltd	54,540				54,540	54,540
Ananda Constructions	47,511				47,511	47,511
Sandeep Steel	17,000				17,000	17,000
Savidzone	156,496				156,496	174,358
Abans (Pvt) Ltd	66,883				66,883	327,995
Abans (Pvt) Ltd						111,809
Megaheters	53,395				53,395	53,395
Open system pvt Ltd	1,477				1,477	185,460
Singn tec advertising	49,237				49,237	49,237
NGP Engineering	752,068				752,068	237,888
Prasans Contraction	16,900				16,900	16,900
Metropolitan Pvt. Ltd.	195,333				195,333	
Electroserve	731,626				731,626	443,348
Rotax Pvt. Ltd.	173,939				173,939	
CW Mackie Pvt. Ltd.	86,025				86,025	
Oreal Co.	64,943				64,943	
Leema Creation	109,867				109,867	
E –Tex Pvt.Ltd.						72,500
Dimo	39,150				39,150	344,400
Fiber Glass Industries						18,300
Ace Cam Pvt.Ltd.	90,835				90,835	90,835
Ruwan Trade Centre	102,882				102,882	
Nett Engineering	25,303				25,303	25,303
Sri Wijaya Industries	18,161				18,161	
Nikini Automation Pvt.Ltd.	268,316				268,316	
United Tractor Pvt.Ltd.	38,068				38,068	38,068
John Keells Office	136,097				136,097	
HM Enterprise	12,160				12,160	12,160
Total	4,312,105	-	-		4,312,105	3,292,779

Note-28

Payables					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Housing Loan payable		162,537			162,537	
Total		162,537	-	-	162,537	-

Note-29

Stocks					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Stationery Paints		49,847	350,000		49,847 350,000	400,000
Total		49,847	350,000	-	399,847	400,000

Note-30

Advance for Fixed Assets					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
NGP Engineering pvt Ltd. Engineering Technocracy pvt.ltd.		658,897			658,897	700,560
Total		658,897	-	-	658,897	700,560

Note-31

Sales of Non Movement Stocks					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Sales Value Book Value						
Total		-	-	-	-	-

Note-32

Prior Year Adjustment					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Prior year expenses						(51,113)
Provision for depreciation						(28,865,401)
Provision for depreciation						41,851,679
Total		-	-	-	-	12,935,165

Note-33

Capacity Building – Capital Expenses					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Training & Capacity Building		2,504,979			2,504,979	2,066,239
Transfer to training & devp A/C		(2,504,979)			(2,504,979)	(2,066,239)
Total		-	-	-	-	-

Note-34

Miscellaneous income part time					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Examination fees				60,300	60,300	34,400
Miscellaneous income				59,000	59,000	61,405
Total		-	-	119,300	119,300	95,805

Note-35

Diploma Course income NVQ					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Course Fees						831,000
Registration fees						99,000
Total		-	-			930,000

Note-36

Diploma Course expenses NVQ					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Visiting lecture				455,726	455,726	577,539
Other staff allowance						
Other expenses				86,695	86,695	25,125
		-	-	542,421	542,421	602,664

Note-37

Technological studies - Schools					2015	2014
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Ministry of Skills Development		134,935			134,935	
Teaching Allowance		122,475			122,475	359,295
Other recurrent expenses	23	(257,410)			(257,410)	(359,295)
		-	-	-	-	-

Note-38

Skills Sector Development Program (SSDP)		2015	2014		2015	2014
	Note	Receipt	Receipt	Note	Payment	Payment
Performance Allowance		12,738,630	10,713,559	23 E	12,902,232	10,713,559
Other (Remove scrub toilet Building)			313,903			313,903
Capital Funds		13,515,885		2	13,515,885	
		26,254,515	11,027,462		26,418,117	11,027,462

1. General Policies

1.1 Basis of Preparation

The Balance Sheet Statements of Income changes in equity and Cash flows together with Accounting policies and notes of C.G.T.T.I. as at 31st Dec. 2015 and for the year then ended comply with Sri Lanka Public Sector Accounting Standards. These Financial Statements presented in Sri Lankan Rupees.

1.2 Foreign Currency Transaction

All transaction involving foreign exchange was converted to Sri Lankan Rupees at the rate of exchange prevailing at the time of transaction in this financial Statement.

1.3 Event Occurring subsequent to the Balance Sheet

All material events occurring after the balance sheet date have considered in the financial statement.

2. Assets and base of their valuation.

2.1 The C.G.T.T.I. was functioning as an S.L.C.T.B. Training Institute and was converted to a statutory body under the Ministry of Skills Development Vocational and Technical Education with effect from 28th April 2004. (As per the special Gazette Notification.) Assets including vehicles owned by the C.G.T.T.I. were valued according to instructions given by, Board of Governors. Land & building revalued by Department of Valuation at the year 2013 and Vehicle revalued at the year of 2014. Value of Library Books Rs.1,899,262.00 taken for year 2014 accounts.

2.2 Depreciation is provided from month of purchased. The annual rates of depreciation generally used by institute are as follows.

	Per annum
Buildings	10%
Vehicles	25%
Machinery	12.5 %
Furniture & Fittings	10%
Office equipments	25%
Other equipments	25%
Library Books	25%

2.3 Assets classified as Current Assets on the balance sheet are those which are expected to be realized in cash during the normal operating cycle or within one year from the Balance Sheet date whichever is shorter.

3. Liabilities and Provisions

3.1 All known liabilities have been accounted in preparing the financial statement and Adequate provision has been made for liabilities which are known to exist.

3.2 Retirement Gratuity

Provision is made in the financial statements for retiring Gratuity which may fully Due for payment, under the payment of gratuity act no 12 of 1983 and additional two weeks salary as gratuity for each year of service to employees who were in service at the time the peoplisation programme commenced (28.12.1990) under the SLTB Board Paper 21 of 1994.

3.3 Deferred Income

Capital Grant received under the Treasury funds are treated as deferred income and Amortized 10% per year.

3.4 EPF Payment

Institute contribution for EPF is 12% and Employees contribution is 8% for the CGTTI appointed employees and 10% for the SLTB appointed employees.

**CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
STUDENTS PERSONAL ACCIDENT INSURANCE & BENEVOLENT SCHEME
TRAIL BALANCE AS AT 31.12.2015**

	Dr	Cr
Accumulated Fund		7,203,025
Premium Income		358,725
Interest Income		407,908
Premium income receivable	30,300	
Fixed Deposit	6,803,924	
Bank Balance	986,711	
Interest Receivable	139,570	
Prior Year Expenses	8,503	
Bank Charges	650	
	7,969,658	7,969,658

**CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
STUDENTS PERSONAL ACCIDENT INSURANCE & BENEVOLENT SCHEME
Income Expenditure Account Year ended 31.12.2015**

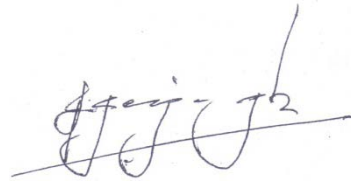
	2015	2014
Income		
Premium Income	358,725	367,800
Interest Income	407,908	385,579
Total Income	766,633	753,379
Expenses	650	-
Total Expenses	650	-
Surplus	765,983	753,379
Prior Year Adjustment	8,503	
Surplus	757,480	753,379

CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
STUDENTS PERSONAL ACCIDENT INSURANCE & BENEVOLENT SCHEME
Balance Sheet as at 31.12.2015

Assets	2015	2014
Fixed Assets		
Fixed Deposit	6,803,924	6,524,622
Current Assets		
Bank Balance	986,711	156,234
Premium income receivable	30,300	367,800
Interest Receivable	139,570	154,370
Total Assets	7,960,505	7,203,026
Liabilities		
Accumulated Fund	7,203,025	6,449,647
Ad: Surplus	757,480	753,379
Total Liabilities	7,960,505	7,203,026



Director/Principal
CGTTI



Accountant
CGTTI



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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Date }

01 March 2017

The Director/ Principal
Ceylon German Technical Training Institute

Report of the Auditor General on the Financial Statement of the Ceylon German Technical Training Institute for the year ended 31 December 2015.

The audit of financial statements of the Ceylon- German Technical Training Institute for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of financial performance , statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My comments and observations on the above financial statements appear in this report. A detailed report for the year under review was furnished to the Director/Principal of the Institute on 14 December 2016.

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 the Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Institute'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 Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

1.4 Incorporation of the Institute

In terms of the Cabinet Paper No. 05/0994/029/013 dated 18 August 2005, it had been decided that permission should be granted to further operate the Ceylon German Tech Training Institute under the identity of Central Transport Board until it is formally incorporated. Even though 11 years had elapsed from the delivery of that decision, action had not been taken to incorporate the Institute.

1.5 Basis for Qualified Opinion

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



2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Ceylon German Tech Training Institute as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

Sri Lanka Public Sector Accounting Standard 07

As the useful life of the non-current assets had not been reviewed annually, fixed assets revalued at Rs.92,376,914 were further being used despite being fully depreciated. Accordingly, action had not been taken to revise the estimated error in terms of the Sri Lanka Public Sector Accounting Standard 03.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) When making payments for the equipment purchased during the year under review, retention money amounting to Rs.288,741 had not been brought to account.
- (b) Out of the money given by the Ministry of Skill Development and Vocational Training for the Consultancy Allowances in the preceding year, a sum of Rs.134,955 unspent should be returned. Nevertheless, it had been brought to account as income. Even though that amount had been returned again to the Ministry during the year under review, it had been stated as a receivable amount from the Ministry in the statement of financial position since it had been erroneously brought to account.



- (c) Even though a sum of Rs.125,346 had been stated as advances for local purchases as at 31 December 2015 in the financial statements, according to the information furnished to audit, the actual amount receivable was Rs.32,500. Accordingly, that balance had been overstated by Rs.92,846.

2.2.3 Unexplained Differences

The following observations are made.

- (a) A difference of Rs.177,900 was observed between the balance according to the Festival and Special Loan Advance register and the balance of the Ledger Account as at 31 December 2015.
- (b) The value of the stock of immovable motor vehicle spare parts amounting to Rs.6,383,077 stated in the financial statement, was a sum of Rs.6,644,588 according to the stock schedule and as such a difference of Rs.261,511 was observed.

2.2.4 Lack of Evidence for Audit

Inventories and the Stock Verification Reports relating to stationery and paints valued at Rs.350,000 stated in the financial statements for the year under review had not been furnished to audit.

2.3 Accounts Receivable

The following observations are made.

- (a) Out of the debtor balance of Rs.4,746,794 remained receivable as at 31 December 2015, a sum of Rs.4,164,543 had continued to exist for more than a period of one year.
- (b) A sum of Rs.182,794 remained receivable from a Junior Consultant who had resigned from service had not been recovered even by 15 September 2016.



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

The following non-compliances were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
<p>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.</p> <p>(i) Financial Regulations 756 and 772</p>	<p>Report of the Board of Survey had not been furnished even by 28 February 2017 by conducting the Board of Survey for the year 2015 and there were plant and equipment valued at Rs.433,780,879 among them. Action in terms of the financial regulations had not been taken in connection with the goods unusable according to the recommendations of the previous year Board of Survey.</p>
<p>(b) Paragraphs 9.3.1-(VI) (VII) of the Public Enterprises Circular No.PED/12 dated 02 June 2003</p>	<p>An acting appointment should not be granted for indefinite period and if such appointment had been given on a special ground, that period should not be more than 3 months. Nevertheless, the officer appointed in the capacity of Deputy Principal of the Institute had been appointed to act in the post for a period of 01 year and 09 months from 18 September 2012.</p>



3. **Financial Review**

3.1 **Financial Results**

According to the financial statements presented, the financial result of the Institute for the year ended 31 December 2015 was a deficit of Rs.48,910,721 as compared with the corresponding deficit of Rs.41,711,984 for the preceding year, thus indicating a deterioration of Rs.7,198,737 in the financial results of the year under review as compared with the preceding year. Although the Government Recurrent Grants and differed income had increased by Rs.37,512,000 and Rs.37,992,296 respectively in the year under review as compared with the preceding year, the above deterioration was mainly attributed to the increase in the expenditure by Rs.81,742,334.

Analysis of the financial results of the year under review and four preceding years revealed that, there was an increasing deficit of the financial results of the Institute and it was Rs.12,819,997 in the year 2011 and it had increased up to Rs.48,910,721 by the year under review. Nevertheless, when taking into consideration the employees remuneration, tax paid to the Government and the depreciation for the non-current assets, the contribution of the Institute of Rs.128,112,639 in the year 2011 had continuously increased and it had been Rs.246,014,148 by the end of the year under review.

4. **Operating Review**

4.1 **Performance**

The following observations are made on the performance of the Ceylon-German Technical Training Institute established in Sri Lanka with the objective of training of skilled technicians in the field of Automobile Engineering and allied trades.

- (a) The Ceylon-German Technical Training Institute had conducted 11 courses with the participation of 1736 students by 31 December 2015 out of which 04 courses attended by 272 students had not been accredited. Thirty five short term courses with the participation of 3500 students had been conducted on fees recovery basis and these courses had not been registered with the Tertiary and Vocational Education Commission or accredited.



- (b) As the Institute had not expanded its training capacity in commensurate with the existing annual demand , although 7699 students had applied for the courses during the period of 04 years from the year 2012 to 2015, training opportunities had been received by 1966 students or 26 per cent only.
- (c) The University College commenced in affiliation with the Ceylon-German Technical Training Institute under the assistance of the Sectoral Skills Development Programme had planned to commence 04 Diploma courses and enroll 160 students by 31 December 2015. Nevertheless, only 03 courses had been commenced and 47 students had been enrolled. According to the existing methodology, the National Vocational Qualifications Level 4 (NVQ4) full time course of 5 years inclusive of the practical training of the Ceylon-German Technical Training Institute should be completed to apply for these courses. As the above Diploma courses are also 02 years fulltime courses, a student is required to spend a period of 7 years to complete the Diploma courses. Therefore, this situation had directly attributed to the decrease of the demand for the courses.
- (d) For the achievement of objectives and targets of the Ceylon-German Technical Training Institute, although human resources development and training policy had been established with the objective of developing skills, knowledge, competency and attitude of the entire cliental, as the training opportunities had been received only by 25 per cent of the entire staff of the Institute, it was observed that those programmes had not been planned and implemented in a manner enabling to achieve those objectives.
- (e) The shortcomings such as lack of adequate library facilities, lack of database and quality control system and not stablishing as an independent body which had been identified as the obstructive factors for the achievement of the objectives and goals of the Institute in terms of the Corporate Plan prepared by the Institute for the period from 2012 to 2016 could not be rectified despite the expiry of the planned period.



4.2 Management Activities

The following observations are made.

- (a) Although the Principal had been informed by the Letter No.PF/FD/04/1998 Vol-1 dated 28 May 2013 of the Director General of Public Finance that provisions should be included for the maintenance of an insurance scheme for the participants of the courses in the preparation of new Act of the Institute, those provisions had not been included in the draft bill. However, a sum of Rs.275 per trainee participated in the courses had been charged for the insurance scheme since the year 1999 without a proper approval.
- (b) As the courses of the University College had not been accredited, the approval of the Tertiary and Vocational Education Commission had not been granted for the conduct of the relevant examinations despite the lapse of the first academic period of the students following the Diploma courses. Therefore, students had been directed to field training without presenting for the relevant examinations.
- (c) The officer who had acted in the post of Deputy Principal of the Institute during the period from 30 June 2014 to 30 August 2016 without proper appointment or approval had been paid a sum of Rs. 512,839.
- (d) The officer served in the capacity of the Personnel Manager of the Institute had resigned on 04 February 2014 and served in a private institution. He had been given full salary and allowances of Rs.105,402 and salary steps for the period not engaged in the service contrary to Section 8.1 of Chapter vii of the Establishments Code while considering he as an officer continued in the service without approval of the Director General of Establishments in terms of Sections 3.1 and 3.2 of Chapter V of the Establishments Code.



4.3 Operating Activities

The following observations are made.

- (a) The training equipment valued at Rs.367,957,867 received by the University College under the Sectoral Skills Development Programme had not been properly handed over to the relevant Consultants in charge of the training laboratories and included in the inventories.
- (b) The attention of the management had not been focused on the implementation of a proper programme for the improvement of the library facilities in order to update the knowledge of the students and the Instructors in a manner enabling them to adapt to the constant technical changes.

4.4 Transactions of Contentious Nature

A portion of the contribution of the Employees Provident Fund that was not included in the Employees Provident Fund of the Central Bank but recovered from the salaries of the employees who had been given appointment under the Central Transport Board and subsequently attached to the Ceylon-German Tech Training Institute, had been deposited in a fixed deposit by the Institute. A proper arrangement had not been made for the utilization of a sum totaling Rs. 3,420,066 including the interest earned from the above investments and the loan installments recovered from the salaries in respect of the housing loans.

4.5 Idle and Underutilized Assets

In order to commence Production Technology Course, equipment valued at Rs.240,496,777 had been provided under the Sectoral Skill Development Programme in December 2014. Nevertheless, that course had not been commenced even by 07 September 2016, the date of audit and as such that equipment had remained idle.



4.6 Staff Administration

The following observations are made.

- (a) The approved cadre of the Institute was 268 and there were 22 vacancies of the Institute by the end of the year under review. Among these vacancies, that may be directly affect the achievement of objectives and the goals of the Institute, the post of Director/ Principal had remained vacant for 03 years and the post of Registrar for 02 years and 08 months. Further, 21 posts of middle management level had fallen vacant and the posts of Accountant, Assistant Registrar, Administrative officer and Assistant Manager were among them.
- (c) Although a new salary structure had been approved for the Institute by the Letter No. DMS/C1/PS/34 dated 29 September 2008 of the Director General of Management Services, various issues cropped up in the absorption of the employees according to those salary structures. Details appear below.
 - (i) According to the approved scheme of recruitment, in making internal recruitment for the post of Internal Auditor II, at least a service period of 05 years of a post of Junior Management Grade One (JM-1-1) service category should be completed therefor. Nevertheless, a female officer who had only 05 months service experience of the post of Management Assistant MA-1-2 service category had been appointed to that post.
 - (ii) According to the approved scheme of recruitment, in making internal recruitment for the post of Chief Engineer (Production and Maintenance), a service period of 05 years of the post of Deputy Chief Engineer of the Management Service Grade One (MM-1-1) service category should be completed therefor. Contrary to that, an officer who had completed a service period of 3 years of a post of Junior Management Level JM-1-1 had been appointed to that post.



- (iii) Even though 04 officers appointed to the post of Senior Training Engineer had retired, as new salary step had been computed irrespective of the promotions, gratuity and provident fund had been paid based on the salary without being eliminated anomalies.
- (iv) In the revision of the salary structure by the Institute, new salary steps had been prepared for the officers employed in the Engineering Posts irrespective of the promotions.

5. Accountability and Good Governance

5.1 Internal Audit

The Internal Audit Unit had not carried out audit relating to the fields such as the progress of the conduct of training courses, acquisition of capital assets, internal control of the systems and maintenance of registers. Out of the total 3923 man hours of the Internal Auditors that could be allocated for the annual auditing, 975 hours had been spent in respect of the board of survey of the Institute.

5.2 Unresolved Audit Paragraphs

Even though a sum of Rs.591,100 had been spent for the installation of a computerized accounting software system the total value of which amounted to Rs.1,103,200 in the year 2010 and 2011, that system could not be utilized even by the end of the year under review due to its defects and errors.

06. Systems and Controls

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



Areas of System and Control

Observations

(a) Human Resources Management

Failure to fill the vacancies of the posts of top management level, not paying proper attention on the settlement of the issues relating to the service munities and approved salary structures.

(b) Accounting

Failure to maintain a proper accounting system so as to record the assets correctly.

(c) Operating Control

(i) Failure to maintain records properly and not recovering the income within the prescribed period.

(ii) Management had not focused attention on the qualitative and quantitative development of the training programmes.

W.P.C. Wickramaratne
Acting Auditor General

**Report of the Auditor General on the Financial Statements of the Ceylon –
German Technical Training Institute for the year ended 31 December 2015**

(Replies)

1.2 Managements' Responsibility for the Financial Statements

1.3 Auditor's Responsibility

1.4 Incorporations of the Institute

The Draft Act for the incorporation of the Institute has been published in the Government Gazette dated 10 March 2017.

1.5 Basis for the Qualified Opinion

2. Financial Statements

2.1 Qualified Opinion

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

Sri Lanka Public Sector Accounting Standard 07

The buildings had been revalued in accordance with the Accounting Standard and those values have been brought to account. Further, steps will be taken to revalue the fully depreciated machinery and equipment and training equipment account for those items and present those values in the accounts of the ensuing years.

2.2.2 Accounting Deficiencies

(a) Action was taken for the accounting of the sum of Rs.288,741.00 retained in making payment for the equipment purchased and rectify the relevant accounts.

(b) A sum of Rs.134,955.00 out of the money provided by the Ministry for making payments to the Instructors who are teaching the subject of Technology was saved at the end of the year 2014. As that amount was treated as an income in the preparation of accounts for the year 2014, the income for the year 2014 was overstated. Action for the rectification of this error will be taken when the accounts for the year 2016 are prepared.

- (c) Action was taken to examine the overstatement of Rs.92,846 made in the Local Purchase Advance Account and rectify the relevant account.

2.2.3 Unexplained Differences

- (a) The balances recorded in the Registers of Advances are correct, even though there is a difference of Rs. 177,900 in the balance in the ledger. This error was not an error made in the year 2015 and that is an accounting error existing from the years prior to that year. The errors made in the preceding years in copying to the Ledger Accounts and that had affected in this connection. Steps will be taken to rectify the errors and to rectify the ledger balance.
- (b) The difference of Rs.261,511.00 in the value of the balance of the stocks that 9-approved in the financial statement was rectified in the preparation of the annual accounts for the year 2016.

2.2.4 Lack of Evidence for Audit

According to the ledger, the balance of the stock of paints issued to the Borella Branch is Rs.350,000.00. Such paints were used for production activities and for the training of Apprentices. The officers have been instructed to furnish a physical stock report on the closing balance and action will be taken as soon as possible to furnish that report to the Auditor General.

2.3 Accounts Receivable

- (a) The Ceylon – German Technical Training Institution was an Institute under the purview of the Sri Lanka Transport Board up to the year 2004. During that period as well as thereafter, the buses and engines belonging to the Sri Lanka Transport Board had been sent to this Institute for carrying out repairs. This had provided the opportunities to the Apprentices for practical training through this

arrangement. In addition the Institute could earn an income as well. This debtor balance is made up of the amounts not received out of the monies receivable for the amounts not received out of the Sri Lanka Transport Board over a long period. Even though letters have been sent regularly to the Depots of the Sri Lanka Transport Board for the recovery of the debtors balances, certain balances relating to the past years remain irrecoverable. Further action on this matter will be taken on this matter by holding discussions with the officers of the Head Office of the Sri Lanka Transport Board.

- (b) The Advisory Committee had, at the meeting held on 14 August 2015, given the approval to the employees concerned to obtain the factory training needed for the completion of requirements of the Diploma on Automobile Technology during the period 13 July 2015 to 12 January 2016. It was informed by letter dated 18 March 2016, that this employee, could not take action according to the procedure to report for duty on receiving the appointment to the Technical Education and Training Department on the due date as this Institute was closed for the year end vacation. The employee was instructed to make payment of the money recoverable from him to the Institute. The gratuity due for his period of services has not been released up to date. Necessary action will be taken for the recovery of the money due to the Institute from him.

As both institutions are under the purview of the same Ministry, he has made a request to transfer his agreement to the new place of work. The Department of Technical Education and Training has informed by letter of 24 May 2016 that the agreement entered into his training can be transferred to the Department of Technical Education and Training. Accordingly, the Department of Technical Education and Training was informed by letter of 07 July 2016 to pay the agreement sum of Rs.116,195.96 to this Institute. The Additional Director

General of the Department of Technical Education and Training had, by letter dated 25 July 2016 addressed to the Secretary to the Ministry, informed that the said money cannot be paid for the transfer of the agreement. An appeal made by the employee stating that the agreements of the officers who had come to this Department for service in the past had been transferred and making a request for the transfer of the agreement to the Department has been forwarded to the Secretary to the Ministry.

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

The Report of the Board of Survey for the year 2015 was prepared and a copy of that was furnished to the Government Audit Branch. Similarly, as the first step of the disposal process, absolute scrap iron and machine parts were given to the Industrial Development Board of Ceylon.

3. Financial Results

3.1 Financial Review

4. Operating Review

4.1 Performance

- (a) Out of the Full-time Courses conducted by the Institute by 31 December 2015, three Courses had not been accredited. Out of these 3 Courses, Mechatronic Course was accredited on 07 November 2016. The Tertiary and Vocational Education Commission had formulated the National Skills Standards for the Millwright Technology and the Diesel Engine Technology only in December 2016, the documents required for the accreditation of those are being prepared at present. As such 7 courses of 9 Courses conducted by the Institute at present have been accredited at present.

The Vehicle Body Repair and Painting Technology Course conducted by the Borella Branch was accredited on 05 January 2016.

The courses are not registered in the Tertiary and Vocational Education Commission as stated in audit observations. These two Institutes were registered in the Tertiary and Vocational Education Commission under Nos. P1/0016 and P1/0683. Further, very short term Courses of 75 or 150 Hours duration cannot be adjusted with the standards and accredited. Those are short term courses.

- (b) In order to commensurate with the increasing demand of the Industrial Sector, 600 Apprentices were enrolled in the year 2016 with the objective of increasing the training capacity. (Only 500 were enrolled in the year 2015). Together with the increasing of the number of Apprentices, the infrastructure required for these is also being increased gradually at present whilst. The modern machinery etc. required for training purposes have been supplied. Attention was paid to the expansion of training opportunities as stated in the recommendation and a new course under the subject “Automobile Air-conditioning Technology” was commenced.
- (c) The balance course could not be commenced due lack of an adequate number of students.
- (d) A training Policy for the formal training and development of the staff of the Institute was introduced in the year 2016 as there was no formal training policy for that purpose previously. As it was observed that certain matters in that Training Policy needed amendment, action was taken to make the needed amendments. As certain obstacles surface for the training of the Apprentices in sending the members of the academic staff for training. Nevertheless, action will be taken to send them for training courses in order to improve the skills, capacity and attitudes of all employees of the Institute in accordance with the Training Policy.

- (e) Action has been taken to inform the Heads of the respective Divisions to determine the categories and the quantities of books for each course.
- Action has been taken to appoint a Committee to examine the books available at present and make recommendations for the disposal of the books that cannot be made use of.
- Even though the Institute did not purchase books during the preceding years, books valued at Rs.1,709,235.18 were given to the Institute by the Skills Sectoral Development Programme under the Ministry.

4.2 Management Activities

- (a) Instruction have been issued for forwarding proposals through a Committee to enable the provision of the benefits schemes relevant to the Insurance Scheme in operation at present at the maximum level.
- (b) All reports relating to the Quality Management System were handed over to the Tertiary and Vocational Education Commission in December 2016 and the submission relating thereto were furnished on 17 January 2017.
- (c) According to the letter No. 2/1/15/3/09 dated 14 September 2012, appointment as the Director / Principal on acting basis had been made from 18 September 2012 until a Director / Principal is appointed to the Ceylon – German Technical Training Institute and in accordance with the decision of the Advisory Board taken at the meeting held on 19 February 2014, in relation to the appointment on acting basis, action was taken with the approval of the Secretary to the Line Ministry for the payment of acting allowance with effect from 18 September 2012.
- It is agreed with matter pointed out in the Audit Report that in terms of Section 13.3 of the Establishments Code that an acting appointment should be made as a

temporary measure until a permanent appointment is made. According to the letter dated 18 September 2012 of the Secretary to the Line Ministry, the appointment was made as a temporary measure.

Internal applications were invited on 07 January 2016 in accordance with the instructions of the Secretary to the Line Ministry. That invitation for applications was challenged in the Supreme Court by an officer of the Institution and the Supreme Court has rejected that.

Even though it is stated in paragraph 2 of the Public Administration Circular No. 6/97 of 03 February 1997 that the acting period should be subject to a maximum period of 03 months, and if such vacancy is not filled within that period, the need for further retaining such post should be enquired from the Secretary to the relevant Ministry. That would mean that the acting appointment can prevail beyond 03 months. According to the Web Site of the Ministry of Public Administration under the heading "often asked questions" the second question is " When the letter of appointment on action basis on full time does not mention the acting period, whether the acting allowance paid to the officer should be limited to 03 months ? "The reply given to the above question is" in the case of an officer appointed on full time acting basis in terms of the Public Administration Circular No. 6/97 issued by amending Sub section of Chapter VII of the Establishment Code, the Sub-sections 12:5:1 and 12:5:2 of the same Chapter on the payment of acting salary to an officer appointed for acting on full time basis have not been amended. As such there is no requirement for the limiting of the payment of allowance under those sections to 03 months".

In the circumstances, I presume that it is possible to act in any particular post exceeding 03 months.

Action on the acting appoint and the payment of allowances have been taken in terms of provisions in Section 12 of Chapter VII of the Establishments Code.

- (d) The officer concerned submitted a letter in accordance with the procedure of the Institute, to resign from the services with effect from 05 February 2014 and the Management accepted the requests and informed him to obtain his leave entitlement. As such he has obtained his leave entitlement for December 2013 and up to the date of resignation.

According to the letter dated 12 February 2014 of the Additional Secretary to the Ministry, instructions had not been given with regard to a break in the service as the officer had forwarded a letter requesting the cancellation of the resignation prior to the date of resignation and that the approval was given before that date. As such, the officer was considered as he had served without a break in service as he had obtained leave for the days on which he had not reported for work and was paid the salaries and allowances. According to the instructions given by the Department of Management Service, he had been transferred to HM-1-1 Salary scale in the implementation of the absorption proposals. Accordingly he was placed on that salary.

This Institute functioned under the administration methodologies of the Sri Lanka Transport Board, has not been established as an independent institution up to date and there is a problematic situation with regard to the administration methodologies. Informing the Director General in connection with appointments, resignations, vacation of posts and retirement or obtaining instructions have not been done by the Institution up to date.

4.3 Operating Activities

- (a) The training equipment valued at Rs.367,957,867.00 received from the Skills Sectoral Development Programme for the University Colleges have been properly recorded in the Inventory Register. The Register of Fixed Assets and the Register of Issue of Goods to the Officers in Charge of Divisions were made available to the Audit Officers for examination.

- (b) Action has been taken to inform the Heads of the respective Divisions to determine the categories and the quantities of books for each course.

Action has been taken to appoint a Committee to examine the books available at present and make recommendations for the disposal of the books that cannot be made use of.

Even though the Institute did not purchase books during the preceding years, books valued at Rs.1,709,235.18 were given to the Institute by the Skills Sectoral Development Programme under the Ministry.

4.4 Transaction of Contentious Nature

This matter was discussed at the meetings of the Advisory Board and the Audit and Management Committee. It was decided at those meetings that further action on this matter should be taken after obtaining the instructions from the Commissioner of Labour (Employees' Provident Fund). As such action was taken to send a letter to the Commissioner of Labour seeking instructions.

4.6 Staff Administration

- (a) Newspaper advertisements were published for filling vacancies of employees that existed in the Institute and the VIVA Voce tests were held for the posts of the Secretary, the Accountant, the Librarian and the Maintenance Assistant (Civil). The candidates who appeared for the post of Secretary did not have the basis qualifications and as such the approval of the Department of Management Services was sought for the recruitment of a person on contract basis.

Recruitment was made for the posts of the Accountant and the Librarian. Even though a person was selected for the post of Maintenance Assistant (Civil) he did not report for service. Action will be taken for recruitment by publishing newspaper advertisements again. In connection with the posts of the Assistant Secretary, Administration Officer and the Assistant Manager – Administration and Human Resources pointed out in the Audit Report, VIVA Voce tests held for

filling these vacancies through internal promotions for those posts and those posts have been filled.

In addition to these, action will be taken to publish newspaper advertisements for the recruitment to the vacant post of Deputy Director / Deputy Principal. Approval for recruitment to the posts falling vacant due to retirements has been requested from the Department of Management Services and action for recruitment will be taken after receiving the approval.

- (b) (i) During the period the Ceylon German Technical Training Institute was under the administration of the Sri Lanka Transport Board, the Internal Audit Work of the Institute was done by an officer of the Sri Lanka Transport Board. After the detachment of the Institute from the Sri Lanka Transport Board the money requirements of the Institute were allocated to the Institute by the Ministry through the Treasury. Therein the need for a post of Internal Auditor for the Institute had arisen. Accordingly, applications were invited by publishing newspaper advertisements under the instructions and approval of the Line Ministry, and this officer was selected on the results of the Viva Voce test, this officer was recruited on 24 January 2008 formatting to the permanent service of the Institute as the Internal Auditor in Grade V on 24 January 2008.
- According to paragraph 07 of the Letter No. DMS/C/1/PS/34 dated 24 September 2008 it states only that the schemes of Recruitment and Promotions should be prepared for the new posts recommended and approval of the Department should be obtained.
- According to the letter dated 29 September 2008 on the Restriction and Absorption the post of the Internal Auditor has been shown as a new post, the provisions of the Absorption had not been received from the above letter for several employees who served in the Institute prior to the Restructure. As such, the matters relating to the employees for whom

Absorption provisions were not received and the employees who had other problems were forwarded in writing by the management of the Institution to the Department of Management Services on 03 June 2014 and 10 July 2014. According to paragraph 04 of the letter dated 26 August 2014 in reply to that letter instruction were given for the absorption of the employees who were in service of the Institute prior to the Restructure to be absorbed according to the new scheme of Recruitment with effect from 01 July 2008 on the completion of qualifications appearing in the new schemes of Recruitment. Accordingly several officers including this officer were absorbed on 16 September 2011 in accordance with the approved Staff Cadre Estimates. (Librarian, Training Engineer Grade V, Computer Networks Administrator, Supplier Manager, etc. were absorbed as such)

This officer has completed the external qualifications for the post of Internal Auditor, according to the newspaper advertisement published for the recruitment, the scheme of Recruitment approved on 30 November 2012 and the amendment made to the Scheme of Recruitment approved on 30 July 2014.

- (ii) This officer who had been appointed to cover the duties of the post of this Chief Engineer, production and Maintenance prior to the approval of the new Scheme of Recruitment and Promotion was confirmed in service by conducting a Viva Voce test according to the requirement of the Institute the service of those officers who had performed duties under covering up duties. On the absorption this officer was placed in the Junior Management (JMI – 1) salary step.

As this officer had not fulfilled the qualifications required for a Senior Manager (HM1-1), the post of Chief Engineer, Production, Services and Maintenance, the officer had been placed on the Junior Manager (JM1-1) salary step.

- (iii) As at the date of retirement of these officers, the letters for implementation of the Absorption proposals were issued to all employees, the payment of salaries according to those was not implemented due to objections raised by the employees.

Accordingly, they were paid the salaries and allowances which were effective prior to the absorption at the time of their retirement. The letters of absorption were issued again under the date 14 December 2015 and the salaries and allowances of the employees in service in the Institute are being paid in accordance therewith whilst such arrears of such salaries and allowances have to be paid to those who retired.

Nevertheless, the instructions of the Department of Management Services have been sought in connection with the problems that have surfaced with regard to the absorption. The arrears of salaries and allowances of these employees can be paid after the receipt of the instructions and carrying out an audit of the salaries.

Action according to the old Grading System cannot be taken since the implementation of the Absorption Proposals with effect from 01 July 2008. The Department of Management Services has not approved a separate salary scale for the post of senior Training Engineer. The post of the Senior Training Engineer is a post in charge of the administration work of the Training and as it is necessary to further maintain that post in the Institute, action was taken by obtaining the approval of the Department of Management Services to designate those appointed to Grade I of the Junior Management Category in the new Scheme of

Recruitment and Promotion, as the Senior Training Engineer. The Department of Management Services has given instructions to implement the post of Senior Training Engineer personally to the holder of the post only.

In such circumstances as pointed out above, in terms of the Scheme of Recruitment and Promotion, an officer has to complete a service period of 10 years in the Grade II of the Junior Management Service Category (JM1-1) to be eligible for appointment to Grade I of the Junior Management Service Category (JM1 -1). The holders the Senior Training Engineer post are not eligible for appointment to Grade I of the Junior Management Service Category (JM1-1).

As such considering the date of appointment of the officers to the post of Training Engineer, they were placed in Grade I on the relevant date in the year 2010 on which they completed the service of 10 years.

These officers who held the posts of Training Engineer even by 01 July 2008 have to be absorbed into the Management Assistant (Technical) (M.A. 2-2) Service Category. But they were absorbed on 01 July 2008 to the Junior Management (JM1-1) Service Category by examining the qualifications according to the amended scheme of Recruitment and Promotion. Their claim was for placement in Grade I of the Junior Management Service Category (JM1-1) with effect from 2011.07.01 The date on which they were promoted to Grade IV. But there is no provision for taking such action. But this Group have been placed in Grade I on the completion of 10 year service in the Junior Management Service Category (JM1-1) in accordance with the provisions in the scheme of Recruitment and Promotion. The date of appointment to the post of Training Engineer Grade V was considered in the computation of 10 years period of service. Action according to the old Grading System cannot be taken since the implementation of the new Scheme of Recruitment and Promotion and

the Absorption Proposals. In consideration of the delay in the implementation of those proposals, action was taken for placement in Grade I of the Junior Management (JM1-1) based on 10 years service period the date of creation of the post of Training Engineer.

Nevertheless, discussions are being held with the Line Ministry, the Officers of the Department of Management Services and National Salaries Commission with regard to the situation that had arisen in the implementation of the Absorption Proposals and action will be taken in the future in accordance with the instructions given by the National Salaries Commission.

5. Accountability and Good Governance

5.1 Internal Audit

The areas of audit have been included in the Internal Audit Plan for the year 2014.

According to the Rule of the Sri Lanka Transport Board, the stores verification for handover of stores to the new storekeeper on the retirement of the Storekeeper should be done by the Internal Audit Division. As such 975 man hours were included for the stores verification in the Internal Audit Plan and approved.

5.2 Unresolved Audit Paragraphs

Even though this software system was installed and implemented in the year 2010, all activities expected could not be achieved due to the problems that arose in the operation. Nevertheless, activities such as preparation of pay sheets through this system at present.

6. Systems and Controls

Instructions were issued to the respective officers to take action by paying attention to the relevant areas.

A handwritten signature in blue ink, consisting of a stylized initial 'D' followed by a horizontal line and a small vertical stroke at the end.

Director/Principal
C.G.T.T.I.