

National Centre for Advanced Studies in Humanities and Social Sciences - 2010

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 National Centre for Advanced Studies in Humanities and Social Sciences 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 Sri Lanka Accounting Standards and give a true and fair view of the state of affairs of the National Centre for Advanced Studies in Humanities and Social Sciences as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

1:2. Comments on Financial Statements

1:2:1. Accounting Deficiencies

- (a) Contrary to the Sri Lanka Accounting Standards No. 18 a sum of Rs.339,931 spent for partitioning of the meeting hall of the Board of Directors, partitioning of the office of the Network Management and renovation of library had been written off from the revenue as revenue expenditure instead of capitalizing them.

1:2:2. Non-compliance with Laws, Rules and Regulations

 Instances of non-compliance with laws, rules and regulations observed in audit are given below.

Reference to Laws, Rules etc -----	Non-compliance -----
Public Enterprises Circular No. 12 dated 02 June 2003 (i) Paragraph 7.4.1	The Audit and Management Committee meeting for the year 2010 was held only once and the Auditor General had not been informed for participating an observer in that meeting.
(ii) Paragraph 5.1.2	When preparing the Corporate Plan, the following matters had not been included therein. <ul style="list-style-type: none"> (i) Resources belonging to the Institution. (ii) Strength, Weakness, Opportunity and Threat Analysis (SWOT Analysis) of the Institute. (iii) Review of operating results for the last 3 years.

(iv) Preparation of the Action Plan in the manner clearly showing the responsibility of the management in respect of achieving the objectives and targets.

(v) Performance indicators

2. Financial and Operating Review

2:1. Financial Results

According to the financial statements presented, the working of the Centre for the year ended 31 December 2010 had resulted in a surplus of Rs.435,775 as compared with the surplus of Rs.212,238 for the preceding year. Accordingly an increase of Rs.223,537 in the surplus was observed.

2.2 Performance

The following observations are made.

(a) Progress of Awarding Scholarships

Year	No. of scholarships awarded (First installment issued)	No. of postgraduate students followed the courses as at 31.12.2010	No. of postgraduate students who had not commenced the educational activities as at 31.12.2010	No. of students who had completed the educational activities as at 31.12.2010	Percentage of completion of the educational activities as at 31.12.2010
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2005	60	26	10	24	40%
2006	59	29	10	20	34%
2007	-	-	-	-	-
2008	33	27	01	05	15%
2009	18	18	-	-	-
2010	35	35	-	-	-
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	205	135	21	49	24%
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Although a scholarship beneficiary should complete the Degree in Master of Philosophy within the period from 3 years to 5 years, 26 scholarship beneficiaries of the year 2005 could not complete the courses up to 31 December 2010 due to delay in commencing the courses. According to the agreement, it was agreed to complete the educational activities within the specified period. However, it was observed that adequate follow up action had not been carried out thereon.

- (b) It was confirmed that out of 49 lecturers who had completed the educational activities from 2005 to 2010, only 34 lecturers had successfully completed the courses by submitting certificates.
- (c) Award of scholarships had been cancelled for 21 postgraduate students due to not commencing the educational activities up to 31 December 2010 and the amount of scholarships could not be recovered from them was Rs.3,358,823.
- (d) The following functions which were planned to carry out under the strategies of the Corporate Plan 2008 - 2012 could not be carried out effectively even during the year 2010.
- I. Printing at least 4 dissertations per year.
 - II. Carrying out researches in collaboration with the foreign universities, exchanging of information and finding of outside scholars.

- (e) Electronic Library
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The data collection of the electronic library which was established for utilizing by the post graduate students had not contained sufficient books and registers relating to the above courses. Therefore, the relevant parties could not obtain the services expected from the above library. A sum of Rs.856,395 paid during the year 2010 as salaries of the Librarian and two Library Assistants appointed for the service of the library and a sum of Rs.487,747 spent annually as maintenance expenditure in respect of internet connection had become a fruitless expenditure.

2:3. Management Inefficiencies

- (a) Even though it was informed to the Institute by the Progress Review Commission Report on 07 February 2008 to prepare plans for collection of funds through foreign funds and other professional editions in order to build up the financial capabilities of the Centre, active programs had not been implemented in this connection.
- (b) Action had not been taken even up to the end of the year under review to settle the publication expenditure payable amounting to Rs.60,000 brought forward in the Balance Sheet from the year 2006 or to eliminate it from the books.
- (c) Out of the capital grant amounting to Rs.1,488,000 received for the year 2010, a sum of Rs.906,135 being 61per cent had been saved without spending and this amount had been retained in the accounts namely "Unspent Capital Expenditure".

3. 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) Recruitment
- (b) Award of Scholarship
- (c) Collection of Income
- (d) Library Administration

