

Postgraduate Institute of Pali and Buddhist Studies Affiliated to the University of Kelaniya - 2012

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 Postgraduate Institute of Pali and Buddhist Studies Affiliated to the University of Kelaniya of as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Comments on Financial Statements

1.2.1 Sri Lanka Public Sector Accounting Standards

A Statement of Changes in Equity had not been presented with Financial Statements as per Sri Lanka Public Sector Accounting Standard No. 01.

1.2.2 Accounting Deficiencies

Receivable interest of Rs.71,170 as at 31 December 2012 relevant to the investment of E.W.Gunathilake Fund and 03 other investments had not been accounted.

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

Following non compliances were observed.

Reference to Laws, Rules and Regulations	Non – compliance
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(a) Establishments Code for University Grants Commission and Higher Educational Institute Sentence 3(1) of Paragraph XX and Sentence 1.6.1 of Paragraph X	Salaries and Allowances amounting to Rs.8,425,286 had been paid for Academic Staff in the year under review. However, relevant books and documents had not been maintained for the prudence of arrival and departure and prudence of leaves as per the Establishments Code.

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| (b) Financial Regulations of Democratic Socialistic Republic of Sri Lanka.
(i) F.R.104(2) | Preliminary investigation report relevant to a vehicle accident occurred during the year 2012, had not been presented even by 31 August 2013. |
| (ii) F.R.371 | Five advances amounting to Rs.81,627 which had been issued during the year 2012, had not been settled even by 06 June 2013. |
| (iii) F.R.756 | Annual Board of Survey Reports for the year under review had not been rendered. |
| (c) Treasury Circular No.842 dated 19 December 1978. | A fixed assets register had not been maintained for the fixed assets costing Rs.26,332,811 as at 31 December 2012. |
| (d) Public Administration Circular No.41/90 dated 10 October 1990. | Fuel combustion of a vehicle had not been examined. |

2. Financial Review

2:1 Financial Results

According to the financial statements presented, the results of operating activities of the Institute for the year under review, before taking into account the Government grant had resulted in a deficit of 9,209,969 as compared with the deficit of Rs.6,633,488 for the preceding year. Financial results of the year under review after taking into account the Government grant of Rs.6,500,000 for recurrent expenditure, had been reduced to a deficit of 2,709,969 as compared with the surplus of Rs.680,658 in the financial results for the preceding year after taking into account the Government grant of Rs.7,314,146. As such, the decrease in the financial results for the year under review by Rs.3,390,627 as compared with the preceding year was specially affected by increasing of salary and allowances of academic staff by Rs.2,995,822 and increasing of contractual services expenditure by Rs.1,161,298 .

3. Operating Review

3.1 Performance

Summarized information on 07 One Year Courses held by the Institute relevant to 03 academic years are given below.

Academic Year	No.of Students Registered	No.of Students for the Final Examiantion	No.of Students sat	No.of Students Passed	No.of Students Failed	No.of Students Failed	Percent
2009/2010	404	389		357	32		8.23
2010/2011	469	408		336	72		17.65
2011/2012	464	393		311	82		20.87

Following observations are made.

(a) Registration of students

- (i) Although a considerable variance had not been shown in the registration of students as a whole than the preceding year, registration of students for Master of Pali Studies Course (Sinhala) and Post Graduate Diploma Course in Buddhist Ayurvedic Advisory (Sinhala) had been decreased by 33 per cent and 59 per cent respectively.
- (ii) Seven one year courses had been held by the Institute in the year under review. Thereon more contribution of students was to the Master of Buddhist Studies Course (Sinhala) and Master of Buddhist Studies (English) Course and registration of students on those two courses was 80 per cent from the total registration of students of the year under review.
- (iii) Two courses Master of Buddhist studies are held by the Institute and thereon registration of students for the English Course had been increased by 7.2 per cent compared with the preceding year, however registration of students for Sinhala Course had been decreased by 10.5 per cent.

(b) Sitting for Examinations and Examinations Results

(i) Although the total students registered for the year 2012 was 464, the number of students sat for examinations was 393 only. Thereon the number who did not sit was 71.

(ii) No of students passed was 311 from total No of students 393 who sat for examinations during the year under review, and the percentage thereon was 79 per cent.

3.2 Management Inefficiencies

Following observations are made.

(a) E.W.Gunathilake Fund which was established in the year 1984 for research activities, had not been utilized for any research activity and the value of the Fund as at 31 December 2012 was Rs.206,166.

(b) The foreign scholarships aids amounting to Rs.133,149 received in the year 1991 had been deposited in a savings account and its value as at 31 December 2012 was Rs.700,394. However, these funds had not been utilized for the objective function of donation of foreign scholarships aids.

3.3 Staff Administration

The details on the staff of the Institute and vacancies are given below.

Type of Cadre	Approved Cadre	Actual Cadre	No of Vacancies
Academic Section			
Professor/ Senior Lecturer	04	04	-
Librarian / Assistant Librarian and Scientific Assistant	04	03	01
Non-academic Section			
Executive	05	05	-
Clerks and Parallel Grades	15	15	-
Junior	08	07	01
	----- 36	----- 34	----- 02

Following observations are made.

Two Senior Lecturers had been recruited instead of 02 Professor Vacancies.

3.4 Building a Fund for Provision for Gratuity of Employees

An amount of Rs.4,504,383 had been provisioned for Gratuity of employees as at 31 December 2012 and action had not been taken to build a fund and invest that money.

3.5 Control Over Vehicles

Obtaining Vehicles on Rent

Although the vehicles only could be obtained on monthly rent limited to Rs.40,000 as per Public Finance Circular No.353(5) dated 31 August 2004, contrary to the provisions of this Circular a vehicle had been obtained on a basis of payment of Rs.36 per kilometer from 05 January 2012 to 05 April 2012. Further, an amount of Rs.24,065 had been over paid due to the recommendation of a Mechanical Engineer through an inspection of fuel combustion to pay Rs.41 per kilometer.

3.6 Identified Losses

According to the survey reports on library books for the year 2012, the 122 books valued at Rs.33,211 had been lost from the date of establishment of the library up to 31 December 2012.

3.7 Slow Moving Balances

Twenty Three books had been sold as at 14 December 2012 and a stock of 4,438 books had been remained on that date out of 4,462 books relating to 15 publications held at the beginning of the year 2012.

4. Accountability and Good Governance

4.1 Action Plan

Following observations are made.

- (a) The Action Plan for the year 2012 had not been prepared according to a specific format mentioning the details on time period, assignment of responsibilities and financing.

- (b) As per the Action Plan, there were 05 activities to be functioned in the year under review. But, one of those activities could not be performed and there was a progress of 50 per cent on the other activities.

4.2 Budgetary Control

There were variances from 10 per cent to 120 per cent when comparing the budgetary expenditure and actual expenditure in the year under review. Thereon the budget estimate had not been utilized as a control instrument.

4.3 Observations on Unresolved Audit Paragraphs

Obtaining a Land for the Postgraduate Institute of Pali and Buddhist Studies

An amount of Rs.5,031,984 had been credited to the buildings fund account and an equal sum had been invested in a fixed deposit which had been given by the International Buddhist Foundation to purchase a land for the Postgraduate Institute of Pali and Buddhist Studies in the year 1996. But, action had not been taken to purchase a land even by 31 December 2012 and the Institute is functioning in a rented out building thereon a rent of Rs.4,695,000 had been paid only for the year 2012.

5. Systems and Controls

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

- (a) Accounting
- (b) Miscellaneous Advances
- (c) Fixed Assets
- (d) Library Administration
- (e) Research Aids
- (f) Examinations Administration