

Postgraduate Institute of Pali and Buddhist Studies affiliated to the University of Kelaniya – 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 Postgraduate Institute of Pali and Buddhist Studies affiliated to the University of Kelaniya 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

According to the Sri Lanka Accounting Standard No.16, provision for employees' gratuity should be made in respect of the staff that completed a service period of one year. Nevertheless, provision for employees' gratuity amounting to Rs.115,000 had not been made in respect of three officers who completed a period of service of 1-4 years.

1.2.2 Accounting Deficiencies

The following matters were observed.

- (a) The stock value of 12 publications had been computed more than 477 books and less than 162 books in one publication than the publication stock existed as at the end of the year under review. As a result, the value of the publications stock had been overstated by Rs. 113,420.
- (b) Even though the balance of the Consumables Stock Account in the main ledger as at 31 December 2011 amounted to Rs.456,250, the value of physical stock as at that date was Rs.271,196. Accordingly, the Consumables Stock had been overstated by a sum of Rs.185,059.

1.2.3 Unexplained Differences

According to the financial statements, the provision for depreciation for books and periodicals amounted to Rs.431, 614 while it was shown as Rs.387,043 in the schedules, thus a difference of Rs.44,571 was observed.

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

The following non-compliances with laws, rules, and regulations were observed.

<u>Reference to Laws, Rules, and Regulations</u>	<u>Non -compliance</u>
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(i) F.R. 396	Action had not been taken in respect of cancelled cheques valued at Rs.23,684 in accordance with the provisions in the Financial Regulation.
(ii) F.R. 756	A board of survey in respect of the fixed assets as at 31 December 2011 had not been carried out even as at 30 April 2012.
(b) Paragraph 04 of the National Procurement Circular No.09 of 01 March 2006	Even though a procurement plan should be prepared and purchases should be made accordingly, a procurement plan for the year under review had not been prepared. Furniture and office equipment, library books and consumables valued at Rs.799,814, Rs.197,242 and Rs.1,186,764 respectively had been purchased.
(c) Management Services Circular No.45 of 07 April 2011	A proposal including the nature, time frame and the methodology of research, should be presented to the Research Development Committee by the officers entitled for the research allowances during the period from 01 January 2011 up to 31 December and obtained the approval thereon. Nevertheless, research allowances amounting to Rs.554,190 had been paid to four officers in the staff of the Institute without obtaining such approval during the current year.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the operation of the Institute for the year ended 31 December 2011 had resulted in a deficit of Rs. 6,633,488 before taking into account the Government grant as compared with the corresponding deficit of Rs. 4,164,831 for the preceding year. After taking into account the Government grant of Rs.7,314,146 received for recurrent expenditure for the year under review, the deficit had converted into a surplus of Rs. 680,658. The deficit of the preceding year had converted into a surplus of Rs. 3,735,169 due to the Government grant of Rs. 7,900,000 received for the recurrent expenditure for the preceding year. Increase of the salaries and other recurrent expenditure and the decrease of income from courses had mainly affected the decrease of surplus by Rs.3,054,511 in the year under review as compared with the preceding year.

3. Operating Review

3.1 Performance

The following matters with regard to the academic performance were observed.

(a) Students' Registration

- (i) Even though the overall students' registration had increased by 16.8 percent during the year under review as compared with the preceding year, the registration for the Master of Arts in Buddhist Ayurvedic Consultation (Sinhala), Post Graduate Diploma Courses in Buddhist Studies (Sinhala) and Post Graduate Diploma Courses in Buddhist Studies (English) had decreased by 51.7%, 27.7%, and 25% respectively.
- (ii) Even though 07 courses of one year duration were conducted by the Institute as at the end of the year under review, most of the students had followed only the two courses on Master of Buddhist Studies in Sinhala and English medium. Further, the students' registration of those two courses represented 71.4 per cent of the total registration of the year under review, while it was 66 per cent during the preceding year.
- (iii) Two courses of two year duration on Master of Philosophy in Buddhist Studies in Sinhala and English medium were being conducted by the Institute and the students' registration for the course in Sinhala medium had increased by 7.8 per cent while students' registration for the course in English medium had decreased by 42.8 per cent as compared with the preceding year.

(b) Sitting for the Examinations and Results of Examinations

- (i) The total number of students registered for seven courses of one year duration conducted by the Institute during the year under review stood at 470. Nevertheless, the number of students sat for the examination was 398 as such 72 students had not sat for the examination.
- (ii) The date of release of results had not been fixed early by the Institute while the results of the examinations held in December of the year under review had been released on 22 May 2012. The release of results had been delayed for 40 days approximately as compared with the preceding year.

3.2 Operating Inefficiencies

A sum of Rs. 15,000 received for the E.W. Gunathilaka Fund during the year 1984 and the interest of Rs.176,798 recovered by the end of the year under review had not been utilized for the intended purpose.

4. Accountability and Good Governance

4.1 Corporate Plan

In terms of Section 5.1.2 of the Public Enterprises Circular No.PED/12 of 02 June 2003, the Corporate Plan including the specific activities relating to the period 2010-2015 had not been prepared.

4.2 Budgetary Control

Significant variances ranging from 42 to 93 percent were observed between the budgeted and actual income and expenditure of the year under review, thus indicating that the budget had not been made use of as an effective instrument of management control.

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) Maintenance of Publication Stocks
- (d) Research Allowances