National Institute of Education - 2024

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1. Financial Statements

1.1 Adverse Opinion

The audit of the financial statements of the National Institute of Education for the year ended 31 December 2024 comprising the Statement of Financial Position as at 31 December 2024 and the Statement of Financial Performance, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, as the significance of the matters described in the Basis for Adverse Opinion section of my report, the accompanying financial statements do not give a true and fair view of the financial position of the National Institute of Education as at 31 December 2024 and of its Statement of Financial Performance, Statement of Changes in Equity and Cash Flow Statement for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Adverse Opinion

My opinion is Adverse on the sigificance of the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Adverse Opinion

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Institute's financial reporting process.

As per sub-section 16(1) of the National Audit Act No. 19 of 2018, the Institute is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Institute.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my Auditor's Report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the submission of information to enable a continuous evaluation of the activities of the Institute and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Institute has complied with applicable written law, or other general or special directions issued by the governing body of the Institute,

- Whether it has performed according to its powers, functions and duties;

- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the Preparation of Financial Statements

1.5.1 Non-compliance to the Sri Lanka Public Sector Accounting Standards

	Non-compliance with Reference to the Relevant Standard	Comments of the Management	Recommendation
(a)	Although paragraph 21(e) of Sri Lanka Accounting Standard 01 stated that a comparison should be submitted between the approved budgeted figures and actual figures in a set of whole financial statements or the budgeted figures should be submitted as a separate column in the financial statements, action had not been taken accordingly.	According to paragraph 21(e) of Sri Lanka Accounting Standard 01, the 2025 Annual Financial Statements will be submitted by including a separate column in the financial statements as that the budgeted figures can be compared with the correctly prepared actual figures with the 2025 Annual Financial Statements.	A comparison between the approved budgeted figures and actual figures or as a separate column of budgeted figures in the financial statements should be submitted as a component of set of financial statements.
(b)	According to paragraph 47 of Sri Lanka Public Sector Accounting Standard 03, material errors of prior periods should be corrected retrospectively by restating the comparative amounts submitted for the period in which the error occurred in the first set of financial statements approved for issue after the entity has found them, but the	Although these transactions should be adjusted retrospectively, the error that has arisen through adjustments to the accumulated fund of the year under review will be corrected and submitted with the 2025 Annual Financial Statements.	When correcting errors in previous years, retrospectively adjusted financial statements should be submitted.

	accumulated fund was under-accounted by Rs. 9,944,533 due to adjustments to the accumulated fund without adjusting the stock of Rs. 20,117,007 which was over-accounted in the previous year, the unaccounted work-in-progress stock of Rs. 14,517,150 in the year under review and the advance payments of Rs. 4,572,617 in relation to the previous year.		
(c)	Although uncompleted stock related to printing and marketing activities under the department of printing and publication of the institute should be accounted for in accordance with paragraph 9(d) of the Sri Lanka Public Sector Accounting Standards, the uncompleted stock in the printing process as at 31 December 2024 had not been assessed and accounted for.	Although the uncompleted stock should be assessed and accounted for as at 31 December 2024 in accordance with Sri Lanka Public Sector Accounting Standard No. 09, action will be taken to correct the error due to the inability to do that and submit it when submission of the 2025 annual financial statements.	A system should be established to identify uncompleted stock and accounted for it accordingly.
(d)	Capital grants of Rs. 30,000,000 received from the Treasury during the year under review had been mentioned under miscellaneous income contrary to Sri Lanka Public Sector Accounting Standard 11.	Capital grants of Rs. 30,000,000 received from the Treasury have been accounted for under miscellaneous income by mistake. It is stated that the error that have occurred will be corrected in accordance with accounting standards and submitted with the annual financial statements of 2025.	Capital grants should be disclosed in the Statement of Financial Performance as stated in the referred accounting standard.

(e)	The roof of building No. 13 of the National Institute of Education was replaced and completed at an expenditure of Rs. 794,980 in the year 2024 and despite it was used by the institution, due to non-capitalization in accordance with the provisions of Sri Lanka Public Sector Accounting Standard No. 07 (14) (b) and (22), the work-in-progress account was over-stated by Rs. 794,980 and the property, plant and equipment were under-stated.	Due to that the amount of Rs. 794,980 spent on the renovation was included into the work-in-progress account by mistake without being capitalized; the error will be corrected in accordance with the provisions of the above standard and submitted with the annual financial statements of 2025.	Work-in-progress should be capitalized when the work is completed and used.
(f)	The Department of Printing and Publications and the hostel had generated income of Rs. 95,969,419 and Rs.53,467,508 respectively from the sale of books and the activities of the canteen and hostel during the year under review, but the revenue, expenses and profits had not been disclosed in the financial statements as that was identifiable in accordance with the provisions of Sri Lanka public Sector Accounting Standard 17.	Separate set of accounts will be prepared for sets and submitted with the annual financial statements of 2025 in accordance with the provisions of Sri Lanka Public Sector Accounting Standard 17.	The set of accounts should be prepared for the Department of Printing and Publication and the hostel and the revenue, expenditure and profit of each unit should be disclosed in the financial statements.

1.5.2 Accounting Deficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	It was observed a difference of Rs. 14,894,522 due to the non-current gratuity provision balance as at 31 December 2024 was Rs. 102,264,137 as per the financial statements and the	The correct balance will be accounted for and correct the error that has occurred will be corrected and action will be taken to submit them with the annual financial	Annual gratuities should be calculated correctly and accounted for.

	gratuity provision balance was Rs. 117,158,659 as per the schedule submitted with the financial statements.	statements of 2025.	
(b)	Although the employee gratuity amount to be settled within twelve months should be Rs. 17,009,228, it had been accounted less than Rs. 758,866 with indicating Rs. 16,250,362 under current liabilities.	The error that occurred due to an under-accounting of the gratuity amount of Rs. 758,866 for two employees will be corrected and submitted with the annual financial statements of 2025.	Annual gratuities should be calculated correctly and accounted for.
(c)	Although the balance of the stock control ledger as at 31 December 2024 was Rs. 61,690,988 due to the balance of the stock control account in Note No. 04 of the financial statements was Rs. 26,178,280 there was a difference of Rs. 35,512,708	The discrepancy in the balances of the stock control account and the stock account will be corrected and submitted with the annual financial statements of 2025.	The stock should be correctly accounted for and actions should be taken to prevent possible misuses and corruptions and intervene such situations.
(d)	Due to that the fixed assets of Rs. 1,827,800 included in the stock of the main warehouse as at 31 December 2024 were not recognized as assets, the cost of property, plant and equipment was under-stated by that amount and the closing stock was over-stated by that amount.	The cost of fixed assets included in the stock of the main warehouse as at 31 December 2024 will be removed from the stock and action will be taken to correct the accounts of stock account and fixed assets account and submit with the annual financial statements of 2025.	Fixed assets and stock should be specifically identified and accounted for and a system should be established to prevent occur this situation in future.
(e)	The 1,046 meters of internal road system within the Maharagama and Meepe premises had not been assessed and accounted for in the financial statements and the expenditure of the Maharagama road system, which was improved with carpet in the year 2019 at an expenditure of Rs. 9,393,578 had been accounted for as	The internal road system will be assessed and accounted for and action will be taken to correct the error that occurred due to accounting for the amount of Rs. 9,393,578 spent on carpeting under recurrent expenditures and capitalize that amount.	Capital expenditures should be specifically identified and the expenses and assets should be accurately accounted for in the financial statements and the property, plant and equipment should be accounted for under each class of assets.

	recurrent expenditures without being capitalized.		
(f)	The investment interest income and receivable investment interest income for the year under review were Rs. 190,751,836 and Rs. 345,067,739 respectively as per the financial statements and due to those values were Rs. 155,965,200 and Rs. 162,840,212 respectively according to the calculations of audit, investment interest income was accounted for at an excess of Rs. 34,786,636 and receivable investment interest income was accounted for an excess of Rs. 182,227,527.	This error was occurred by mistake of recording incorrect figures when accounting for in the system of Enterprise Resource Planning (ERP) and action will be taken to correct it and submit it with the annual financial statements of 2025.	Investment interest income for the year under review should be calculated and accounted for correctly.
(g)	Due to that the capital expenditures of Rs. 11,759,397 incurred during the year under review for the construction of the perimeter wall and the renovation of the Deputy Director General's official residence in the Maharagama premises, the roofing of Hall No. 04 and the renovation of the Director's official residence in the Meepe premises were identified as recurrent expenditures and accounted for, fixed assets were under-accounted for and recurrent expenditures were over-accounted for by that amount in the year under review.	That expenditure will be capitalized in accordance with standards and submitted with the annual financial statements of 2025.	Capital expenditures should be specifically identified and expenses and assets should be accurately accounted for in the financial statements and property, plant and equipment should be accounted for under each asset class.
(h)	Although the total of cash inflows from operating, investing and financing activities in the Cash Flow Statement of the entity should	Actions are being taken to rectify the error, re-prepare the cash flow statement and submit it along with the annual financial	The cash inflows and outflows from operating, investing and financing activities should be accurately identified in

	be Rs. 120,378,480, Rs. 11,957,386 and Rs. 587,452 respectively, due to the total cash inflows are mentioned as Rs.114,498,331, (Rs.154,561,493) and Rs.151,629,457 respectively in the Cash Flow Statement, the total net cash flows varied as Rs.5,880,149, Rs.166,518,879 and Rs.151,042,005 respectively.	statements of 2025.	accordance with the Statement of Financial Position and the Cash Flow Statement should be accurately prepared in accordance with Sri Lanka Public Sector Accounting Standards.
(i)	The institution had incorrectly prepared the Cash Flow Statement by stating a balance of Rs. 59,126,107 as cash inflows from operating activities as other adjustmenets since the total of net cash flow had not been equal to the year ended balance of cash and cash equivalents in preparation of the Cash Flow Statement by the institute.	Actions are being taken to rectify the error, re-prepare the cash flow statement and submit it along with the annual financial statements of 2025.	When the balances of the totals under operating, investing and financing activities in the Cash Flow Statement are not equal, the Cash Flow Statement should not be prepared by entering false figures without taking actions to dtect them.
(j)	Although the stock was Rs. 24,752,952 according to the survey report of the main warehouse during the year under review, a difference of Rs. 1,425,328 was observed due to that balance of the stock control account was Rs. 26,178,280.	The error that has been occurred will be corrected and submitted with the annual financial statements of 2025.	The stock should be accounted for correctly and actions should be taken to prevent possible misuses and corruptions and to reveal such situations.

1.5.3 Unreconciled Control Accounts or Reports

Subject	Amount according to Financial Statements Rs.	Amount according to Corresponding Reports Rs.	Difference Rs.	Comments of the Management	Recommendation
Fixed Assets	7,283,591,465	6,749,451,001	534,140,464	The fixed assets will be revalued and the correct fixed assets	Action should be taken to prepare the fixed assets register accurately and responsibly.

register will be submitted.

1.5.4 Lack of Written Evidences for Audit

	Subject	Amount Rs.	Unprovided Audit Evidences	Comments of the Management	Recommendation
(a)	Capital Grants	(1,118,285,578)	Documents required to verify minus balance	Evidences regarding the minus balance of Rs. 1,118,285,578 will be investigated and submitted to the Superintendent of Audit before 15 December 2025.	The reasons that affected to this minus balance and the information relevant to verifying the minus balance should be accurately submitted to the audit.
(b)	Loan Fund	70,336,385	It was a long-term inactive loan fund and evidences to prove it.	Written Evidences regarding the minus balance of Rs. 70,336,385 will be investigated and submitted to the Superintendent of Audit before 15 December 2025.	The purpose of establishing the long-term inactive loan fund and the relevant information to confirm that balance should be accurately submitted to the audit.
(c)	Balance of JICA Building Complex	660,000,000	Evidences to confirm the balance of JICA Building Complex included in the capital grant.	Evidences regarding this capital grant will be investigated and submitted to the Superintendent of Audit before 15 December 2025.	The information relevant to verifying the purposes of receiving capital grants and the balance of that capital grant should be accurately submitted to the audit.
(d)	Total of 7 balances of grants	489,456,037	Evidences to verify the total of balances of 7 capital	Evidences regarding these balances of capital grants will	The objectives of receiving 7 balance of capital grants and the relevant

			grants that have remained unchanged for more than 20 years.	be investigated and submitted to the Superintendent of Audit before 15 December 2025.	information to confirm that long-term capital grant balance should be accurately submitted to the audit.
(e)	APCEIU– Fund	3,393,579	Evidences to support the APCEIU-Fund included in Note 14	Evidences related to this fund will be investigated and submitted to the Superintendent of Audit before 15 December 2025.	The objectives of establishing the APCEIU fund and the information relevant to verify the balance of it should be submitted to the audit.
(f)	Reserve for research and development	3,535,000	Evidences to confirm the allocation reserve for research and development	The evidences related to this research and development allocation reserve will be investigated and submitted to the Superintendent of Audit before 15 December 2025.	Information regarding the objectives of establishing the research and development reserve and the information of its balance should be submitted to the audit.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a)	Annexure 01 of Chapter 05 of the Code of Public Enterprises Guideline No. 01/2021 dated 16 November 2021.	An Annual Action Plan should be prepared for the institute to implement the approved budget estimates for each year and although the Annual Action Plan for the next year should be prepared before 15 December of the current year and submitted to the Department of Public Enterpises through the	The reason for non-submission before 15 December of the current year is due to the the timing and uncertain nature of the government provision and curriculum development.	A draft Action Plan prepared in accordance with the annual priorities in accordance with the vision, mission, objectives and tasks of the institute should be prepared when the submission of

		Line Ministry, action had not been taken accordingly.		budget proposals for each year and as the Draft Action Plan will have to be revised according to priorities based on the provisions received after taken approval for budget, a methodology should be established to act accordingly and prepare the Annual Action Plan in timely.
(b)	Management Services Circular No. 2017/05 dated 25 October 2017	The professional allowance, which is paid to Executive Grade Officers based on their active service period from the date of their appointment, had been paid based on the officer's service period from the date of their first appointment without calculating it accordingly. According to the sample inspection, 58 officers of the institute had been overpaid by Rs. 17,207,201 during the period of 2017-2024. Further actions had not been taken regarding the officers responsible for in this regard and action had not been taken to identify and recover the overpaid amount after conducting overall investigation.	The Department of Administration and Human Resources has now commenced a comprehensive audit related to thepayment of the professional allowance and it will be completed immediately and information on the overpaid amount will be submitted to the audit.	Action had been taken to recover payments in accordance with circulars and if it is not, as the Accounting Officer will be responsible for non-establishment of proper existing controls in this regard, specific controls should be established and further action should be taken regarding over-payments.

(c)	Public Accounts Circular No. 30/94 dated 20 April 1994	Although all transactions related to foreign aids should be carried out with the prior consent of the Department of External Resources of the Treasury, an amount of Rs. 69,439,274 had been taken by the National Institute of Education without approval and consent from the Department of External Resources from the Bridge Sejong Sri Lanka Project of the Korean government in the period from the year 2014 to 2024.	The Department of External Resources will be informed and taken consent regarding the foreign grants included in the annual budget when preparing the 2026 budget.	According to the Public Accounts Circular, a mechanism should be implemented to include foreign grants in to the Treasury Accounts by obtaining the prior consent of the Department of External Resources of the Treasury and accounting for them in properly and timely.
(d)	National Library and Documentation Services Board Circular No. 2004/Pus/01 (Revised 2016)	Although a count of library books should be conducted annually, census had not been conducted after the year 2019.	It is scheduled to be conducted a count of books at the end of year 2025.	According to the circular of the National Library and Documentation Services Board, a count of library books should be conducted annually.

2. Financial Review

2.1 Financial Reults

The operating result of the year under review was a surplus of Rs. 314,337,733 and the corresponding deficit for the previous year was Rs. 150,995,694. Accordingly, an improvement amounting to Rs. 465,333,427 of the financial result was observed. This improvement was mainly due to an increase in income of courses and hostel income.

2.2 Analysis of the Trend of Main Revenue and Expenditure Objects

The recognition of income of courses had been converted from the cash basis to accrual basis in the year under review and it had affected for increasing income of courses of the year 2024 by 366 percent compared to the previous year. Hostel income also increased by 174 percent.

3. Operational Review

3.1 Un-economical Transactions

Audit Observation	Comments of the Management	Recommendation
It is noted that five television programmes regarding new educational reforms were produced in collaboration with Selacine Institute at an expenditure of Rs. 15,412,150 during the years of 2021 and 2022, but these programmes were not telecast.	Programmes have not been advertised due to the non-implementation of curriculum reforms in the years of 2022 and 2023.	Since the content of the non-telecasted television programmes produced in the years of 2021 and 2022 has become outdated, further action should be taken against the officers who did not telecast them.

3.2 Identified Losses

Audit Observation	Comments of the Management	Recommendation
The case filed by an external party in the year 2019 was withdrawn in the year 2022 due to the presence of errors in 34 subject matters contained in the Grade 12 Biology (English Medium) Resource Book and this Resource Book had become outdated in the year 2020 and the institute had incurred a loss of Rs. 813,624.	The book was re-printed with revisions and used for sale and an inquiry regarding the further actions to be taken for 1,218 books that remained after the sale was suspended will be given to the next Institutional Council.	Necessary actions should be taken to prevent these errors and action should be taken to compensate for the losses incurred.

3.3 Management Inefficiencies

Audit Observation	Comments of the Management	Recomendation
Although the Bank of Ceylon maintain a bank office and an Automated Teller Machine in the Maharagama Premises of the National Institute of Education, a rental agreement had not been signed with that institute and rent had not been collected from that institute. This had been observed in the audit reports of previous years, but action had not been taken in this regard until 31 December 2025.	Letters were sent on 06 January 2025 and 27 May 2025 to recover rent on behalf of Bank of Ceylon Branch.	Legal agreements should be entered into when using the assets of the institute by the external parties and action should be taken to recover rent.

3.4 Operational Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	Although a curriculum framework had been developed based on the main subjects of the Advanced Level streams, parallel initiative had not been undertaken to prepare textbooks for Advanced Level subjects and the resource books only for subjects offered under the Science and Maths streams had been prepared and sold by the National Institute of Education.	Answers had not been given.	The functions assigned to the institute should be carried out in timely in accordance with the Institutional Act without any external objectives and action should be taken to achieve qualitative development in the education sector and priority should not be given to resource books and it should be given to printing textbooks for Advanced Level and providing them to students.
(b)	Although information provided by the Institute indicates that Rs. 483,332,938 had been allocated to the National Institute of Education by the Ministry of Education and through foreign funded loan projects for activities related to new educational reforms during the period of 2020-2024, actions had not been taken to identify sub-expenditure codes under the main expenditure vote according to funding sources for the new educational reforms and account for expenditures as that allowed for the reporting of expenditures in each specific activity of those reforms. Expenses related to the new educational reforms were recorded in the same ledger accounts that accounted for the expenses of activities which are taken under the general activities of the institution. Accordingly, action had not been taken to	The aforementioned provisions have been received for educational reforms under the Secondary Education Sector Improvement Project (SESIP) and the General Education Modernization Project (GEMP) and code of expenditure incurred using those allocations can be identified through the budget reports generated within the ERP system.	Action should be taken to account for and maintain records as identify sub-expenditure codes under the code of main expenditure vote based on the funding sources for the new educational reforms and it is necessary to review physical progress compared to financial progress and performance within the relevant timeframe and action should be done accordingly and review and prepare financial reports with ensuring that the curriculum framework and curriculum development for the modules are carried out in compliance with quality standards

	account for and maintain records as identify the Rs. 483,332,938 given to the National Institute of Education in the period from the year 2020 to 2024 and corresponding expenditure incurred for new educational reforms. Due to this, it was not possible to check the physical progress of educational reform activities compared to financial progress and performance within the timeframe accordingly.		and also ensuring progress and quality of other activities related to that.
(c)	The management of the National Institute of Education informed in the Audit and Management Committee meeting of the Ministry that the preparation of the roadmap for the new programme to implement educational reforms in the year 2026 is in its final stages until 26 March 2025. Accordingly, the National Institute of Education had been failed until 30 September 2025 to complete the roadmap, which should be prepared including duties, activities, standardization of that, responsibility, estimated provisions of the institutions, such as the Ministry of Education, Department of Educational Publications, Department of Examinations, Sri Lanka, National Education Commission, National Institute of Education etc. in accordance with the short-term, mid-term and long-term timeframe for the new educational reforms programme, which is proposed to be introduced initially to Grade 1 and 6 in January 2026 and implemented systematically in subsequent years. Accordingly, it had been deviated from fulfilling the objective of planning the functions assigned to the	Although the relevant roadmap was prepared and discussed at several meetings chaired by the Ministress of Education, it was not possible to reach a final agreement and the Secretary to the Ministry of Education proposed two options and that was submitted to the Board of Academic Affairs. The Board of Academic Affairs informed that to select the second option as the most suitable roadmap in that and the Director General has informed the Secretary to the Ministry of Education about that through a letter dated 09.05.2025.	Road Map should be prepared including centralized supervision method of the Ministry of Education included with duties, activities, standardization of it, responsibility, estimated provisions in relation to the institutions such as the Ministry of Education, Department of Educational Publications, Department of Examinations of Sri Lanka, National Education Commission, National Institute of Education according to timeframes such as short-term, mid-term and long-term in relation to proposed new educational reforms and should be done assigned duties to the institute as per the Act.

	institution under the Act and providing advice to the Ministry.		
(d)	As stated in the letter No. ED/RF/11/02/03 dated 09 February 2022 of the Secretary to the State Ministry of Educational Reforms, Universities and Distance Education Promotion, the National Institute of Education and the State Ministry jointly identified the new curriculum framework for the new educational reforms with the agreement of the National Education Commission by 10 November 2020 and after this, the responsibility of developing the curriculum under the new educational reforms was assigned to the National Institute of Education in the year 2022 and the said task was still being carried out by the institute until 06 June and 25 September 2025, which was the date of inspection, and the following observations are made in that regard.		
(i)	Although the responsibility of developing curriculums under modules for Grade 1-11 instead of the currently used textbooks in relation to the new educational reforms had been assigned to the National Institute of Education from the month of February 2022, a overall plan had not been prepared with covering the modules under each subject for the programme from the initial development stage to final development stage.	Drafts regarding curriculum materials for Grades 1,2,6,8,10 and 11 had been prepared in accordance with directives issued from time to time by the Ministry of Education, State Ministry of Educational Reforms and the Presidential Secretariat in relation to new educational reforms.	A overall plan should be prepared covering activities such as the appointment of qualified committees at various levels as part of the subject development process under the new educational reforms and the identification of the relevant educational and technical policies that need to be developed and include the activities implemented in each year from the overall plan through the centralized established center and the duties and

			responsibility under activities of that should be assigned to officers of the relevant sections, departments and a centralized mechanism should be established to fulfill during the proper timeframe as responsible with proper standard and do the subject developments of Grades 1-11.
(ii)	The National Institute of Education had not taken actions to prepare the modules according to a plan that clearly identified cost, timeframes and responsibilities with including modules that should be fulfilled in each year from the overall plan of preparing modules and related sub-tasks for that to the Annual Action Plan of the National Institute of Education.	Drafts regarding curriculum materials for Grades 1,2,6,8,10 and 11 had been prepared in accordance with directives issued from time to time by the Ministry of Education, State Ministry of Educational Reforms and the Presidential Secretariat in relation to new educational reforms.	-do-
(iii)	According to information provided by the institute, Rs. 483,332,983 had been spent on formulating the curriculum framework and developing the curriculum during the period of 2020-2024, but the development of modules for Grade 1 to 11 was not carried out under the direction and supervision of a single unit within the National Institute of Education and information regarding the modules under each Grades (except Grades 1 and 6), which were prepared until 30 September 2025, had not been submitted to the audit and action also had not been taken to submit information regarding that to the Ministry of Education.	Curriculum reform is being implemented in accordance with the national implementation programme recommended by the National Education Commission and agreed upon by the National Institute of Education and the Ministry of Education. Accordingly, the Ministry of Education, Higher Education, and Vocational Education is implementing a specific timeframe for introducing curriculum materials intended for Grades 1 and 6 for the first term of 2026.	-do-

(iv)	Although the number of books scheduled to be introduced for the first term of Grades 1 and 6 under the new educational reforms was submitted for audit as 106, the number of modules pertaining to this was not submitted. Based on information provided by the Director General of the institute and data obtained from the departments, there were discrepancies of 31 and 46 respectively regarding the number of modules for the second and third terms of Grades 1 and 6. Accordingly, it was observed a risk of that modules identified as necessary for specific subjects might be abandoned due to the lack of centralized management and supervision for all modules being developed. All modules developed by the National Institute of Education, including the curriculum framework and subject development, were reviewed in January 2025 under the Subject Directors of the Ministry of Education and recommendations regarding those subject contents had been handed over to the National institute of Education, but the institute had not maintained records as that would allow for the identification of all such deficiencies during the review and the verification that the identified deficiencies had been rectified. Accordingly, the audit could not verify whether the subject framework and content development for the modules prepared for introduction to Grades 1 and 6 by 2026 under the new educational reforms had been carried out.	Since the officers responsible for the respective modules do all activities, the scope for omission is limited and this error occurred due to a delay in the reporting of information regarding modules from the Departments to the Director General's Office.	-do-

(v)	When developing a book, although that should be prepared using the indesign method, due to the failure to do that during the curriculum development process by the institute, actions had not been taken to get technical support from the Department of Educational Publications with the intervention of the Ministry of Education even by May 2025 for the first term modules for Grades 1 and 6.	That task is currently being completed with the involvement of specialized knowledgable persons.	-do-
(vi)	Although the books containing the first term modules for Grades 1 and 6 were required to be submitted to the Department of Educational Publications by 15 May 2025 as per the letter bearing No. ED/17/03/01/01/01 dated 06 May 2025 from the Secretary to the Ministry of Education, actions had been taken to submit two hard copies and one soft copy of each of the 106 books in 10 installments between 01 July 2025 and 16 September 2025 with a delay of 04 months.	It was not possible to hand over the relevant books to the Department of Educational Publications by the scheduled date due to factors such as a shortage of staff, difficulties in obtaining necessary resources and the adding amendments on several times.	-do-
(vii)	Although only 50 books containing modules had been handed over by 21 July 2025 as stated in the letter bearing No. EPD/pro/1/1/11/2024 dated 27 August 2025 from the Commissioner General of Educational Publications, the incorrect information had been submitted to the audit according to the Director General's report dated 21 July 2025 with stating that 106 modules pertaining to the first term of Grades 1 and 6 had been handed over to the Department of Educational Publications.	There was a mistake in the report submitted by the Director General.	-do-

(viii)	Although the information had been submitted to audit by the institute with stating that 151 modules had been prepared for the second and third terms of Grades 1 and 6, the tasks of obtaining technical support, verifying the accuracy of the letters, taking approval and obtaining an ISBN numbers had not been carried out and the specifications for the books containing modules for the second and third terms had not yet been submitted to the Department of Educational Publications by 30 September 2025.	It was failure to complete the submission of specifications by 30 September 2025 due to priority being given to handing over the books for printing relevant to first term and the Ministry of Education and the Department of Educational Publications have also been informed about this.	-do-
(e)	Duties were not assigned from the beginning as identify the tasks required to fulfill the purposes and objectives of the institute and a methodology with criterias to measure the performance of activities carried out by the academic staff in order to achieve the purposes and objectives had not been prepared.	The duties to be performed by all academic staff members from Deputy Director Generals are mentioned in the Annual Action Plan. Each project has been assigned a number and the supervisor and the relevant team with that number are clearly specified. Furthermore, the officers responsible for the activities related to each project are specified in the annual plan and the Annual Action Plan has been approved by the Institutional Council and the respective departments should submit reports on their financial and physical progress with evidences to the Planning Department at the end of each quarter and that will be submitted to the Institutional Council.	Perofrmance of the officer cannot be measured based on the Action Plan and it should be assessed using criteria established for the individual evaluation of each officer based on duty lists relevant to the nature of their duty. Therefore, a methodology with criteria to measure the performance of activities carried out by the staff based on the nature of those tasks should be developed and reviewed periodically.

3.5 Controversial Transactions

	Audit Observation	Comments of the Management	Recommendation
(a)	The Agrahara insurance scheme was implemented during the period of 2017-2024 and actions had been taken to cover a portion of the contribution of insurance scheme using public funds without obtaining Treasury approval. Accordingly, membership fees amounting to Rs. 2,620,800 were paid from public funds during the years of 2023 and 2024.	Approval has been obtained from the Institutional Council to implement the Agrahara insurance scheme at the National Institute of Education and payments for this purpose are made from the revenue generated by the institute and that funds will not be obtained from the Treasury for this purpose.	Due to that the salaries and wages for staff of the institute were paid by the Treasury and established as a public corporation using public physical resources, expenditures should be incurred with Treasury approval because the revenue of the institute also public funds.
(b)	The amount of resource person allowance paid to 35 officers in excess of 50 percent of their basic salary during the period of 2020-2024 was Rs. 5,718,318 until 31 December 2024 and only Rs. 400,028 had been recovered out of that from two officers during the year 2024 and a balance of Rs. 5,318,290 remained outstanding as at 31 December 2024.	After discussion with the Audit Committee, it is intended to reach an appropriate decision regarding the recovery of these amounts in future.	As the recovery of overpayments has not been adequately carried out, the Accounting Officer should take action in this regard to recover the loss incurred to the government.

3.6 Idle or Underutilized Property, Plant and Equipment

Audit Observation	Comments of the Management	Recommendation
05 Buildings valued at Rs. 2,993,200 located within the premises of the Meepe Teacher Training Center (under the National Institute of Education) remained idle without using.	Actions are being taken to repair it and use in future.	Actions should be taken to utilize idle assets for the purpose of achieving the objectives of the institution.

3.7 Resources Released to Other Organizations

Audit Observation	Comments of the Management	Recommendation
Despite not having entered into legal agreements regarding the transfer of fixed assets valued at Rs. 90,354,435 included in the financial statements, those assets had been provided for the use of the South Asian Teacher Training Center, which was established as a limited guarantee company.	Facts regarding this institute were submitted to the 492nd Institutional Council dated 30 January 2025 regarding the relevant assets according to the above cabinet decision and the letter of the Secretary to the Ministry of Education and the Director General of the National Institution of Education has informed the Director General of that center to take action accordingly. Accordingly, a decision will be taken regarding the utilization of assets.	Public assets should not be given for use of external parties without a legal basis.

3.8 Management of Vehicle System

Audit Observation	Comments of the Management	Recommendation
It was observed that 2 motor vehicles with a revalued value of Rs. 2,800,000 inlcuded in the financial statements for the year ended 31 December 2024 were not in running condition and as there were only 14 drivers assigned to the 29 vehicles in the institute, the vehciels were being underutilized.	Actions are being taken to recruit drivers and arrangements have been taken to provide an additional vehicle to every driver in addition to their regular assigned vehicle to be maintained in running condition in order to prevent the current under-utilization.	Action should be taken to utilize vehicles with maximum efficiency through proper management.

4. Accountability and Good Governance

4.1 Submission of Financial Statements

Audit Observation	Comments of the Management	Recommendation
though the financial statements for a given financial year should be submitted to the Auditor General within 60 days after end of the financial year in accordance with paragraph 6.6 of	Necessary actions will be taken to properly prepare the financial statements for the year 2025 and submit them to the National Audit Office before 28 February 2026.	Financial statements prepared in accordance with circulars and Sri Lanka Public Sector Accounting Standards should be submitted

the Operational Manual on Public Enterprises bearing No. 2021/01 dated 16 November 2021, the financial statements for the year 2024 were submitted for audit with a delay of 20 days and although the draft audit report was issued on 13 June 2025, the financial statements were withdrawn by letter No. NIE/DDG/AF/Finance/2025/14 dated 19 June 2025 and subsequently re-submitted for audit on 16 July 2025.		for audit before 28 February of the respective year.

4.2 Annual Report

Audit Observation	Comments of the Management	Recommendation
The Annual Reports for the years of 2022 and 2023 had not been tabled in Parliament by 20 August 2025 in accordance with section 17 of the National Audit Act No. 19 of 2018.	The Cabinet Paper regarding the 2022/2023 Annual Reports had been sent to the Ministry of Education for signature of the Hon. Ministress of the Education and it was re-submitted to us again on 18 June 2025 with amendments and it will be handed over to the Ministry of Education on 20 June 2025 after done those amendments.	Annual Reports should be tabled in Parliament in accordance with the relevant circulars.

4.3 Effectiveness of the Management Information System

Audit Observation	Comments of the Management	Recommendation
The institute had not taken actions by the year under review to maintain an up-to-date Management Information System that reflect the results of activities across various fields related to the fulfillment of the purposes, objectives and functions of the National Institute of Education.	The Enterprise Resource Planning System (ERP) has been established within the institute yet and two of its modules are currently implemented actions are being planned to develop and implement the remaining modules.	Actions should be taken to maintain an up-to-date Management Infromation System with all modules

4.4 Internal Audit

Audit Observation	Comments of the Management	Recommendation
Although a continuous review and independent assessment should be maintained about the formality and adequacy of the internal checking used to participate for the internal control system regarding the financial activities of the institute and prevent and detect errors and frauds of those activities in accordance with section 40 of the National Audit Act No. 19 of 2018 and Financial Regulation 133 (1), according to the internal audit plans and reports, it was observed that the internal audit division of the institute has not done sufficient actions to preventing and detecting errors and frauds, checking internal control systems and introducing new internal control measures.	Although there were 03 vacancies, these two officers carried out audit duties during the year 2024 by using the available human resources and giving maximum possible contribution.	The Accounting Officer should ensure the effectiveness execution of duties by obtaining the concurrence of the Government Audit Division and the necessary approvals for the draft internal audit plan which covers all areas of the institute and directing operations to ensure properly functioning of the audit plan in timely.