

1. Financial Statements

---

1:1 Opinion

---

In my opinion the financial statements give a true and fair view of the financial position of the Lakshman Kadiragamar Institute for International Relations and Strategic Studies 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 Accounting Policies

---

The institute of Lakshman Kadiragamar had accounted the interest on fixed deposits and rent revenue of auditorium on a cash basis while accounted the expenditure on accrued basis for the year under review. It was observed for audit that the institute had followed two accounting policies.

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

---

The following non-compliances with Laws, Rules, Regulations and Management Decisions were observed.

| Reference to Laws, Rules, Regulations and Management Decisions  | Non-compliance  |
|---|---|
| -----   | -----   |
| (a) Sri Lanka Institute of Strategic Studies Act, No.45 of 2000 as amended by the Sri Lanka Institute of Strategic Studies (Amendment) Act No. 32 of 2006 | Even though the Bandaranaike International Diplomatic Training Institute (BIDTI) shall be vested in this Institute with effect from the date of coming into operation of this Act and shall be functioned as a unit of the Institute responsible for conducting training programme that Institute had been operated |

- |   |   |
|---|---|
| (i) Sections 10E(1), 10E(2)(I)<br>10E(2)(II)              | as an independent Institution without taking action to credit the balances available in the accounts maintained by that Institute to the fund of this Institute and attaching the employees of that Institute to this Institute during the year under review as well. |
| (b) Inland Revenue Act, No. 10 of 2006                    | Action had not been taken for recovery of the Pay As You Earn Tax in terms of the Act from the salary of an officer who had earned Rs.75,000 of the Institute and remit to the Department of Inland Revenue.  |
| (c) Public Enterprises Circular No.PED/12 of 02 June 2003 |   |
| (i) Section 9.2   | Action had not been taken to register the Organization Chart and the approved cadre with the Department of Public Enterprises of the General Treasury.  |
| (ii) Section 9.3.1  | The Institute had not prepared a scheme of Recruitment and Promotion covering each post approved by the Ministry with the concurrence of the Department of Public Enterprises of the General Treasury.  |

2. Financial and Operating Review

-----

2.1 Financial Review

-----

2.1.1 Financial Results

-----

The operation of the Institute for the year 2011 had resulted in a deficit of Rs.563,642 as against the surplus for the preceding year of amounting to Rs.2,308,847 showing a decline of Rs. 2,872,489 in the financial results for the year under review. Deterioration of revenue by Rs.2.3 million for the year under review had resulted for this deficit as compared with previous year.

### 3. Operating Review

-----

#### 3.1 Performance

-----

According to the Act, the objectives of the Institute are the function as a multi-disciplinary research Institute, the study of the strategic relations specially to the defense, national security, law, economy, cultural relations, agriculture environmental and promotion on international relations and training of persons engaged in the peace promotion and post conflict problems. Nevertheless, the involvement in such activities in the year under review was not established.

#### 3.2 Operating Inefficiencies

-----

Quotation had not been obtained for goods valued at Rs.573,199 for the year under review.

### 4. Accountability

-----

#### 4.1 Presentation of Financial Status

-----

In terms of Section 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003, the financial statements for the year should be presented to the Auditor General within 60 days after the close of the year of accounts. Nevertheless, the financial statements for the year under review presented for audit on 11 February 2015.

#### 4.2 Corporate Plan

-----

A Corporate Plan for a period not less than 03 year for the achievement of objectives for which in Institute was established had not been prepared as specified in Section 5.1.1 of the Public Enterprises Circular No.PED/12 of 02 June 2013.

#### 4.3 Annual Action Plans

-----

An Annual Action Plan had not been prepared.

4.4 Budgetary Control  
-----

A budget for the achievement of the targets of the Institute had not been prepared as specified in Section 5.2 of the Public Enterprises Circular No.PED/12 of 02 June 2003.

4.5 Tabling of Annual Reports  
-----

Action had not been taken for tabling of the Annual Reports from the year 2007 up to date in Parliament.

5. Systems and Controls  
-----

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

- (a) Staff Administration
- (b) Budgetary Control
- (c) Action Plan

