

# Buddhasravaka Bhiksu University – 2010

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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 Buddhashravaka Bhikku University had maintained proper accounting records for the period 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 Sri Lanka Accounting Standards and give a true and fair view of the state of affairs of the

### 1.2 Comments of Financial Statements

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#### 1.2.1 Accounting Policies

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##### (i) Accounting Policies

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Action had not been taken in terms of Sri Lanka Accounting Standard No.18 to revalue 12 items of fully depreciated assets costing Rs. 14,248,641 which continued to be used.

(ii) It was the continuous policy of the University to provide for payment of gratuity to officers who had completed a period of 5 years in service. However, commencing from the current year provision for gratuity had been made to permanent officers with 01 to 04 years of service. The change of policy had not been disclosed in the financial statements of the year under review.

## 1.2.2 Accounting Deficiencies

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The following deficiencies were observed.

### (a) Omissions in Accounts

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- (i) During the year under review, goods valued at Rs. 150,230 had been purchased on 4 instances. These had been accounted under revenue expenditure instead of being accounted under fixed assets.
  
- (ii) A sum of Rs. 142,428 had been paid during the year under review on 5 instances with reference to the ensuing year , on behalf of insurance fees for cash in transit ,vehicle licence fees and insurance fees for vehicles. These had not been considered as prepayments and shown in the balance sheet accordingly.
  
- (iii) Water bill charges amounting to Rs. 98,029 for the year 2009 had been accounted as an expenditure of the year under review. Meanwhile, the water bill charges of Rs. 83,881 relevant to the year had not been accounted as an expenditure of the year under review.

### (b) Understatements and Overstatements in Accounts

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The following matters were observed.

- (i) Three items of assets valued at Rs. 332,174 had been disposed of , in the year 2008. However, the annual depreciations on behalf of these amounting to Rs. 63,901 had been deducted and shown in the schedule. As a result, the annual depreciation had been understated in the accounts by a similar amount.
  
- (ii) An expenditure of Rs. 138,751 had been incurred on fittings during the year under review. This had been treated as revenue expenditure and debited to the Repairs to Buildings Account. As a result, the Buildings Account had been understated by a similar amount.

- (iii) The expenditure of Rs. 3,533,951 to be debited to the Land and Buildings Account had been treated as revenue expenditure and debited to the Minor Repairs to Land and Buildings Account and written off against the income.

### 1.2.3 Unreconciled Control Accounts

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The following balances of accounts had not been reconciled with the related subsidiary register and the schedule furnished along with the financial statements.

Item of Account	Balance as per financial statements	Balance as per subsidiary register/schedule	Difference
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	Rs.	Rs.	Rs.
Loans and advances	8,358,403	8,782,534	424,131
Expenditure on Electricity	1,117,721	1,225,709	107,988

### 1.2.4 Lack of Evidence for Audit

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The following items shown in the financial statements could not be satisfactory vouched in audit due to the absence of evidence indicated against them.

Item of Account	Net value as per schedule	Evidence not Furnished
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	Rs.	
<u>Fixed Assets</u>		
(i) Buildings	164,669,216	(i) Board of survey reports (ii) Updated register of fixed assets (iii) Detailed schedule

(ii)	Office Equipment	2,079,571	}	Detailed schedule
(iii)	Teaching Equipment	884,474		
(iv)	Plant and Machinery	22,908		
(v)	Tools and Equipment	514,168		
(vi)	Furniture and Equipment	7,840,920		
(vii)	Computer Hardware	4,369,022	}	(i) Detailed schedule
(viii)	Computer Software	39,470		(ii) Computer
Register of fixed assets				

## 2. Financial and Operating Review

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### 2.1 Financial Review

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#### 2.1.1 Financial Results

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According to the financial statements presented, the operating activities of the University during the year ended 31 December 2010 had result in a deficit of Rs. 10,901,750 as compared with the deficit of the previous year amounting to Rs. 10,170,832.

#### 2.1.2 Analytical Financial Review

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The deficit after incurring an expenditure out of the sum of Rs. 61,649,373 granted by the General Treasury for recurrent expenditure of the year under review was Rs. 1,369,405 as compared with the deficit of Rs. 3,641,328 out of the sum of Rs. 60,860,754 granted by the General Treasury during the previous year. The provision for depreciations of fixed assets amounting to Rs. 11,117,769 and the provision for gratuity amounting to Rs. 899,580 both totalling Rs. 12,017,349 which had been written off against the income for the year had attributed to the decrease in deficit of the year under review as compared with the previous year's deficit caused as a result of writing off provision for depreciation of fixed assets amounting to Rs. 6,568,499 and the provision for payment of gratuity amounting to Rs. 1,573,500 both totalling Rs. 8,141,999.

## 2.2 Operating Review

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### 2.2.1 Performance

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(a) The academic performance of the University during the year under review were as follows.

(i) Out of the 110 students who registered themselves for the first undergraduates examination in Arts during 2010, the number of students who appeared for the examination was 106 and the number succeeded was 81.

(ii) The number of students who appeared for the courses such as Bachelor of Arts Degree (General) I and II , Bachelor of Arts (Special I, II and III, Media certificate , Computer Science Certificate and Information Technology Certificate during the year 2010 was 314. The results had not been released up to the last day of audit , that is, 16 March 2011. Accordingly, prolonged delay in releasing results was observed.

### (b) Lectures Conducted in 2010

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The Buddhashravaka Bhikku University had planned to conduct lectures for 8040 hours during the year under review whereas lectures had been conducted for 6296 hours showing that lectures had not been conducted for 1,744 hours which represented 22% of the number of planned lecture hours. The reasons cited in the reply furnished by the Ven. Mahobadyaya was that the student monks had participated in external activities as well as not attended lectures on their discretion.

### 2.2.2 Human Resources Management

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During the year under review, there were vacancies in the academic staff, namely 3 posts of professors , 5 posts of lecturers and the posts of librarians which aggregated 9. Meanwhile, there were 4 vacancies in the non academic staff which represented the posts of private secretary, clerk , driver and a labourer which aggregated 4. The recruitment for the posts of bursar in the non academic staff had been made on an assignment basis.

### 2.2.3 Idle and Under Utilized Assets

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The following matters were observed.

- (a) A Gestetner Roneo Copying Machine valued at Rs. 68,000 was idling for over 5 years without being used.
- (b) Various stocks of assets costing Rs. 1,101,065 pointed out in the audit report of the previous year had been stacked in the stores in a condition beyond usage. Action had not been taken to remove it from the accounts by auctioning them , even during the year under review.

### 3. Systems and Controls

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

- (a) Fixed Assets
- (b) Accounting
- (c) Debtors
- (d) Maintenance of Registers
- (e) Vacancies in posts