

National Institute of Plantation Management -2011

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 National Institute of Plantation Management 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 Sri Lanka Accounting Standards

(a) According to Sri Lanka Accounting Standard 5 whenever items of income and expenditure are material, they should be separately reported. Nevertheless the income and expenditure of the Bogawantalawa Training Institute had been set off against each other and the net result amounting to Rs.1,807,707 had been shown under the other income.

(b) The sum of Rs.119,992,689 received by the Institute as the Government grants prior to the year 2010 had not been brought to account in terms of Sri Lanka Accounting Standard 24.

1:2:2 Accounting Policies

The Institute had acted contrary to Sri Lanka Accounting Standard 10 in determining the policy on depreciation.

1:2:3 Accounting Deficiencies

The following matters were observed.

- (a) The provision made for the employees gratuity in respect of the year under review had been understated by a sum of Rs.66,597 due to erroneous computation and as such the net deficit and the long term liabilities had been understated by that amount.
- (b) In accounting for the remittance of the sum of Rs.1,231,776 received on the sale of an old motor vehicle of the Institute to the General Treasury, in lieu of a motor vehicle acquired, that had been debited to the Consolidated Capital Account and as such the capital grants received in the year under review had been overstated by that amount.

1:2:4 Accounts Receivable

The balances receivable amounting to Rs.48,750 existing over a period of 2 to 3 years had not been recovered by the Institute.

1:2:5 Non-compliance with Laws, Rules and Regulations

Non-compliance with laws, rules, regulations, etc. observed during the course of audit are given below.

Reference to Laws, Rules, and
Regulations

Non-compliance

- (a) Section 6 of the National Institute of Plantation Management Act, No.45 of 1979

- (a) Even though the Board of Directors should comprise 15 members, the Board of Directors of the year under review had 12 members only.

(b) The Minister in charge of the subject had not appointed two members to represent the Trade Unions.

(b) Financial Regulation 104 Accidents to motor vehicles amounting to Rs.154,875 had not been reported to the Auditor General

(c) Public Enterprises Circular No.PED/27 of 27 January 2005 The draft Annual Report had not been presented to the Auditor General along with the accounts within 60 days after the close of the year of accounts

2. Financial Review

2:1 Financial Results

According to the financial statements presented, the working of the Institute for the year under review after taking into account the Treasury grant of Rs.8,500,000 for the year under review had resulted in a deficit of Rs.4,361,708 as against the surplus of Rs.1,511,302 for the preceding year after taking into account the Treasury grant of Rs.10,505,200 received for that year. As such a deterioration of Rs.5,873,010 in the financial results was indicated. The decrease of Government grants and the increase of operating expenditure for the year 2011 as compared with the year 2010 had been the reason for the heavy deterioration in the financial results for the year under review.

2:2 Analytical Financial Review

The following matters were observed.

(a) 62 per cent of the operating expenses could be covered with the income earned from the operating activities.

(b) 70 per cent of the overall income of the Institute represented the income earned from the operating activities and the balance 30 per cent represented Government Grants.

3. Operating Review

 Progress in the conduct of Courses in the year under review

The progress of the courses actually conducted out of the courses planned for the year 2011 is given below.

Name of the Course planned for the year 2011	Number Planned	Actual Number	As a Percentage of the Number Planned %
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Educational and Vocational Programmes	18	14	77
Technology Development Programmes for Tea and Rubber	13	-	0
Management Development Programmes	05	-	0
Skills Development Programmes	08	03	37.5
Training Programmes for Smallholders			
Cultivators of Tea, Rubber, Coconut, Sugar Cane	Not Planned	74	-
Special Training Programmes	28	10	36
Training Courses for Cultivators	03	02	67
Overseas Training Programmes	01	-	0
Enterprises Development Programmes	03	-	0

Following observations are made.

- (a) Even though the conduct of Enterprises Development Programmes, Overseas Training Programmes, Management Development Programmes and Technology Development Programmes for Tea and Rubber had been planned to be conducted in the year under review, none of the programmes had been conducted.
- (b) Only 37.5 per cent out of the planned Skills Development Programmes and the Special Training Programmes had been conducted.

3.2 Resources of the Institute supplied to other Government Institutions

 The following matters were observed.

- (a) The Sony Video Camera purchased for Rs.1,224,380 for the Audio Visual Unit of the Institute had been given for use by the Line Ministry contrary to Section 8.3.9 of the Treasury Circular No.PED/12 of 02 June 2003.
- (b) Three employees of the Institute had been attached to the Minister's Office in the line Ministry. The Institute had paid a sum of Rs.28,578 in December as the salaries and allowances of the said 03 employees.

3.3 Staff

 Even though 4 approved Staff Posts relating to operating activities had been vacant, 10 officers had been recruited on casual basis to the non-staff and junior posts. The position of the approved and the actual cadre as at the end of the year under review had been as follows.

Grade	Approved	Actual	Number of Vacancies
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Staff Grades	11	07	04
Non-staff Grades	14	14	-
Junior Grades	<u>13</u>	<u>13</u>	-
	38	34	04
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4. Accountability and Good Governance

4.1 Budgetary Control

A reconciliation of the figures in the Budget Estimates for the year under review presented, with the actual figures revealed considerable variances ranging from 37.39 per cent to 100 per cent, thus indicating that the budget had not been made use of as an effective instrument of management control.

4.2 Tabling of Annual Reports

The Annual Reports for the years 2009 and 2010 had not been tabled in Parliament even by 31 May 2012.

5. Systems and Controls

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

- (a) Accounting.
- (b) Motor Vehicles Utilization.
- (c) Staff.
- (d) Course Fees.