

Sri Lanka Buddhist and Pali University

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 Sri Lanka Buddhist and Pali University 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 Sri Lanka Buddhist and Pali University 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

The following matters were observed.

- (a) Fixed assets costing Rs. 33,608,706 shown in the accounts as fully depreciated but in continuous use had not been revalued and brought to account.
- (b) Equipment valued at Rs.875,935 purchased from the income of the External Projects had been omitted in the Cash Flow Statement.
- (c) The balance stock of stores and the stock of publications amounting to Rs.215,928 and Rs.425,225 respectively had been understated and the retention money on contracts amounting to Rs.75,389 had been overstated in the financial statements.

1.2.2 Unreconciled Control Accounts

A difference of Rs.26,173 was observed between the accounts and the schedules relating to 03 items. Action had not been taken to make enquiries and rectify the difference.

1.2.3 Accounts Receivable and Payable

The following matters were observed

- (a) Action had not been taken even during the year under review to settle the unpaid salaries amounting to Rs.41,568 brought forward over a number of years.
- (b) Action had not been taken to recover and settle the loan balances amounting to Rs.58,750 receivable from officers no longer in service either from the sureties or through legal action.
- (c) The value of retention money on contracts and supplies as at the end of the year under review amounted to Rs.12,329,892 and out of that the balances older than 05 years amounted to Rs.7,911,317.

1.2.4 Non – compliance with Laws, Rules, Regulations and Management Decisions

Non – compliances with the following laws, rules, regulations and management decisions were observed during the course of audit.

Reference to Laws, Rules, Regulations and Management Decisions -----	Non - compliance -----
(a) Section 32 (d) of Part vii of Sri Lanka Buddhist and Pali University Act, No. 74 of 1981	The income of the Self - financing Courses had not been credited to the University Fund and those had been utilized outside the Fund.
(b) Payment of Gratuity Act, No. 12 of 1983	Annual provision for the gratuity of the employees of the University had not been made.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----	
(i) Financial Regulation 371 (2)(b) and (c)	(a) The University had granted advances ranging from Rs.21,000 to Rs.77,200 which exceeded the maximum of

Rs.20,000 payable as ad hoc imprests in each instance. Such advances exceeding the limit granted to 06 officers in the year amounted to Rs.533,940.

- (b) Advances amounting to Rs.78,527 granted in 05 instances in the year under review had not been settled after the completion of the intended purposes. In addition, it was observed in audit that further ad hoc imprests had been granted to an officer before the settlement of previous ad hoc imprests.
- (c) The University had granted advances totaling Rs.598,665 in the year to 22 non staff grade officers.

(ii) Financial Regulation 571

Action had not been taken either for the refund or credit to Government revenue the tender deposits totaling Rs.20,000.

(iii) Financial Regulation 756

Balances had been confirmed by conducting a Board of Survey of the fixed assets.

(d) Establishments Code for
Universities and Institutions of
Higher Education

(i) Chapter X Section 1:6:1

Leave availed of by the Lecturers had not been recorded while a Register of Leave had not been maintained.

(ii) Chapter X Part II
Sections 33 and 34

Out of the 16 Lecturers who had proceeded abroad, 13 had not entered into any form of agreement while the agreements entered into by the other 03

- Lecturers had been incomplete.
- (iii) Chapter XX Section 3:1 Lecturers had not signed in an Attendance Register in support of attendance. As such salaries had been prepared for Lecturers who had vacated their posts as well.
- (e) Public Administration Circular No. 41/90 of 10 October 1990 Fuel consumption of motor vehicles had not been tested.
- (f) Public Enterprises Department Circular No. 95 of 14 June 1994 and letter No. BD/INS/CLVS-A/078 dated 18 July 2003 of the Director General of Budget
- (a) An over payment of Rs.3,855,206 had been made from the year 1997 to 2010 due to the inclusion of the academic allowance for the payment of contributions to the Employees' Provident Fund and the Employees' Trust Fund. Action had not been taken for the recovery of the overpayment.
- (b) In the payment of the gratuity paid to a Professor who retired in the year 2007 a sum of Rs.132,291 had been over-computed and paid due to the inclusion of the academic allowance.

1.2.5 Transactions not supported by Adequate Authority

According to the Treasury letter No. PE/1/116/6 dated 24 November 1984, instructions had been issued to utilize the interest generated for the Medical Assistance Fund and other investment income for the payment of contributions to the Medical Assistance Fund to reduce the contribution paid from the University Fund to the Medical Assistance Fund. Nevertheless, the entire contribution of Rs.1,717,684 for the year had been credited to the Medical Assistance Fund without deducting the investment income of Rs.384,942 received for the year under review.

1.2.6 Irregular Transactions

Expenditure exceeding the provision by a sum of Rs.156,059 had been incurred on 02 External Project Courses.

2. Financial and Operating Review

2.1 Financial Review

2.1.1 Financial Results

According to the financial statements presented, the working of the University for the year ended 31 December 2010 had resulted in a deficit of Rs.125,338,149 before taking into account the Government grant for recurrent expenditure as compared with the corresponding deficit of Rs.111,391,478 for the preceding year, thus indicating an increase of Rs.13,946,671 in the deficit. The deficit for the year under review, after taking into account of Government grant of R.82,170,000 received for recurrent expenditure, amounted to Rs.43,168,149 as compared with the deficit of Rs.40,998,478 for the preceding year. Thus an increase of Rs.2,169,671 in the deficit was indicated.

2.2 Operating Review

2.2.1 Performance

The following observations are made.

(a) Achievement of Objectives

The following observations are made.

- (i) Even though the release of student community to the society after the improvement of knowledge through research is one of the major missions of a University, the Jiun Buddhist Research Publication Fund had not been utilized for any research and publication activity in the year under review. The balance therein as at the end of the year under review amounted to Rs.1,646,614.
- (ii) Information on the statutory provision for the establishment of the Mahopadyaya Fund maintained by the University had not been furnished to audit and the balance therein as at the end of the year under review amounted to Rs.1,944,896. Expenditure incurred from the Fund in the year under review comprised Rs.191,646 on subsidy for gas and Rs.1,000,000 as part of the expenditure amounting to Rs.1,236,847 spent on the opening ceremony of the building complex.
- (iii) The primary objective of the establishment of the University had been the training of scholars on the Buddha Dhamma and Discipline for the dissemination of Buddhism and enhancing the Buddhist Missionary Work in Sri Lanka and abroad. The number of students who passed the Doctoral,

Masters and Bachelor Degree and Diploma Examinations from the year 1984 to 2010 had been 4996.

(b) Enrolment of Students

The following observations are made.

- (i) A note on the number of applications received for internal studentship for general degrees and the local and foreign students enrolled in the year under review and the 04 preceding years is given below.

Year	Number who made Applications		Number Enrolled	
	Local	Foreign	Local	Foreign
2006	362	62	110	62
2007	348	42	102	42
2008	293	61	109	61
2009	196	74	109	74
2010	353	45	109	45

Even though infrastructure including modern buildings with all facilities had been improved since the year 2004 at a cost of Rs.512 million, attention had not been paid for enrolling a larger number of students commensurate with such facilities.

- (ii) The total recurrent expenditure incurred in the year under review on the academic activities of 544 students amounted to Rs.142,049,552 and the total recurrent expenditure incurred on 546 students in the preceding year amounted to Rs.131,868,318. The cost per student amounting to Rs.261,120 for the year under review as compared with cost per student amounting to Rs.241,517 for the preceding year indicated an increase of 8.11 per cent.

(c) Academic Performance

The following observations are made.

- (i) According to the Timetables for the Academic Year 2010 of the Faculty of Languages and the Faculty of Buddhist Studies of the Sri Lanka Buddhist and Pali University, an average of 30 lectures should be conducted for each subject. Nevertheless, out of the 1680 lectures for 56 subjects, 789 lectures only had been conducted.
- (ii) The attendance of students for lectures had been at a very weak level as due consideration had not been given to specify a compulsory percentage of attendance for lectures to qualify for sitting the examinations. In view of the non – attendance of students for lectures, 144 lectures relating to 41 subjects had not been conducted. There were 230 instances of less than 50 per cent student participates in respect of 290 lectures conducted.
- (iii) Even though the lectures of External Lectures had not been conducted due to the absence of students, a sum of Rs.60,000 had been paid in the Academic Year for 60 lectures not conducted.
- (iv) An examination of the lectures conducted per week by the Lecturers of each Academic Division revealed that the Temporary and Probationary Lecturers had conducted more lecture hours than the Permanent Lecturers. The reasons for that had not been explained.

2.2.2 Management Inefficiencies

The following observations are made.

- (a) Criteria for the utilization of the Development Fund established in the year 1992 had not been prepared and the balance therein as at 31 December 2010 amounted to Rs.510,293. The Fund had been utilized only for the supply of gas valued at Rs.99,505 to the canteen from the year 2002.
- (b) Out of the conditions specified in the transfer of the land 05 acres, 0.27 perches in extent belonging to the Ministry of Agriculture, Lands, Animal Production and Health, Irrigation and Transport of the Western Provincial Council to the University on 05 December 2002, of which the University is enjoying the tenure at present, the condition relating to the procurement of the land on a lease had not been satisfied.

2.2.3 Resources obtained from other State Institutions

Even though the University is using two motor vehicles belong to the Ministry of Buddha Sasana and the Ministry of Higher Education, action had not been taken to effect the legal transfer of the motor vehicle.

2.2.4 Idle and Underutilized Assets

Even though a fully equipped auditorium had been constructed at a cost of Rs.28 million (exclusive of the Value Added Tax) the advance plans for its utilization had not been made available to audit. It had not been used for any useful purpose during the year under review.

2.2.5 Cost of Staff

Vacancies in 19 posts comprising 15 non – academic posts and 04 academic posts of the staff of the University existed as at the end of the year under review.

3. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Mahopadyaya of the University from time to time. Special attention is needed in respect of the following areas of control.

- (a) Fixed Assets
- (b) Library Management
- (c) Constructions
- (d) Internal Control
- (e) Human Resources Management
- (f) Accounting for External Projects
- (g) Maintenance of Personal Files