

Parliamentary Scholarships Board-2011  
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1. Financial statements  
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1:1 Qualified Opinion  
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In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Parliamentary Scholarships Board as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Non-compliance with Laws, Rules, Regulations and Management Decisions.  
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Non-compliance with the following laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
(a) Parliamentary Scholarships Board Act, No.22 of 2002. (i) 3 <sup>rd</sup> Section	Although the objective was enhancement of international cooperation towards the progress of the education during the year under review by providing funds for studies, researches, consultancy services and other educational activities and formulating provisions to follow studies by the Sri Lankan citizens at the foreign higher educational institutions and foreign citizens to follow studies at the higher educational institutions of Sri Lanka, necessary action had not been taken to achieve the objective.

(ii) 5<sup>th</sup> Section

The Constitutional Council was abolished by the 18<sup>th</sup> amendment to the Constitution. Therefore, the Speaker had informed to the Leader of the House to amend the 5<sup>th</sup> Section of the Act. However, the Board of Directors could not be appointed due to not carrying out the above amendment.

(b) Section 9.1 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.

A sum of Rs.1,019,657 had been paid as salaries during the year under review by reinstating 04 Officers retired from the government service without the approval of the Cabinet of Ministers.

2. Financial and Operating Review

2:1 Financial Review

2.1.1 Financial Results

According to the financial statements presented, the operations of the Board during the year under review had resulted in a surplus of Rs.702,293 as compared with the corresponding surplus of Rs.1,026,711 for the preceding year thus, indicating a decrease in the financial results by Rs.324,418. The decrease of interest on fixed deposit by Rs.324,418 and increase of wages and maintenance expenditure by Rs.113,480 had mainly effected for deterioration in the financial results.

3. Operating Review

3.1 Performance

The Parliamentary Scholarships Board which was established in November 2003 had granted only 03 scholarships up to the end of the year 2007. A sum of

Rs.16,238,162 had been spent for these 03 scholarships from November 2003 to the end of the year 2007. Any scholarship had not been granted from the year 2008 to the year under review and sums Rs.3,384,321, Rs.3,604,850, Rs.3,800,776 and Rs.3,830,947 respectively had been spent during these period as administrative expenditure for maintenance of the Board.

3.2 Uneconomic Transactions

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Two executive tables and 10 executive chairs had been purchased for Rs.48,620 from the State Timber Corporation on 20 February 2004. These goods had been stored at the Committee Hall No.02 of the Parliament for 05 years period and these goods had been handed over to the Parliament on 10 December 2008 without taking to the utilization of the Board.

4. Accountability and Good Governance

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An Annual Action Plan and performance report had not been prepared in terms of the Public Enterprises Circular No. PED/12 of 03 June 2003. The Assistant Secretary had informed that “ these reports could not be prepared due to non appointment of Board of Directors to the Parliamentary Scholarships Board”

5. Systems and Controls

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

- (a) Appointment of staff
- (b) Internal Control