

National Institute of Library and Information Science Affiliated to the University of Colombo – 2011

1. Financial statements

1:1 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 National Institute of Library and Information Sciences Affiliated to the University of Colombo 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 Accounting Policies

Course Fees

- (i) Income on course fees had not been brought to account on accrual basis whereas a sum of Rs.1,272,090 equal to the value spent for conducting courses had been brought to account.

- (ii) A sum of Rs.106,145 remaining out of the course fees recovered relating to 03 courses completed by 31 December 2011 had been brought to account as “ income received in advance” without being credited to the income for the year.

1.2.2 Unreconciled Control Accounts

The balance of the refundable library deposit account amounted to Rs.227,500 whereas the balance of the schedule amounted to Rs.247,500 thus, a difference of Rs.20,000 was observed between those balances.

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

The following instances of noncompliance were observed.

Reference to Laws, Rules,
Regulations and Management
Decisions

Non-compliance

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| (a) National Institute of Library and Information Science Ordinance No.01 of 1999. Section 12 | Although less than 10 meetings of the Education Committee should be conducted during one year period, only 05 meetings of the Education Committee had been conducted during the year under review. |
| (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. | |
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| (i) F.R 135 | Functions relating to the financial control had not been assigned |
| (ii) FR 371(2)(b) | Advances amounting to Rs.20,000 to Rs.171,500 had been granted for incurring expenditure of programmes and workshops in 04 instances. |
| (iii) FR 396 | 06 cheques for which the validity period had exceeded, valued at Rs.7,320 issued but not presented for payment had not been settled. |

- (ii) (iv) F.R 570 and F.R 571 Action had not been taken to pay or settle a sum of Rs.112,500 obtained as library deposits from 45 students who had completed the courses during the period from 2004 to 2010, to the relevant students.
- (c) Treasury Circular No.842 A Register of Fixed Assets in terms of dated 19 December 1978 Format General 287 had not been maintained in respect of fixed assets purchased prior to year 2011

2. Financial Review

2:1 Financial Results

- (i) 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.9,086,706 before taking into account the Government Grant for recurrent expenditure and the capital grant amounting to Rs.80,500 incorrectly credited to the income and expenditure account as compared with the corresponding deficit of Rs.8,430,218 for the preceding year. The deficit for the year under review had been reduced to Rs.1,331,723 due to the Government Grant of Rs.7,674,573 received for the recurrent expenditure for the year under review and the above incorrect adjustment of Rs.80,500 while the deficit for the preceding year had been reduced to Rs.2,575,218 due to the Government Grant of Rs.5,855,000 received for the recurrent expenditure of that year. The deficit for the year under review had been reduced as compared with the preceding year due to increase of Government Grant and decrease of depreciation on fixed assets for the year by 36 per cent.

- (ii) Although sum of Rs.23,132,739 and Rs.4,244,585 respectively had been utilized to this Institute established in 1999 from the World Bank Project and the Government Capital Grant, a debit balance of Rs.24,446,826 had arisen in the general reserve account due to the deficit arose annually from the operational activities. This situation had existed due to not carrying the objectives expected by establishing the Institute satisfactorily.

3. Operating Review

3.1 Performance

The following observations are made.

- (a) Although the primary objective of the Institute of Library and Information Sciences established under the Secondary General Education Project of the World Bank was to train 300 – 400 students, number of students who had registered themselves under 63 courses during 09 years from 2003, the year of commencement of courses to the year 2011 was only 1,451. However, 629 students except students of 09 courses not completed so far, had not completed their courses satisfactorily and it represented 46 per cent of the registered students.

Year	Number of Courses	Number of students who have registered themselves	Students who have completed their courses Number	Percentage %
Up to 31.12.2004	09	344	201	58
2005	08	191	80	42
2006	06	133	70	53

2007	10	215	96	45
2008	06	178	114	64
2009	09	215	114	53
2010	05	60	32	53
	03	32	Courses not completed	-
2011	01	10	10	100
	06	73	Courses not completed	-
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	63	1,451	717	
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(b) According to Section 04 of the National Institute of Library and Information Science Ordinance No.01 of 1999, attention had not been paid to achieve the following objectives expected by the establishment of this Institute.

- Carrying out research on library and information science.
- Exchange of lecturers, students and scholars with the institute in Sri Lanka or institute in foreign universities possessing equal objectives or substantially equal objectives of the Institute
- Institution and awarding of fellowship, scholarship, bursaries, accreditation and other titles.

(c) The following activities included in the Action Plan for the year 2011 had not been implemented.

- (i) Master of Arts in Applied Information Management (MAAIM)
- (ii) Diploma in Information Management (DIM) (New)
- (iii) Foreign Assisted Programmes.

3.2 Management Inefficiencies

3.2.1 Conducting Courses

The following observations are made.

- (a) One post, out of the approved posts for lecturers of the Institute had remained vacant for several years.
- (b) Delays in completion of 03 courses had ranged from 04 months to 05 months than the targeted period.
- (c) The budget of the courses had not been made use of as an instrument of control due to non preparation of budget at the appropriate time and existence of considerable variances between the budgeted and actual expenditure.
- (d) The register of course fee income had not been maintained with proper supervision.

3.2.2 Maintenance and Control of Library

The following observations are made.

- (a) Not following proper procedure when purchasing books to the library.
- (b) Underutilization of books and equipment valued at Rs.6,947,597 as at 31 December 2011 due to decrease of number of students utilizing the library.
- (c) 06 officers of the staff had borrowed 03 – 14 books at one instance whereas the period of returning those books had delayed from 01 month to 02 years and 05 months.

- (d) Not taking action in respect of 115 lost books according to the report of the physical verification as at 31 December 2011.

3.2.3 Stock Control

The stock register had not been maintained in the manner of clearly showing receipts, issues and balances of the stationeries.

3.3 Uneconomic Transaction

A penalty of Rs.1,822 had to be paid on the basis of non payment of contribution to the Employees Trust Fund for the month of April 2011 within the specified date.

3.4 Vehicle Utilization

A vehicle at a cost of Rs.3,603,493 obtained 08 years ago through the Ministry of Education had not been registered in the name of the Institute so far and the running chart and log book of that vehicle had not been completed.

4. Accountability and Good Governance

4.1 Corporate Plan

The Corporate Plan for the period 2011 – 2015 had not been prepared in the manner of showing particulars relating to the resources existed at the Institute, organization chart of the Institute and entrusting of responsibilities to the management of the Institute along with the objectives and targeted plans. The Corporate Plan had not been up dated.

4.2 Action Plan

Details such as period expected and the amount allocated to carry out each activity had not been shown in the Action Plan and also the Performance Report had not been prepared.

4.3 Procurement Plan

A Procurement Plan had not been prepared.

4.4 Budgetary Control

The following observations are made.

- (a) A budget had not been prepared in accordance with the provision of the Circular No. PED 12 dated 02 June 2003 and the budget had not been revised according to the changes made in the provision during the year.
- (b) The budget had not been made use of as an effective instrument of management control due to the reasons such as incurring expenditure of Rs.1,299,686 or 12% exceeding the provision for 04 Heads of Recurrent Expenditure and one Head of Capital Expenditure, non spending of entire provision of Rs.800,00 provided for rehabilitation and improvement of capital assets.

4.5 Tabling of Annual Report

Annual Report for the year 2010 had not been tabled in Parliament.

5. Systems and Controls

Deficiencies in systems and controls observed in 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 controls.

- (a) Financial Control
- (b) Accounting
- (c) Stock Control
- (d) Performance
- (e) Planning
- (f) Maintenance of Library