

Transaction report of the SLINTEC Academy - 2023 / 2024

The audit of the operational activities of the SLINTEC Academy for the years ended 31 March 2023 and 2024 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 the provisions of National Audit Act No. 19 of 2018. My observations which I consider should be presented to the parliament appear in this report.

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

Each audit entity should maintain its own books and records of its income, expenditure, assets and liabilities to enable it to prepare annual and periodic financial statements on that entity in terms of Section 16(1) of National Audit Act No.19 of 2018. The annual financial statements for each audit entity should be submitted to the Auditor General by the Chief Accounting Officer along with the Annual performance report of such instances as may be specified by the rules in terms of Section 16(2) of the Act. It should be ascertained to prepare annual reports and other financial statements within the required time period in terms of Section 38 (1)(d) of the Act and in addition to that the Chief Accounting Officer should be responsible for presenting of the annual reports related to the entity which was being audited to parliament.

2. Financial Statements

2.1 Presentation of Financial Statements

According to Section 6.6 of the Operational Manual for State Enterprises issued by Circular No. 01/2021 dated 16 November 2021, financial statements and draft annual reports should be submitted to the Auditor General within 60 days after the end of the accounting year. However, the financial statements approved by the Board of Directors for the years 2022/2023 and 2023/2024 had not been submitted for audit as of the date of this report.

2.2 Assets, Liabilities, Income & Expenses

The details of assets, liabilities, income, and expenses shown in the financial statements are last prepared by the company for the financial year ending 31 March 2022 are as follows.

Financial Statement Item	Value
	Rs.
<u>Assets</u>	
Non-Current Assets	1,893,829
Current Assets	2,745,422

Total Assets	4,639,251
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Equity and Liabilities	
Equity	(8,642,380)

Liabilities	
Non-Current Liabilities	12,238,255
Current Liabilities	1,043,376
Total Liabilities and Equity	4,639,251
Total Income	57,170
Total Expenses	385,028
Deficiet	(327,858)

2.3 Accounts Payable

Audit Observation	Comments of the Management	Recommendation
A loan had been obtained by the SLINTEC Academy amounting to Rs. 10,500,000 from a trust fund in the year 2020, and as of 31 March 2024, the loan had not been repaid.	No answers were provided.	Actions should be taken to settle the payable debt.

3 Other Observations

3.1 Fixed Assets Management

	Audit observation	Comments of the Management	Recommendation
(a)	02 laptop computers, 07 chairs, 01 filing cabinet, and a photocopier worth a total of Rs. 774,490 belonging to the academy were being used by the Sri Lanka Institute of Nanotechnology.	No responses were provided.	Assets belonging to the academy should not be given to external parties for use without proper authority.
(b)	During the physical inspection conducted by the audit on 18 January 2024, it was found that 19 out of 25 laptops and 2 computers belonging to the academy had been given to the Sri Lanka Institute of Nanotechnology. 03	No responses were provided.	Asset existence and usage should be properly managed.

laptop computers had not been returned by the students. Although the academy had 30 library books in its custody, only 15 books were in physical inspection.

- (c) According to the records maintained by the academy, assets worth Rs. 1,826,963, which has been fully depreciated but still in use had not been, re-assessed the useful life of the assets. No responses were provided. Steps should be taken to properly account for the value of the assets used.

3.2 Non-compliance with Laws, Rules, and Regulations and etc.

Instances of non-compliance with laws, rules, and regulations are as follows.

Reference to laws, rules, regulations, & etc.	Non-compliance	Management commentary	Recommendation
(a) Article 5(1) of the Articles of Association.	Although the company's Board of Directors should consist of no fewer than 9 and no more than 12 members, by May 2024, its composition was 06.	No responses were provided.	The Board of Directors should have been appointed in accordance with Article 5(1) of the Articles of Association.
(b) Article 11(1) of the Articles of Association.	Although the annual general meeting should have been held within 15 months of the previous year's annual general meeting, 20 months have been passed since the last meeting, and next annual general meeting had not been held.	No responses were provided.	Actions should be taken to hold the annual general meeting in accordance with Article 11(1) of the Articles of Association.

3.3 Management Inefficiencies

<p>The audit reports related to the financial statements for the financial year 2021/2022 of the academy reported that a risk of going concern due to total liabilities exceeded the total assets by Rs. 8,642,380. According to the records maintained by the academy, as of 18 January 2024, total liabilities amounted to Rs. 12,128,239 and total assets amounted to Rs. 3,268,316, resulting in total liabilities exceeding total assets by Rs. 8,859,923. Consequently, the risk to going concern has further increased.</p>	<p>No responses were provided.</p>	<p>A strong focus should be made on the going concern of the company.</p>
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3.4 Performing the Task of the Organization

Audit Observation	Comments of the Management	Recommendation
<p>(a) Students had not been enrolled by the academy after the month of February 2019, and by the year of 2024, there were no active students in the academy. Furthermore, any operational activity had not been conducted within the company.</p>	<p>No responses were provided.</p>	<p>If the company is unable to fulfill its intended task, the continuation of the institute should be reconsidered.</p>
<p>(b) According to the Gazette Notification No. 2032/23 dated 16 August 2017, the Sri Lanka Institute of Nanotechnology had been recognized as an institution for awarding degrees to promote higher education and with the full support of this institution, a separate entity named SLINTEC Academy (Limited Guarantee) had been established on 23 October 2017, to award degrees in nanotechnology and advanced technology in Sri Lanka. Since the two degree programs initiated by the academy, could be awarded by the Sri Lanka Institute of Nanotechnology, the establishment and maintenance of a separate entity</p>	<p>No responses were provided.</p>	<p>Since maintaining the institute does not add productive value to the national economy, the continuation of the organization should be reconsidered.</p>

named SLINTEC Academy for awarding degrees, with an investment of Rs. 19 million by the government in 2017, was an unproductive endeavor.