

# Postgraduate Institute of Pali and Buddhist Studies - 2010

## 1. Financial Statements

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### 1.1 Opinion

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So far as appears from my examination and to the best of my information and according to the explanations given to me, I am of opinion that the Postgraduate Institute of Pali and Buddhist Studies 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 2:2 of this report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles, and give a true and fair view of the state of affairs of the Postgraduate Institute of Pali and Buddhist Studies 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

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### 1.2.1 Accounting Policies

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Although the stock should be shown in the financial statements at the value of the physically verified balance, the balance of the stores advance account amounting to Rs. 488,395 as at the end of the year under review had been shown as the value of the balance stock.

### 1.2.2 Accounting Deficiencies

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The following accounting deficiencies were observed.

- (a). Accounting deficiencies aggregating Rs. 1,040,248 revealed at sample audit examinations were referred to the Director of the Institute by the draft report dated 23 March 2011. Of this, accounting deficiencies to the value of Rs. 830,432 had been rectified and the revised financial statements had been presented to audit on 30 March 2011, Accounting deficiencies to the value of Rs. 209,816 had remained unrectified and the possibility of existence of such deficiencies cannot be ruled out in audit.

- (b). In the preparation of financial statements the stock value of 11 publications had been computed more than 479 books and less than 162 books in one publications than the publication stock existed as at the end of the year under review. As a result, the value of the publications stock had been overstated by Rs. 114,101.

### 1.2.3 Unexplained Differences

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Differences amounting to Rs. 8,586 and Rs.846 were observed between the balances of the distress loans and vehicle loans accounts shown in the financial statements for the year under review and the schedules respectively.

### 1.2.4 Accounts Receivable

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The following observations are made.

- (a) Five balances of loan advances aggregating Rs. 61,743 had remained unsettled for over a long period.
- (b) A debtor balance of Rs. 17,540 had not been settled and had been carried forward for over a number of years.

### 1.2.5 Non – compliance with Laws, Rules, Regulations and Management Decisions

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The following instances of non – compliances with laws, rules etc. were observed.

Reference to Laws, Rules,  
Regulations and Management  
Decisions

Non- compliance

- (a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka (F.R)

- (i) F.R. 757

An annual verification of assets had not been carried out for the year under review.

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| (ii). F.R. 1645   | Log books had not been maintained for two vehicles belonging to the institute.  |
| (iii). F.R. 1646  | The monthly summaries for the two vehicles belonging to the institute had not been prepared in the specified format.                                |
| (b) Section 9.1 of chapter xxvii of the Establishment Code for the Higher Educational institutes. | The officers used the vehicle had not initialed and certified 25 Journeys of 2,182 kilometers performed within the sample examined.                 |
| (c) Chapter 04 of the Procurement guidelines No.09 dated 01 March 2006                            | Expenditure amounting to Rs. 688,685 had been incurred in respect of library books and magazines, office equipment, cleaning and security services. |
| (d) Treasury circular No. 842 dated 19 December 1978  | A proper register of fixed assets had not been prepared in respect of fixed assets valued at Rs. 4,607,448.   |

**1.2.6. Transaction Not Supported by Adequate Authority**  
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Language proficiency allowances amounting to Rs. 36,960 had been paid to the staff of the Institute during the year under review, contrary to the provisions in Circular No. 95 dated 14 June 1994 of the Department of Public Enterprises.

## **2. Financial and Operating Review**

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### **2.1 Financial Review**

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#### **2.1.1 Financial Result**

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According to the financial statements presented, the operating result of the institute for the year ended 31 December 2010 was a deficit of Rs. 4,758,051 before taking into account the Government grant as compared with the corresponding deficit of Rs. 6,718,878 for the preceding year. After taking into account the Government grant of Rs. 7,900,000 received for the recurrent expenditure for the year under review, the deficit had converted into a surplus of Rs. 3,141,949. The deficit of the preceding year had reduced to Rs. 718,878 due to the Government grant of Rs. 6,000,000 received for the recurrent expenditure for that year.

### **2.2 Operating Review**

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#### **2.2.1 Performance**

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##### **Academic Performance**

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The following observations are made.

- (a). Although the overall students registration had increased as compared with the preceding year, the registration for the Master Degree in Buddhist studies in English medium had decreased by 23%.
- (b). Out of the students registered, the number of students sat for the examination during the year under review had decreased by 45% as compared with the preceding year.
- (c). The result of the examination conducted during the year under review had not been released up to date and the release of result had been delayed as compared with the preceding year.

## **2.2.2 Management Inefficiencies**

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The Postgraduate Institute of Pali and Buddhist studies had been conducted in buildings taken on rent for 35 years from the inception and a sum of Rs. 4.5 million approximately had been spent for this purpose. An annual rent of Rs. 4.5 million is being paid at present for a building situated outside Colombo and attention had not been paid to construct a suitable building for the Institute.

## **2.2.3 Underutilization of Funds**

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Donations received a long period ago as foreign scholarship allowances and research allowances had been banked and the balances as at the end of the year under review amounted to Rs. 658,629 and Rs. 107,235 respectively. These donations had been carried forward in the accounts, without being utilized for the intended purposes.

## **2.2.4. Budgetary Control**

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As there were significant variances between the budgeted and actual income and expenditure for the year under review, the budget had not been made use of as an effective instrument of management control.

## **3. Systems and Control**

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The deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director of the Institute from time to time. Special attention is needed in respect of the following areas of control.

- (a) Stores control
- (b) Vehicle utilization
- (c) Fixed assets
- (d) Publications stock