

J.R.Jayawardene Centre - 2020

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the J.R.Jayawardene Centre for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Centre as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, it is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Centre.

1.4 Audit Scope (Responsibility of the Auditor for Financial Statements Audit)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Centre, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Centre has complied with applicable written law, or other general or special directions issued by the governing body of the Centre.
- Whether it has performed according to its powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Internal Control over the preparation of financial statements.

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with management’s general or specific authorization, transactions are remarked as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the remarked accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.5.2 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Non Compliance with the reference to particular Standard	Management Comment	Recommendation
(a) Even though assets and liabilities should not be offset in terms of Paragraph 48 of Sri Lanka Public Sector Accounting Standard 01, bank overdraft balance of Rs.591,709 had been offset with cash in hand balance and the overdraft balance had not been shown in the financial statements under current liabilities. Even though comparative information should be disclosed for all statistical information reported in the financial statements in terms of Paragraph 53, comparative information for the statement of changes in equity had not been furnished.	Only a summary of cash and bank balance has been shown in the statement of financial position and the detailed report of cash and bank balances has been shown under note no.06. Balance of the relevant current account has been shown as an overdraft balance of Rs.591,709 therein. Statement of changes in equity has been prepared according to the format shown in Sri Lanka Public Sector Accounting Standard 01.	Action should be taken in terms of the standard.

- (b) In the year 1998, Rs.5,000,000 had been invested by the centre in an affiliated private company named J.R.Jayawardene Information Centre and only Rs.700,000 of the investment had been received back due to the closure of that company in the year 2008. Even though it has passed 12 years since the closure of the institute, remaining investment balance of Rs.4,300,000 that could not be realized had been continuously shown as a long term investment in the financial statements. Relevant disclosures had not been made in the financial statements regarding this unrealizable investment balance.
- J.R.Jayawardene Information Centre which was initiated with the approval of the governing board and under the chairmanship of a member of the governing board at that time has been closed due to the bankruptcy in the year 2008. As it is impossible to get this amount or dividend receivable for that due to this, the approval of the governing board was received at the board meeting held on 15 December 2015 to remove the amount of Rs.4,300,000 included in the statement of financial position. It was referred to get the approval of the general treasury to remove the relevant investment amount from the accounts and the general treasury has referred to the recommendation of the Secretary to the Ministry of Buddhasasana, Religious and Cultural Affairs.
- Relevant disclosures should be made to adjust the investment balance as a loss in the accounts. Necessary steps should be taken to charge the loss from responsible parties.
- (c) In terms of Paragraph 08 of Sri Lanka Public Sector Accounting Standard 07, no disclosures had been made regarding the heritage assets with historical value which is in the museum of the center. In contrast to Paragraph 21, repairs and maintenance expenses of Rs.481,346 had been capitalized and hence profit of the year and the carrying value of the fixed assets in an amount of Rs.430,412 and provision for depreciation as at 31 December 2020 in an amount of Rs.50,934 had been overstated. Similarly, without
- Actions were taken to get the instructions of the Department of Museum and the Department of Archaeology regarding the heritage assets. According to the recognition principle stated in Paragraph 14 of Sri Lanka Public Sector Accounting Standard 07, repairs and maintenance expenses are the expenses which are incurred to replace a part of an item of
- Disclosures regarding heritage assets, expenses and assets should be accounted in terms of the standard.

accounting the value of land and building separately in terms of Paragraph 50, 5 percent of Rs.1,731,644 provision for depreciation had been made for the buildings including the land.

Property, Plant and Equipment and therefore, relevant expenses were remarked as capital expenses, as it was satisfied the recognition criteria at the time of relevant cost incurred. Land and buildings had not been assessed separately at the inception of the Centre. In the year 2015, value of the land and buildings was assessed separately by the Valuation Department and it was remarked to record land and buildings separately since 2021 by obtaining that report.

- (d) In terms of Sri Lanka Public Sector Accounting Standard 07, no disclosures had been made in the financial statements regarding the assets with a cost of Rs.20,120,653 and fully depreciated but further in use. Even though it was planned to revalue Property, Plant and Equipment in the year 2020, it has been unable to revalue fixed assets because travel restrictions had been imposed more time in the year 2020 due to the Covid-19 diffusion. Action should be taken in terms of the standard.
- (e) Even though inventories should be measured at the lower of cost and net realizable value in terms of Paragraph 15 of Sri Lanka Public Sector Accounting Standard 09, deficit was overstated because book stock of Rs.4,280,329 which is held for sale had been shown at sales price and no required disclosures also had been made in terms of Paragraph 47(a). In terms of Paragraph 38 to 42, 1914 damaged books of Rs.657,775 shown at sales price had not been adjusted to the financial statements at net realizable value. It was decided to measure the value of books stock based on cost or net realizable value in the future. In terms of Paragraph 38 to 42 of Sri Lanka Public Sector Accounting Standard 09, it was remarked to adjust in the financial statements, the value of damaged books stock after the assessment. Action should be taken in terms of the standard.

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| <p>(f) In terms of Paragraph 14 of Sri Lanka Public Sector Accounting Standard 15, a comparison between values of the budget and actual values and an explanation of the reasons for quantitative differences of those values had not been included in the financial statements.</p> | <p>It was remarked to present a comparison between values of the budget and actual values with the financial statements since year 2021.</p> | <p>Action should be taken in terms of the standard.</p> |
| <p>(g) In terms of Sri Lanka Public Sector Accounting Standard 19, no disclosures had been made in the financial statements, regarding the disclosures required to make on Employees' Provident Fund, Employees' Trust Fund and the post employee benefit proposals relevant for gratuity contributions. Employees' gratuity provision of Rs.4,952,653 as at 31 December 2020 to be shown separately as current liabilities and non-current liabilities had been shown as a current liability.</p> | <p>Gratuity allowances are paid by the Centre under employee benefits in terms of Paragraph 19 of Sri Lanka Public Sector Accounting Standard 08, and it had been reported on that. Value of the provision for gratuity had been shown mistakenly, under current liability and it was remarked to correct in future.</p> | <p>Action should be taken to make disclosures required in terms of the standard and to show gratuity accurately in the accounts.</p> |

1.5.3 Accounting Deficiencies

----- Audit Issue -----	----- Management Comment -----	----- Recommendation -----
<p>(a) Rs. 4,202,720 had been invested in treasury bills with a face value of Rs. 4,484,303 for a period of one year and relevant investment income in an amount of Rs.281,583 less and the value of a fixed deposit of Rs.33,567,187 as 37,118,596 in an amount of Rs.3,551,408 more had been shown in the financial statements. Interest income in the year under review and interest received in advance relating to the treasury bills amounted to Rs.189,527 and Rs.92,056 respectively and it had not been recognized and accounted.</p>	<p>Amounting to Rs.4,484,303 which is the face value of treasury bills had not been included in the short term investments and its actual value of Rs.4,202,720 has been included. It has been informed the bank in writing to refer the balance confirmation documents of the fixed deposits directly to the audit. in interest income account in the year 2020, amounting to Rs.281,583 has been stated as the interest income of treasury bills and interest income of Rs.189,527 relating to the year 2020 had been accounted to the interest income account with the income received in</p>	<p>Action should be taken to show the correct values in correct way in the accounts.</p>

advance. It was remarked to record separately the interest income and the interest income received in advance in the future.

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| <p>(b) Due to Property, Plant and Equipment purchasing value of Rs. 201,500 had been understated in the statement of cash flow, Cash flow used for investment activities had been understated by that amount. Cash flow of Rs.189,968 for operating activities had been overstated due to understating of depreciation for the year in an amount of Rs.201,500 in the cash flow generated from operating activities and by including petty cash balance of Rs.11,532 as an increase of current assets.</p> | <p>Net depreciation amount of the year is stated in the cash flow statement as it should be stated only the changes in non financial assets. That is by deducting the value of Rs.201,500 removed from accumulated depreciation in the year 2020 out of the depreciation of Rs. 4,376,019 in the year 2020. The variance occurred in petty cash which is a current asset, is shown under increase of current assets under operating activities in the statement of cash flow. It is kindly informed that it is not the petty cash balance as at 31 December 2021.</p> | <p>Action should be taken to show the correct values in correct way in the accounts.</p> |
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1.5.4 Unauthorized Transactions

Description of unauthorized transaction	Management Comment	Recommendation
<p>(a) While Centre has agreed to reinvest the interest of a 12 months fixed deposit of Rs.26,625,494 invested in State Mortgage and Investment Bank by adding to the original amount, interest amount of Rs.2,928,804 for a period of one year from 01 April 2020 had been get back without the approval of the board of governors.</p>	<p>Fixed deposit interest was obtained as there was no adequate amount to settle recurrent expenditure in the year 2020 due to the falling down of income of the institute and it is expected to obtain covering approval required for this at the next board meeting proposed to be held.</p>	<p>Action should be taken to get back the investment on the approval of the board of governors.</p>
<p>(b) No recommendations of the board of survey and approval of the Board of governors had been obtained to remove the fixed assets cost of</p>	<p>When removing fixed assets from the books, it was remarked to do after obtaining the approval of the board of governors for the</p>	<p>Action should be taken to remove fixed assets on the approval of the</p>

Rs.201,500 from the books.

recommendations of the board of board of governors.
survey.

1.5.5 Documentary Evidences not made available for Audit

Audit Observation	Management Comment	Recommendation
No information was furnished to the audit relating to detailed schedules for 17 classes of fixed assets with a cost of Rs.117,839,906 and refundable deposit of Rs.82,500 over 20 years.	It was unable to furnish a detailed report for the cost of fixed assets mentioned by the audit because a fixed assets register has not been prepared as per treasury circular no.842 dated 19 December 1978. It has become impossible to find conjunctive information regarding deposit amount. It was remarked to make necessary adjustments by investigating relevant information for that.	Action should be taken to furnish information, documents and schedules required for audit.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Issue	Management Comment	Recommendation
Even though building rent income for the year 2020 was amounted to Rs. 17,737,363, rent income of Rs.4,247,259 receivable therein in relation to 8 tenants had not been charged due to not having a method to charge the building rent income monthly properly and not making an active effort. Adequate steps had not been taken to charge rent income of Rs.5,664,347 receivable for the period of 2013-2019 and there was an amount of Rs.4,093,380	Rent income receivable for the year 2020 had been received at the moment. It has been informed to charge the relevant rent amount relating to 2013 to 2019. It is informed that legal action will be taken in the year 2022, against the relevant institutes in case of further non-payment. Due to the bankruptcy, C.I.F.L institute had been closed by Central Bank of Sri Lanka in year 2014. It was remarked to write off from the accounts in the future	Action should be taken to charge relevant amount.

receivable from 05 institutes subject to the approval of the that have left the rent basis at treasury as there is no the moment. possibility of charging the amount of Rs.1,887,195 receivable in relation to that.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Sections (1) 2 and 102 of Inland Revenue Act No.24 of 2017	Actions had not been taken to register for income tax or to be tax free and no action had been taken even to pay income tax for the assessment years of 2018/2019 and 2019/2020.	Since centre is not operating for earning profits, income tax had not been paid at the inception.	Action should be taken in terms of Inland Revenue Act.
(b) Section 15 of Employees' Provident Fund (Revised) Act No.16 of 1970	Even though monthly contribution of Employees' Provident Fund should be paid before the last day of the succeeding month, contributions of Rs.249,119 relating to year 2000 and contributions of Rs.370,747 relating to months of October and November 2020 had not been paid even by the date of 31 December 2020.	Settling of expenses in the last quarter of the year had to be delayed because of the decline in operating income of the institute in the year 2020, due to the impact of Covid-19 epidemicsituation. Therefore, payment of Employees' Provident Fundcontribution of the last quarter was delayed.	Action should be taken in terms of Employees' Provident Fund.
(c) Section 16 of Employees' Trust Fund Act No.46 of 1980	Even though monthly contribution of Employees' Trust Fund should be paid before the last day of the succeeding month, contributions of Rs.55,612 relating to months of October and November 2020 had not been paid even by the date of 31 December 2020.	Settling of expenses in the last quarter of the year had to be delayed because of the decline in operating income of the institute in the year 2020 due to the impact of Covid-19 epidemic situation. Therefore, payment of Employees' Trust Fund contribution of	Action should be taken in terms of Employees' Trust Fund.

the last quarter was delayed.

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| (d) | Section 40 and 41 of National Audit Act No.19 of 2018 | An internal audit regarding the Centre had not been done and Audit and Management Committee meetings had not been held. | Internal audits are done by the internal audit unit of Ministry of Buddhasasana, Religious and Cultural. It was remarked to form a position of internal audit assistant and to carry out necessary recruitment activities required for that. It was remarked to establish an Audit and Management Committee for the Centre in the future. | Action should be taken in terms of National Audit Act. |
| (e) Financial Regulations of the Democratic Socialist Republic of Sri Lanka | | | | |
| (i) | Financial Regulation 137,138,139 and 245 | 12 payment vouchers of value Rs.1,009,707 without an approval, 21 payment vouchers of value Rs.1,965,250 without certification and 15 vouchers of value Rs.694,156 without approval and certification had been paid. | It was remarked to pay the vouchers in terms of financial regulations 138, 139, and 242. | Action should be taken in terms of financial regulations. |
| (ii) | Financial Regulation 272 | 06 payment vouchers of value Rs.56,242 were not furnished to the audit. | Relevant vouchers have been furnished to the audit. | Vouchers should be furnished to the audit in terms of financial regulations. |

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| (f) | Treasury
Circular No.842
dated 19
December 1978 | A register of fixed assets had not been maintained. | It was remarked to prepare the fixed asset register since 2021 in terms of Treasury Circular No.842 dated 19 December 1978. | Fixed assets register should be maintained in terms of the circulars. | |
| (g) | Section 04 of
Public Finance
Circular
No.01/2014
dated 17
February 2014 | Organization structure, details of the approved cadre and the actual cadre and procurement plan had not been furnished with the action plan. | Budget and the action plan for the year 2020 have been furnished to the audit by the Centre. It was remarked to furnish procurement plan and internal audit plan to the audit since 2021. | Action should be taken to furnish plans in terms of the circulars. | |
| (h) | Section 02 of
Public Finance
Circular
No.449 dated
21 February
2011 | Without the approval of the Secretary to the Ministry, a librarian consultant had been appointed on the basis of paying Rs.5000 per day. Even though this appointment should not be exceeded 45 days, service of the consultant had been obtained continuously since 2014 and Rs.150,000 had been paid for 05 months, Rs.30,000 per month in the year 2020. | Approval of the governing board has been obtained for the payment of consultancy fee .It was remarked to get the approval of the Secretary to the Ministry in the future. He enlisted the Service of Mr. K.D.Paranawithana, a renowned professor of libraries and archeology for using for the promotional activities of the library and the museum of the Centre for along time. | Action should be taken in terms of the circulars. | |
| (i) | Public
Enterprise
Circular
No.PED/12
dated 02 June
2003 | Section 5.2.1 | Approval of the governing board had not been obtained for the budget estimate of 2020 | It was unable to get the approval of the governing board for | Action should be taken in terms of the circulars. |

and statement of budgeted income and expenditure, statement of budgeted financial performance and budgeted cash flow statement had not been furnished.

the budget prepared for the year 2020, as it was unable to hold a meeting of the governing board within the period of 01 September 2019 to 28 February 2021. It was remarked to furnish the budget to the audit with the approval of the governing board in terms of Public Enterprise Circular No.PED/12 dated 02 June 2003.

Section 4.2.6	Quarterly, half yearly and annual performance reports had not been prepared and furnished to the line ministry and the Department of Public Enterprise.	Quarterly, half yearly and annual performance reports for the year 2020 had been furnished to the line ministry and it was remarked to furnish the relevant reports to the Department of Public Enterprise in the future.	Action should be taken in terms of the circulars.
Section 6.5.1	Financial statements had been furnished to the Auditor General on 08 April 2021 and draft annual report had not been furnished with the financial statements.	It was unable to furnish financial statements on due date because it was delayed to prepare the financial statements due to the travel and quarantine curfew imposed in the country due to Covid-19 diffuse in months of October, November and December in the year 2020.	Action should be taken to furnish financial statements in terms of the circulars.
(j) Public Enterprise Circular	In the absence of compliance with the provisions of Paragraph 6.5 of the Guideline	Payment of this bonus was made in terms of Public Enterprise	Action should be taken to pay bonus in terms of the

<p>No.PED 03/2019 dated 09 December 2019 and No.PED 03/2020 dated 18 December 2020</p>	<p>for Good Governance of Public Enterprises bearing Public Enterprise Circular No.12 dated 02 June 2003, Rs.781,750 had been paid in 2 cases as bonus for years 2019 and 2020 and approval of the governing board had not been obtained for that.</p>	<p>Circular PED/03/2020 issued by Ministry of Finance. It was remarked to take actions in terms of the provisions of Paragraph 6.5 of the Guideline for Good Governance of Public Enterprises bearing Public Enterprise Circular No.12 dated 02 June 2003.</p>	<p>No. circulars.</p>
<p>(k) Public Administration Circular No.07/2020(III) dated 10 June 2020.</p>	<p>Without an approval of the Secretary to the Ministry of Public Administration, loan installments had not been charged in months of June, July and December 2020. Hence, distress loan installment amount of Rs.141,852 to be charged had been chargedless.</p>	<p>In order to provide an economic relief to the employees on the Covid-19 epidemic situation in the country, installments were not charged in months of June, July and December 2020 for the loans given and it was remarked to take actions in terms of Public Administration Circular and provisions when charging loan installments in the future.</p>	<p>Action should be taken in terms of the circulars.</p>
<p>(l) Public Administration Circular No.07/2015 dated 26 March 2015.</p>	<p>(i) Instead of paying Rs.10,000 as festival advance, Rs.570,000 had been given for 19 employees as Rs. 30,000 each.</p>	<p>Festival advance of Rs.30,000 per employee had been given in years of 2016,2017,2018,2019 and 2020 and it was remarked to pay festival advance in terms of Public Administration Circular No.07/2015 dated 26 March 2015 in the future. As such,</p>	<p>Action should be taken in terms of the circulars.</p>

approval of the treasury had not been taken since Centre does not get treasury grants annually for recurrent expenses or capital expenses.

- (ii) Even though festival advance should be charged in 8 equal installments, those advances had been charged in 10 installments of Rs.3,000 each and hence, there was an uncollected balance of Rs.226,818 as at 31 December 2020.

In order to provide an economic relief to the employees on the Covid-19 epidemic situation in the country, installments were not recovered for the loans given in months of June, July and December 2020 and it was remarked to take actions in terms Public Administration Circular and provisions when recovering loan installments in the future.

Action should be taken in terms of the circulars.

Installments relating to the year 2020 had been paid at the moment and actions had been taken to educate the employees who have currently left the institute to recover the remaining amount.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.5,007,114 and the corresponding surplus in the preceding year amounted to Rs.9,110,636. Therefore a deterioration amounting to Rs.14,117,750 of the financial result was observed. Even though the expenditure on personal emoluments had been decreased by Rs.1,982,244, the decrease in building income by Rs.15,963,206 had been the main reason for this deterioration.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
(a) Amount of Rs.9,725,000 had been invested as a fixed deposit in a private bank in the year 2002 and due to the bankruptcy of that bank, Central Bank had prepared a proposal of settling the depositors' liability through Sri Lanka Savings bank. Accordingly, even though that amount had been invested as debentures as retrievable in the year 2017 with 5 percent annual interest, interest amount of Rs.972,500 had been lost to the Centre due to nonpayment of interest for a period of 2 years as agreed by the relevant bank. Even though these debentures had been matured on 03 December 2017, Centre had not taken actions to retrieve Rs.14,101,250 of initial amount and the interest for 09 years and direct balance confirmations relating to debenture deposits had not been furnished to the audit.	Amount of Rs.9,725,000 had been invested in Sri Lanka Pramuka Bank in the year 2002 by the Centre and due to the bankruptcy of the bank it was invested in debentures of Sri Lanka Savings bank for 10 years from the date of 03 December 2007 as per the directions of Central Bank of Sri Lanka. At the time of investing, bank has stated that debenture interest relating to years 2007-2008 will not be paid and interest income relating to remaining 09 years had been given. To retrieve this amount, a board paper approved by the board of governors and the minute of the relevant board meeting should be furnished to Sri Lanka Savings Bank and it has been impossible to reinvest by retrieving this investment amount and the interest as it was unable to organize a board meeting since 03 December 2017. It was remarked to take necessary actions to retrieve amount and reinvest after obtaining the board approval in the future.	Action should be taken to retrieve the matured debentures and interest of 09 years.
(b) Without transmitting to Department of Inland Revenue, stamp duty of Rs.7,175 and Nation Building Tax	After charging of Nation Building Tax and Value Added Tax amount from relevant parties.	Action should be taken to pay relevant taxes to relevant parties.

of Rs.184, 589 which were collected from external parties by the Centre and without repaying Value Added Tax of Rs.1,955,488 to the relevant parties had been retained for a period of 6 months to 2 years.

customers and before paying that amount to Department of Inland Revenue, Department of Inland Revenue has exempted J.R. Jayawardene Centre from Value Added Tax. It was remarked to discuss with Department of Inland Revenue regarding further actions to be taken relating to this tax amount.

(c) When renting buildings, no rent agreements were entered with 6 institutes and agreements entered with 3 institutes had not been registered. No actions had been taken to revise prices by obtaining rental assessment reports of these premises and one square foot had been rent at a very low price of Rs.115 to Rs.165.

Agreements had been entered with 6 institutes. It is expected to enter into agreements with 3 institutes in the year 2021. There is no high demand for building premises of the Centre. It is kindly informed that it is practically difficult to procure annually because institutes which rent buildings are considering the possibility of long-term stay and government institutes rent building on a wait and see basis until the projects which comes under government ministries are completed.

Action should be taken to rent on the current market value of the buildings and to register the agreements.

3.2 Defects in Contract Administration

----- Audit Issue -----	----- Management Comment -----	----- Recommendation -----
Only the material stock available at the work site had been revealed by the invoice of Rs.382,960 submitted on 10 August 2020 as the first interim payment made for the contract of Rs.1, 189,050 for repairing the ceiling of the Centre and the accuracy of the relevant	Initial payment of Rs.382, 960 were made for the repair of the ceiling of the Centre depending on the ability to pay 30 % advance amount in terms of Paragraph 5.4.4 of Procurement Guideline. At the time of this payment was made, a physical progress of 20% had also been	Action should be taken to make the payments base on an engineer's certificate. Payments should be made in terms of financial regulations.

material stock had not been certified by an engineer. In addition to this, Rs.689, 639 had been transferred directly to the contractor's account and any document relating to the payment of Rs.344, 975 was not furnished to the audit.

made in this procurement. This payment was made through the bank accounts as it was unable to report to the duty to sign the cheque because travel restrictions had been imposed strictly at the date of 16 October 2020 due to Covid-19 epidemic spread. Relevant information in this regard is attached to the procurement file.

3.3 Human Resources Management

----- Audit Issue -----	----- Management Comment -----	----- Recommendation -----
<p>There were approved cadre of 36 and actual cadre of 22 in the Centre and 14 vacancies in 08 positions. No actions had been taken to revise the approved cadre as appropriate with the role of the Centre and there were 02 positions of chef which are incompatible with the role. Even though 05 officers had been recruited on contract basis, approval of the treasury had not been obtained for that.</p>	<p>It was remarked to take necessary actions to revise the approved cadre as appropriate with the current affairs and the operation of the institute. At the moment, two employees who recruited for 2 management assistant positions has been included in the permanent cadre and it was unable to make permanent two employees who recruited for the drivers' service as they were over the age level of making permanent even at the time of recruiting.</p>	<p>Action should be taken to revise the approved cadre and to recruit by obtaining the treasury approval.</p>