

Sri Lanka Institute of Advanced Technological Education - 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 Sri Lanka Institute of Advanced Technological Education as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1:2 Comments on Financial Statements

1.2.1 Accounting Deficiencies

The following observations are made.

- (i) The value of a computer and furniture of Rs.11,847,664 provided to the Sri Lanka Advanced Technological Institutes during the year under review by the 21st Century Higher Education Project had not been brought to account or disclosed.
- (ii) Work in progress as at the end of the year under review amounting to Rs.10,133,440 had been brought to account as fixed assets.

1.2.2 Accounts Receivable and Payable

Action had not been taken even during the year under review to settle the credit balances valued at Rs.7,872,590 remaining for more than 5 years.

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

The following non-compliances were observed in audit.

Reference to Laws, Rules, Regulations, etc. -----	Non-compliance -----
(a) Financial Regulations -----	
(i) F.R. 187	Although it was shown that the daily collection of cash should be deposited in the Bank daily or as soon as possible, contrary to this a portion of the cash received by the Advanced Technological Institute, Dehiwala had been retained and the balanced deposited in the Bank without depositing in the Bank according to the serial order of the receipts.
(ii) F.R 260 and 141(3) (c)	Although name, amount and other details of the payee indicated in the cheques should be reconciled with the details pointed out in the vouchers by the Advanced Technological Institute, Dehiwala, a sum of Rs.14,850 had been paid for 6 persons through 2 cheques only.
(iii) F.R 264	Although every payment should be supported by a receipt obtained from the payee in acknowledgement of the amount pointed out in the voucher and such receipt should be attached to the relevant voucher, such receipts obtained

- for any payment made by the Advanced Technological Institute, Dehiwala were not made available.
- (b) Circular No.95 dated 14 June 1994 of the Department of Public Enterprises
- Although registration of students at the Advanced Technological Institute, Dehiwala is the normal duty of the Institute, a sum of Rs.14,650 had been paid to the officers who are involved in the registration of students for the year 2011 on the basis of number of students without the approval.
- (c) Public Enterprises Circular No.116 dated 24 January 1997
- Four casual labourers recruited on contract basis had been released to the Ministry of Higher Education and a sum of Rs.416,962 had been paid as salaries for the year 2011.
- (d) Section 3.4 of the Circular No.8 dated 25 January 2006 of the National Procurement Agency.
- Although purchase of goods should be made based on comparison of price quotations obtained from the bidders when supplying goods and services to the Advanced Technological Institute, Dehiwala, purchase of capital goods aggregating Rs.597,026 and repair of computers had not been done accordingly.
- (e) Circular No.IAU/2008/02 dated 24 June 2008 of the Sri Lanka Institute of Advanced Technological Education
- Although maximum number of books could be issued from the library for academic staff of the Advanced Technological Institute, Mattakuliya should be 10 and these books should be returned within one month, it was observed that

lecturers had obtained excess books and retained them more than the specified period contrary to this instruction.

- (f) Letter No.IA/02/15 dated 02 January 2008 issued by the Directors General of the Advanced Technological Education Institutes
- Although the academic staff should cover the specified number of lecture hours, it was observed at the audit test check that 03 lecturers had not covered the period of 92 hours to be covered for a month. Further, action had not been taken to properly maintain the work done register in terms of letter No. I/A/4/5 dated 02 January 2009.

2. Financial Review

2.1 Financial Results

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.423,393,461 before taking into account the Government grant and foreign grant for recurrent expenditure as compared with the corresponding deficit of Rs.396,653,726 for the preceding year. After taking into account the Government grant of Rs.321,400,000 and the foreign grant amounting to Rs.907,620 received for recurrent expenditure the deficit amounted to Rs.101,085,841. After taking into account the Government grant of Rs.304,317,000 and the foreign grant amounting to Rs. 4,526,813 received in the preceding year, the deficit for that year amounted to Rs.87,809,913.

2.2 Analytical Financial Review

Although expenditure for the year 2011 had increased by Rs.25,816,537 as compared with the year 2010 , income had decreased by Rs.923,197 and as such the deficit for the

year under review (Prior to adjustment for Government grant and foreign grant) had increased by Rs.26,739,735).

3. Operating Review

3.1 Performance

The following matters were observed.

(a) Examination relating to the progress of the registration of students revealed that the registration of students for the year under review had increased by 17%.

Course	2007	2008	2009	2010	2011
Higher National Diploma Course in Accountancy	1420	1389	1402	1502	1408
Higher National Diploma Course in Management	232	333	451	419	424
Higher National Diploma Course in Engineering	200	206	221	245	431
Higher National Diploma Course in Technology (Agri)	69	92	142	139	168
Higher National Diploma Course in English	570	757	989	989	1344
Higher National Diploma Course in Business Studies	97	155	142	180	147
Higher National Diploma Course in Business Finance	32	30	48	64	46
Higher National Diploma Course in Information Technology	271	304	367	385	448
Higher National Diploma Course in Business Administration	-	-	-	-	163
Total	2891	3266	3762	3923	4579
Percentage variance compared to the previous year	(20%)	(13%)	15%	4%	17%

(b) Introduction of Courses

Although diversification of courses, introduction of new courses and introduction of fees recovering courses had been included among the targets and objectives for establishment of Advanced Technological Institution, action had been taken by the Advanced Technological Institute, Mattakuliya to implement only the courses relating to Higher National Diploma Course.

3.2 Management Inefficiencies

The following deficiencies were observed.

- (a) Action had not been taken up to now to transfer the legal ownership of the lands and buildings of seven institutions functioning under the Sri Lanka Institute of Advanced Technological Education to the Advanced Technological Institutes
- (b) A sum of Rs.23,119 recovered by the Advanced Technological Institute, Dehiwala through receipts during the period from January 2010 to 31 July 2011 had not been deposited in the Bank.
- (c) Although the scholarships relating to the students who refused to accept the Mahapola Scholarships should be deposited in the Bank and cheques should be issued to the Mahapola Fund for this money, it was observed that a sum of Rs.520,000 which was refused to accept by the students, had been retained for nearly one month and cheques for that amount had been issued without depositing in the Bank.

3.3 Idle and Underutilized Assets

Twenty two types of unusable goods had been condemned and inventorised by the Advanced Technological Institute, Mattakuliya whereas those had been stored at the workshop for several years without taking action to disposed of.

4. Accountability and Good Governance

Tabling of Annual Reports

Annual Reports of the Institute for the years 2009 and 2010 had not been tabled in Parliament.

5. Systems and Controls

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

- (a) Inventory control
- (b) Vesting of lands and buildings and bring to account
- (c) Internal control on funds of the Advanced Technological Institute