

Institute of Biochemistry, Molecular Biology and Biotechnology

1. Financial statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Institute of Biochemistry, Molecular Biology and Biotechnology as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with the Sri Lanka Accounting Standards.

1.2 Comments on Financial Statements

1.2.1 Presentation of Financial Statements

The financial statements of the Institute of Biochemistry, Molecular Biology and Biotechnology Affiliated to the University of Colombo for the year under review had been presented for audit on 22 February 2012. The accounts were audited and the draft report was issued on 30 March 2012. Accounting deficiencies amounting to Rs.456,967 were pointed out in the draft report. The revised financial statements after rectification of accounting deficiencies amounting to Rs.337,380 had been presented on 20 April 2012. The possibility of further such deficiencies outside the selected sample cannot be ruled out in audit.

1.2.2 Unreconciled Control Accounts

The following differences between the Schedule of Fixed Assets furnished with the financial statements for the year under review and the Register of Fixed Assets were observed.

	Schedule of Fixed Assets	Register of Fixed Assets	Difference
	----- Rs.	----- Rs.	----- Rs.
Refrigeration Bath	895,767	904,953	9,186
Control Head	13,061	169,042	155,981
Biospe Nano	1,530,738	1,512,894	17,844
Microplate Reader	3,232,877	3,494,606	261,729
			<u>444,740</u>

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

Even though the Daily Running Charts and the Monthly Performance Summaries of Motor Vehicles should be presented to audit before 15th day of the month following, those had been furnished after delays ranging from 01 month to 10 months. The Daily Running Charts presented did not include the milometer readings, the distance run and records of fuel consumption while the officer using the motor vehicle had not signed the Daily Running Charts in terms of Financial Regulation 1646 of the Government of Sri Lanka

1.2.4 Transactions not supported by Adequate Authority

A sum of Rs.13,816 had been paid in the year 2011 for the proficiency in the second and third languages contrary to the provisions in the Public Administration Circulars No. 29/98, No. 29/98(i), No. 07/2007(1) and 2/2009 and in accordance with circulars issued by the University Grants Commission.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the working of the Institute for the year ended 31 December 2011 had resulted in a deficit of Rs.35,130,967 before taking into account the Government grant for recurrent expenditure and the corresponding deficit for the preceding year amounted to Rs.28,768,772. The financial result for the year under review had been converted to a surplus of Rs.457,339 after taking into account the Government Grant of Rs.35,588,306 received for recurrent expenditure and maintenance expenditure and the deficit for the preceding year had been reduced to Rs.2,368,772 after taking into account the Government Grant of Rs.26,200,000 received for recurrent expenditure of that year. The favourable status of the financial result had been mainly due to the increase in the Government Grants received in the year under review.

3. Operating Review

3.1 Performance

The Institute had conducted 04 Postgraduate Courses comprising 02 courses on Master of Philosophy and Doctorate of Philosophy and 02 courses on Master of Science. The following matters were observed in that connection.

- (a) Information on the admission of new students during the last 05 years is given below.

Year	Master of Science	Master of Philosophy and Doctorate of Philosophy
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2007	11	01
2008	13	05
2009	12	01
2010	19	01
2011	10	--

In addition, 07 students registered with other institutions had been conducting researches during the year under review.

- (b) Ten students had registered for the Degree in Master of Science during the year under review while not even one student had registered for the Degree in Master Philosophy/ Doctorate of Philosophy. Nine students had obtained Postgraduate Degrees and left during the year.
- (c) The number of students of the Institute had been 51 and comprised 10 new students of the year 2011 and 19 students for Master of Science Degree, 11 students for Master of Philosophy and Doctorate of Philosophy Degree, 04 failed students and 07 indirect students. Nevertheless, the Institute is being maintained in a four storeyed building with 27000 square feet of floor area valued at Rs.116,864,648. Even though recurrent expenditure and capital expenditure amounting to Rs.42,909,707 and Rs.7,750,965 respectively had been incurred in the year under review, in consideration of the resources allocated for the Institute and the expenditure incurred, underutilization of resources had prevailed.

3.2 Stores Control

The following matters were observed at an examination of a sample of 24 items out of 329 items in the Inventory of Chemicals and a sample of 18 items out of 63 items in the Inventory of Enzymes.

- (a) Non-moving stocks of 15 items in the Inventory of Chemicals valued at Rs.572,119 and non-moving stocks in the Inventory of Enzymes valued at Rs.944,431 were observed.
- (b) A slow moving stock of 10 items in the Inventory of Chemicals valued at Rs.465,985 was observed.

3.3 Under Utilization of Funds

A year end Bank balance of Rs.12,085,507 in the Bank Current Account of the Institute was observed. The minimum monthly balance during the year amounted to Rs.3,287,888 and attention had not been paid to earn an income by investing such surplus cash in short term basis.

4. Systems and Controls

Weaknesses in systems and controls observed during the course of audit were brought to the notice of the Director of the Institute from time to time. Special attention is needed in respect of the following areas of control.

- (a) Advances
- (b) Accounting
- (c) Inventory Control