

## National Institute of Social Development

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### 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 information and according to the explanations given to me, I am of opinion that the National Institute of Social Development 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 Institute of Social Development 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 Non-compliance with Laws, Rules, Regulations and Management Decisions

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Non-compliances with the following laws, rules, regulations etc. were observed.

	<b>Reference to Laws, Rules, Regulations, etc.</b>	<b>Non-compliance</b>
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(a)	<b>Financial Regulations</b> Financial Regulation 165	A register had not been maintained for the record of daily cash receipts.
(b)	Section 07 of the Value Added Tax (Amendment) Act, No. 14 of 2007.	A sum of Rs. 124,794 equal to 1/3 of the Value Added Tax of Rs. 374,384 included in the payments of Rs. 1,714,750 had not been retained and remitted to the Commissioner General of Inland Revenue.

## (c) Public Administration Circulars

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 Paragraph 5 of the Circular  
 No.13/2008 of 26 June 2008

When an officer performs duties in two posts he is entitled only for one fuel allowance. However, the Chairperson had been paid a sum of Rs. 407,868 in excess as fuel allowances in addition to the fuel allowance.

**2. Financial and Operating Review****2:1 Financial Review****2:1:1 Financial Results**

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 According to the financial statements presented, the working of the institute for the year ended 31 December 2010 had resulted in a deficit of Rs. 7,596,610 as compared with the deficit of Rs. 9,353,654 for the preceding year. Decrease in the overall expenditure by Rs. 2,091,831 specially affected the increase in the financial results by Rs. 1,757,044 in the year.

**2.2 Operating Review****2.2.1 Uneconomic Transactions**

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 The following observations are made.

- i. Even though the constructions of buildings had been completed at the expense of Rs. 16 million on 31 March 2002 with a view to establishing the National Social Development Institute in Thalawa, Anuradhapura, the Institute had not been located in it. An expenditure amounting to Rs. 12,432,000 for the year 2010 had been incurred as rental for the building in Koswatta, Nawala where the Institute is currently established.

- ii. Even though a sum totaling Rs. 723,697 including a sum of Rs. 658,971 and a sum of Rs. 64,726 for salaries and wages and overtime allowances respectively paid for the officers who were attached to the office in Thalawa, Anuradhapura, except for the overhead expenditure had been spent in the year under review, the rental income received from lecturing halls during that period amounted to Rs. 153,920. In comparison with the income amounting to Rs. 173,830 earned in the previous year, the rental income of the Thalawa Institute had decreased by 11 per cent.

### **2.2.2 Performance**

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Following observations are made.

#### **(a) Academic Division**

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##### **Social Works (Bachelor of Arts) English Medium Degree**

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Physical performance had not been separately indicated on conducting examinations, recruitment, conferment of certificates and field activities for each batch consisting of 2006/2010, 2007/2011, 2008/2012, 2009/2013 and 2010/2014.

#### **(b) Research and Policies Publication Division**

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The following programmes planned to be executed in the following dates in the year 2010 had not been carried out.

<b>Programmes</b>	<b>Expected time for Carrying out</b>
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I. Creation of an E-news Letter for the Internet	January 2010
II. Publication of a Magazine on the subject of Social Works	01 February 2010 – 25 April
III. Building up of a Network connection with Research Institutes	03 February 2010- 18 February
IV. Assessment on field works of the Students who study the subject of Social Works.	03 June 2010 – 30 October

### **2.2.3 Corporate Plan**

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Corporate plan in terms of Section 5.1.2 of the Public Enterprise Circular No. PED/12 of 03 June 2003 had not been prepared.

### **2.2.4 Internal Audit**

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Internal audit programmes should be prepared and improved with the consultation of the Auditor General. Further, the internal audit reports should be furnished to the audit. However, internal audit programmes had not been prepared and audit reports had not been furnished to the Auditor General.

### **2.2.5 Budgetary Control**

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The Action Plan relating to the objectives intended to be achieved by the Institute during the year 2010 had not been prepared on the basis of quarters. According to the Action Plan, provisions had not been made for each programme in the budget.

**3. Systems and Controls**  
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Deficiencies observed during the course of audit were brought to the notice of the Director General of the Institute from time to time. Special attention is needed in respect of the following areas of control.

- (a) Financial Control
- (b) Stores Control
- (c) Payment of Bursary