

Sri Lanka Institute of Advanced Technological Education - 2010

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 Institute of Advanced Technological Education 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, give a true and fair view of the state of affairs of the Sri Lanka Institute of Advanced Technological Education 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 value of land and the buildings, on which the Naiwala and Kurunegala Centers of the Advanced Technological Institute are situated, had not been brought to account. Similarly, action had not been taken to legally transfer the land and the buildings on which the balance 08 Centers are situated, to the Institute and bring the value to the account.

1.2.2 Accounts Receivable/Payable

(a) Unsettled Loan Balances

Action had not been taken even during the year under review to settle the credit balances which had existed for more than 5 years, valued at Rs. 7,872,590 payable to the contractors for construction services

(b) Confirmation of balances had not been presented for confirming assets and liabilities valued at Rs. 15,686,531.

1.2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

Contrary to the Public Enterprises Circular No.51 dated 15 August 2008, a sum of Rs. 7,000 had been paid to the Director General of the Institute for the year 2010 in respect of participation to the meetings of the Board of Directors.

2. Financial and Operating Review

2.1 Financial Review

2.1.1 Financial Results

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.396, 653,727 before taking into account the Government grant and foreign grant for recurrent expenditure as compared with the corresponding deficit of Rs.282,572,159 for the preceding year. After taking into account the Government grant of Rs.304,317,000 and the foreign grant amounting to Rs.4,526,813 received for recurrent expenditure the deficit amounted to Rs.87,809,913. After taking into account the Government grant of Rs.215,600,000 and the foreign grant amounting to Rs. 1,148,353 received in the preceding year, the deficit for that year amounted to Rs.65,823,806.

2.2 Operating Review

2.2.1 Performance

The following matters were observed.

(a) The progress of the registration of students.

Course	2006	2007	2008	2009	2010
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Higher National Diploma Course in Accountancy	1955	1420	1389	1402	1502
Higher National Diploma Course in Management	382	232	333	451	419
Higher National Diploma Course in Engineering	236	200	206	221	245
Higher National Diploma Course in Technology (Agri)	163	69	92	142	139
Higher National Diploma Course in English	584	570	757	989	989
Higher National Diploma Course in Business Studies	150	97	155	142	180
Higher National Diploma Course in Business Finance	36	32	30	48	64
Higher National Diploma Course in Information Technology	103	271	304	367	385
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Total	3609	2891	3266	3762	3923
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Percentage variance compared to the previous year	-	(22%)	13%	15%	4%

- The progress of the registration of students in the year 2010 as compared with the year 2009 was 4% .

(b) A summary on the total results of the entire students sat first time for the second semester examination for the year 2010 is given below.

Higher National Courses	No. of applicants	No. of students sat for examination	No. of passes	No. of fails	No. of students not sat for examination	Suspension of Studentship	No. of passes as a percentage of No. of students sat for examination
Accountancy	3375	3227	1581	1646	148	16	49%
Management	747	712	313	399	35	06	44%
English	999	969	761	208	30	01	79%
Technology (Agri)	174	162	64	98	12	01	40%
Business Studies	234	219	72	147	15	03	33%
Business Finance	79	78	43	35	01	03	55%
Information Technology	498	460	186	274	38	02	40%
Total	6106	5827	3020	2807	279	32	52%

- It was observed in audit that number of students passed for 04 courses out of 07 courses conducted were less than 50% of the number of students sat for the examination.

2.2.2 Management Inefficiencies

The following matters were observed.

(a) Supply of Security Services

Although a Security Officer or a Guard should not be deployed in the service continuously for more than 24 hours in terms of No.24 of the tender condition for obtaining security services, it was confirmed from the registers maintained in this regard that two officers deployed in the service at the Technological Institute, Kurunegala had been deployed in the service for 36 hours per person. Action had not been taken by the Institute according to the agreement to recover 10% surcharge in such instances.

(b) Exceptional Items

A sum of Rs. 15,942,448 (The value after deduction of depreciation) spent for the construction of buildings at the Higher Technological Institute, Kaluwella had been written off from the income and expenditure account due to removal of this Institute during 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 Director General from time to time. Special attention is needed in respect of the following areas of control.

- Accounting
- Internal Control
- Acquisition of Land
- Library Administration