

Defence Service Command and Staff College - 2011

1. Financial Statements

1:1 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 Defence Service Command and Staff College 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

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

The following non- compliances were observed.

Reference to Laws, Rules, Regulations
and Management Decisions

Non compliance

Treasury Circulars

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| (i) Circular No. 842 dated 19 December 1978 | A Register of Fixed Assets had not been maintained as given in the Circular. |
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- (ii) Circular No.01/2004 dated 24 February 2004 Annual performance report had not been prepared.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the financial result generated from the operations for the year under review was a deficit of Rs.2,017,213 as compared with the corresponding deficit of Rs.25,050,384 for the preceding year thus, indicating an improvement in the financial result by Rs.23,033,171.

2.2 Analytical Financial Review

The following increase and decrease of the income and expenditure for the year under review as compared with the preceding year had mainly attributed for the improvement of financial results by Rs.23,033,171.

- (a) Increase of Government Grants by Rs.25,881,632 or 37.45 per cent.
- (b) Increase of other grants by Rs.2,437,871 or infinity per cent.
- (c) Increase of employees allowance by Rs.2,390,129 or 10.27 per cent.
- (d) Decrease of expenditure on supplies and consumer goods by Rs.10,709,682 or 29.52 per cent.
- (e) Increase of maintenance expenditure by Rs.10,437,368 or 133.12 per cent.
- (f) Increase of contractual service expenditure by Rs.2,761,323 or 10.42 per cent.
- (g) Increase of provision for depreciation by Rs.407,194 or by 201 per cent.

3. Operating Review

3.1 Performance

Number of students participated during the year under review for the Degree Course conducted by the Staff College was 83 and the corresponding number of students participated in the year 2010 was 74. Details are given below.

Institution from which the Graduates Participated	Number of Graduates		Increase / (Decrease)
	2011	2010	
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Army	48	46	02
Navy	13	11	02
Air Force	14	11	03
Ministry of Defence	-	01	(01)
Foreign	08	05	03
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	83	74	09
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According to the above, the following matters were observed in audit.

- (a) Number of students participated for the degree course conducted by the Staff College had increased by 09 students during the year under review.
- (b) According to the Income and Expenditure Account, the total expenditure for the year under review amounted to Rs.99,455,085. Accordingly, the Staff College had incurred a cost of Rs.1,198,254 for a student while a sum of Rs.1,272,551 had been spent for a student during the year 2010.

3.2 Identified Losses

The following matters were observed.

- (a) Although there was a opportunity to obtain discounts by making payments of monthly water bills within the specified dates, it was unable to settle the water bills for the period from January 2011 to December 2011 within the specified dates and as such the College had deprived the opportunity to obtain a discount of Rs.66,667.
- (b) It was observed in audit that a sum of Rs.45,345 had been paid to the Ceylon Electricity Board as penalty due to not taking action to make payments before the specified dates mentioned in the bills in making payments for monthly electricity bills.

Your attention is needed on F.R 210 (1) and 210 (2) in respect of the above 2 paragraphs.

4. Accountability and Good Governance

4.1 Action Plan

Although a Corporate Plan had been prepared in terms of paragraph 5.1 of the Public Enterprises Circular No.PED 12 dated 02 June 2003, an Action Plan had not been prepared in order to achieve the matters included therein.

4.2 Procurement Plan

A Procurement Plan had not been prepared for the year under review in terms of paragraph 2 of the Circular No.SP/NPA dated 28 February 2006 of the secretary of the president.

5. Systems and Controls

Special attention is needed in respect of weaknesses in the following areas of control observed during the course of audit.

- (a) Accounting of Non-current Assets
- (b) Control over Expenditure
- (c) Payment of Water and Electricity Bills