

Institute of Human Resources Advancement - 2011

1. Financial statements

1:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.1 of this report, the financial statements give a true and fair view of the financial position of the Institute of Human Resources Advancement as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1:2 Comments on Financial Statements

1:2:1 Presentation of Financial Statements

The financial statements of the Institute of Human Resources Advancement Affiliated to the University of Colombo for the year under review had been presented to audit on 02 March 2012. After the audit of the financial statements the draft report was furnished on 14 May 2012. Accounting deficiencies amounting to Rs.19,487,373 were pointed out in the draft report. Thereafter, the revised financial statements incorporating the rectifications of accounting deficiencies amounting to Rs.11,798, 094 had been presented to audit on 31 May 2012. Accounting deficiencies amounting to Rs.7,689,279 were further observed. The possibility of such other deficiencies out side the sample selected cannot be ruled out in audit.

1:2:2 Sri Lanka Accounting Standards

In accounting for the income of the courses continuing to the ensuing year should be done by identifying the income relating to each such year. Nevertheless, a sum equivalent to the expenditure of the year under review on 44 such courses amounting to Rs.57,041,823 had been brought to account as income.

1:2:3 Accounting Deficiencies

The surpluses amounting to Rs.7,689,279 relating to 04 courses of which academic activities had been completed had been shown as the payable balance in the financial statements instead of being credited to the Income and Expenditure Account.

1:2:4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances with the laws, rules, regulations were revealed.

Reference Laws, Rules, Regulations -----	Non-compliance -----
(a) Financial Regulation 371	The balance of the Sundry Advances Account as at the end of the year under review amounting to Rs.282,659 included a balance of Rs.197,829 brought forward over a period exceeding 05 years as an unidentified balances and advances amounting to Rs.20,850 granted in the year 2006 on which action had not been taken for settlement.
Financial Regulation 756	Even though the Annual Board of Survey of the assets should be conducted and the reports thereon should be furnished to audit before the end of January of the ensuing year, the reports had not been furnished to audit even by 30 April 2012.
Financial Regulations 771 and 772 and Sections 4 and 5 of Chapter xxvi of the Establishments Code for Universities.	Action in accordance with the observations of the Board of Survey Report for the year 2010 had not been taken for the disposal of 98 items.

- (b) Circular No. UGC/1UA/2/PGS/6 dated 03 June 2009 of the University Grants Commission. Even though the lecture fees for the External Lecturers had been limited to a maximum of Rs.2,500 per hour, a sum of Rs.145,500 had been paid in the year under review contrary to such stipulations.
- (c) Public Enterprises Circular No. PED/25 dated 29 July 2004. Even though the prior approval of the General Treasury should have been obtained for the investment of Rs.66,943,052 action had not been taken accordingly.

1:2:5 Transactions not supported by Adequate Authority

A sum of Rs.79,178 had been paid during the year under review as salaries and incentive allowances for proficiency in the second and third languages in accordance with the Establishment Circular Letter No. 6/2003 issued by the University Grants Commission contrary to the Public Administration Circular No. 29/98, 29/98(1), 07/2007(1) and 02/2009.

2. Financial Results

According to the financial statements presented, the operations of the Institute for the year under review, before taking into account the Government grant for recurrent expenditure, had resulted in a deficit of Rs.24,747,283 as compared with the corresponding deficit of Rs.18,098,126, thus indicating an increase of Rs.6,649,157 in the deficit for the year under review. The deficit for the year under review had decreased to Rs.2,531,336 due to the Government contribution of Rs.22,215,947 for the year under review while the surplus for the preceding year amounted to Rs.901,874 due to the Government contribution of Rs.19,000,000 received for that year. The increase of the deficit for the year had been mainly due to the increase in the expenditure on personal emoluments, supplies and services and gratuity.

3. Operating Review

3:1 Performance

The Institute had conducted 30 courses during the year under review and the total number of students registered had been 11,951. Out of these, 15 courses had been commenced in the year under review and the number of students registered for those courses had been 3,665. The following observations are made in this connection.

- (a) The first semester and the second semester examinations of the Courses I and II of the Worker Education Degree had been held in June and December 2011 respectively. The release of results of the first semester examination had been delayed by 10 months by May 2012.
- (b) The examinations of the Geoinformatics Course No. 2 had been held in May and June 2011 and the results of the examinations had not been released even by 30 April 2012. As such the delay in the release of results had exceeded 10 months.

4. Accountability and Good Governance

4:1 Action Plan

Even though Section 5.1.2 of the Public Enterprises Guidelines on Good Governance requires the preparation of the Annual Action Plan by clearly identifying the responsibilities of Managers for each activity, the plan had not clearly identified the responsibilities relating to the improvements to buildings and structures, purchase of furniture and teaching equipment and the purchase of books and magazines.

4:2 Tabling of Annual Reports

The Annual Reports of the Institute for the years 2008, 2009 and 2010 had not been tabled even by 08 May 2012. The Annual Report for the year 2010 had been in the process of being prepared as at the above date. Even though a copy of the draft Annual Report should be presented to the Auditor General along with the annual financial statements in terms of the Public Enterprises Circular No. PED/12 of 02 June 2003, it had not been so done.

5. Systems and Controls

Deficiencies 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) Settlement of Advances
- (b) Accounting
- (c) Register of Fixed Assets