

Bhiksu University of Sri Lanka 2013

The audit of financial statements of the Bhiksu University of Sri Lanka for the Year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971 and Buddashrawaka Bhiksu University Act No. 26 of 1996 and Section 46 of Bhiksu University of Sri Lanka (amendment) Act No. 15 of 2012. My comments and observation which I consider should be published with the annual report of the University in terms of Section 14(2)(c) of the Finance Act appear in this report.

1.2 Managements Responsibility for the Financial Statements

Managements is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditors Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing standards, consistent with International standards of supreme Audit Institutions (ISSAI 1000-1810). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of financial statements in order to design audit procedures, that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub - Sections (3) and (4) of Section 13 of the Finance Act No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Bhiksu University of Sri Lanka as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on financial Statements

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

The following non-compliances were observed

Reference of Laws, Rules, Regulations ect.	Non-Compliance
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
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Financial Regulations 104(1), 104(3) and 104(4)

A loss of Rs.94,765 had been incurred due to a motor vehicle accident occurred in the year 2012 of this amount, a sum of Rs.88,606 and a sum of Rs.6,159 had been paid as insurance indemnity and from the University Fund respectively. Inquiries had not been carried out to identify the persons responsible for accidents.

(b) Procurements Guidelines of 2006	
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Paragraph 8.13.4

Without obtaining the approve of thee Secretary to the Ministry, an overpayment of Rs.137,812 had been made exceeding 110 per cent of the value of approved estimate in the construction of a vehicle garage for academic staff.

2.2.2 Transaction not Supported by the Adequate Authority

The following observations are made.

- (a) Without obtaining the approval of the Board of control, expenditure had been incurred excess of the estimate amounting to Rs.5,554,429 relating to 17 items of expenditure.

- (b) An agreements had been entered into with the Faculty of Engineering, Sri Lanka Rajarata University relating to the consultancy service of construction work in the Bhiksu University of Sir Lanka and the consultancy service charges had also been paid to the Rajarata University. In addition, a sum of Rs.108,000 had been paid to a Consultant Engineer of the Rajarata University during the year under review.

3. Financial Review

3.1 Financial Results

According to the finical statements presented, the operation of the University for the year ended 31 December 2013 had resulted in a surplus of Rs.1,496,395 as against a deficit of Rs.25,060,055 for the preceding year.

3.1.2 Analytical Financial Review

After incurring the year's, expenditure from the government grants of Rs.108,050,000 given by the Treasury for recurrent expenditure in the yer under review and the self-generated income of Rs.3,594,278, the deficit was Rs.1,128,996. As compared with the treasury grants of Rs.81,450,000 received and the self-generated income of Rs.2,335,379 in the preceding year, the deficit, amounted to Rs.3,109,622 after incurring the expenditure from the income. Write off of aggregating Rs.36,428,180 compressing the provision for depreciation of fixed assets amounting to Rs.34,446,367 and the provision of Rs.1,981,813 made for the payment of gratuity against the income had been the reason for the deficit of the year under review. As compared with the preceding year, write off of the provision for depreciation of fixed assets amounting or Rs.19,971,416 and the provision for the payment of gratuity amounting to Rs.21,950,433 had been the reasons for the increase of deficit in the preceding year.

4. Operating Review

4.1 Performance

The following observations are made.

- (a) Particulars such as number of students registered, followed and sat for the final examination in the Bhiksu University of Sri Lanka in each year and no of students completed the degree program are as follows.

Year	Number of Students Registered in Each Year	Total Number of Students studied	Total Number of Students Sat for the Financial Examination	No of Students Completed the Degree
2008	98	243	30	26
2009	63	264	88	49
2010	53	222	124	96

2011	93	200	-	-
2012	101	223	66	56
2013	101	276	50	41

Even though the students who studied in the year 2013 had shown an Improvement as compared with that of 2012, number of students who sat for the final examination and the students who completed the degree course had shown a decrease.

- (b) Recurrent expenditure and the cost per student of the Bhiksu University of Sri Lanka in each year are as follows.

Year	Recurrent Expenditure	Total Number of Students	Cost per Student
	Rs.		Rs.
2008	51,033,645	243	210,015
2009	57,609,816	264	218,219
2010	58,211,952	222	262,216
2011	70,845,000	200	354,225
2012	88,874,619	223	398,541
2013	108,624,854	276	393,568

- (c) Progress of Delivering Lectures in the year 2013.

Subject	Number of Lecture Hours Planned	Number of Lecture Hours Delivered	Progress of Lecturing as a percentage
(i) Sinhala	360	302	84
(ii) Sanskrit	330	160	48
(iii) English	330	266	81
(iv) Compulsory English	990	821	83
(v) Buddhist philosophy/ Pali/ Buddhist Culture	4110	3970	97

Lecturing relating to the Sanskrit subject in the year 2013 had been at a 48 per cent level from the expected level.

4.2 Human Resource Management

The following observations are made

- (a) 8 post and 04 posts in the academic and non-academic staff respectively were in vacant position in the year under review.

- (b) There is a tendency that instead of recruiting permanent officers for 2 key posts in the non-academic staff such as the Registrar and the Bursar since 2012, officers who were under sabbatical leave from other universities had been recruited on a temporary basis. It was observed in audit that there is a difficulty in maintaining an efficient administration of the University.
- (c) Five officers relating to the posts for grade 11 Computer Input Assistants which are non-administrative posts in the non-academic staff had been recruited in the year 2013 outside the approved recruitment procedure on the basis of a name list presented by the Ministry of Higher Education.

4.3 Weaknesses in the Contract Administration

The estimate for Rs.68,062,631 relating to the construction of administrative building of the Bhiksu University of Sri Lanka had been approved by the permanent technical Evaluation committee of the Ministry of Construction and Engineering Services on 04 August 2009. Accordingly, consultancy payments had to be made on the basis of the approved estimate. Nevertheless, payments had been made on the basis of the estimate of the Engineering Corporation amounting to Rs.87,030,584. As a result, an overpayment of consultancy of consultancy charges amounting to Rs.1,210,914 had been made.

5. Accountability and Good Governance

5.1 Internal Audit

The service of the Assistant internal Auditor had been terminated since 27 May 2013 and this post had become vacant since then. As a supporting staff had also not been approved for the Internal Audit Division, Internal audit functions are not implemented satisfactorily at present.

5.2 Tabling of Annual Reports

The annual report of the year 2010 had been handed over to the parliament on 19 August 2013 for tabling in parliament and the annual report for the year 2012 had not been tabled even up to the date of audit report.

6. Systems and Controls

Weaknesses in systems and controls observed during course of audit were brought to the Rev. Mahopadya of the University by the detailed report submitted in terms of 13(7)(a) of the Finance Act. Special attention is needed in respect of the following areas of control.

- (a) Contract Administration
- (b) Human Resources Management
- (c) Budgetary control