

# **J. R. Jayawardana Historical Research, Archives and Library Centre - 2010**

## **1. Financial Statements**

-----

### **1:1 Opinion**

-----

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the J.R.Jayawardana Historical Research, Archives and Library Centre had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1:2 of this report the financial statements have been prepared in accordance with Generally Accepted Accounting Principles, give a true and fair view of the state of affairs of the J.R.Jayawardana Historical Research, Archives and Library Centre as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

### **1:2 Comments on Financial Statements**

-----

#### **1:2:1 Accounting Deficiency**

-----

The value of lands and buildings of the Centre had been included in one account without identifying separately and the provision for depreciation had been made for the value of lands too.

#### **1:2:2 Name of the Institution**

-----

Even though the name of the Institution in accordance with the J.R.Jayawardana Centre Act, No. 77 of 1988, is "J.R.Jayawardana Cultural Research, Archives and Library Centre" it had been used as "J.R.Jayawardana Centre" in the financial statements and in the letterheads used by the Institute as Jayawardana Cultural Centre".

### 1:2:3 Non-compliance with Laws, Rules, Regulations and Management Decisions

---

Instances of non compliance with laws, rules, regulation etc. observed in audit are given below.

Reference to Laws, Rules, Regulations etc,	Non-compliance
-----	-----
(a) J.R.Jayawardana Historical Research Archives and Library Centre Act, No. 77 of 1988	
(i) Section 3	Although the period for holding of post of the Board of Control was ended on 25 January 2009 members of the Board of Control had not been appointed again.
(ii) Paragraph (a), (b) and (c) of Section 4(1)	Action had not been taken to hold exhibition and seminars for giving awareness to the general public, students and readers about the value of the materials such as books, documents files, photographs, film rolls, audio and video tapes and the library of the museum.
Paragraph (h)	The scholars meetings had not been held for the year 2010.
(b) Section 14(3) of the Finance Act, No. 38 of 1971	Annual Reports had not been tabled in Parliament after the year 2002 and the Administrative Reports had also not been prepared.

(c) Public Enterprises Circular  
No. PED/12 dated 02 June  
2003

(i) Section 5.1.3

A corporate Plan had not been prepared.

(ii) Section 6.5.1

Although a draft annual report should be presented within 60 days from the closure of the financial year, action had not been taken accordingly and the final accounts to be presented at the end of the month of February had been presented only on 29 March 2011.

(iii) Public Enterprises  
Circular No. PED/33  
dated 19 December 2005

A sum of Rs.47,482,862 had been invested in non governmental financial institutions during the year 2010.

(d) Section 3.4 of the National  
Procurement Guidelines of  
25 January 2006 and  
Manual

(i) Paragraph 2.14.1

Procurement of works and services should be made as much as by public competition through tender procedure. However security service is being maintained since year 2000 and action had not been taken to obtain the services through competition and renew the agreement. A sum of Rs. 1,342,853 had been paid for the year 2010 in respect of security services.



## **2. Management Inefficiencies**

-----

- (i) A case was filed at the District Labour Court against the termination of service of the Assistant Librarian without giving prior notice in accordance with the contract agreement. According to the judgment of the above case, one year salary amounting to Rs.237,570 had been paid to her as compensation and Rs. 18,000 had been paid as lawyers fee. Accordingly, an uneconomical expenditure amounting to Rs. 255,570 had been incurred by the Institute.
- (ii) A sum of Rs.9,725,000 had been deposited by the Centre during the year 2002 in a private finance institution without a proper approval and it was observed that the recovery of the amount invested and the interest income thereon up to the year under review was at a risk due to that institution had met a financial crisis.
- (iii) Attention had not been given to make an effective investment of surplus funds amounting to Rs.3,877,726 retained in two current accounts as at 31 December 2010 and to earn interest income.
- (iv) The floor area of 4576 square feet of floor area at the first floor and 4576 square feet of floor area at the second floor of the China Building were lying idle during the year 2010 without utilizing for any purposes.

## **3. Financial Results**

-----

According to the financial statements presented, the operations of the Centre for the year ended 31 December 2010 had resulted in a surplus of Rs.3,604,119 as compared with the corresponding surplus of Rs.6,658,565 for the preceding year thus indicating a decrease of Rs.3,054,446 in the financial results and the decrease in the percentage of interest on fixed deposit was the main reason for that.

#### **4. Systems and Controls**

---

Deficiencies in systems and controls 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) Investments
- (b) Procurement Procedure