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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1521/20- 2007 ඔක්තෝබර් 31 වැනි බදාදා - 2007.10.31

No. 1521/20 - WEDNESDAY, OCTOBER 31, 2007

(Published by Authority)

PART I : SECTION (I) — GENERAL

Revenue and Expenditure Returns

REPORT ON THE FINANCIAL ACTIVITIES FOR THE YEAR - 2006

THE twenty eight (28) year report on the financial activities of the Postgraduate institute of Pali and Buddhist Studies affiliated to the University of Kelaniya under University Act, No. 16 of 1978

The allocation obtained for the year 2006 is shown below :

Recurrent Allocation	Rs.	11,120,000.00
102 Capital Allocation	Rs.	1,500,000.00
Information Technology Development Grant (U.G.C.)	Rs.	1,000,000.00

The total recurrent income for this year, including allocation obtained from the government amounted to Rs. 17,919,708 and the recurrent expenditure amount as Rs. 18,603,293. Accordingly the results of the recurrent financial activities was a deficit of Rs. 683,585.

G. D. SUMANAPALA,

Acting Director.

Report of the Bursar as the Annual Accounts for the year 2006

The report to be furnished to the Chairman of the Commission by the Bursar in terms of paragraph 63(8) of the Commission Circular.

The report on accounts of this institution with regard to the year referred to above had been prepared in accordance with the books and registers maintained at the office and are true and correct according to my knowledge and belief.

Deputy Bursar (*Acting*).

POSTGRADUATE INSTITUTE OF PALI AND BUDDHIST STUDIES UNIVERSITY OF KELANIYA

BALANCE SHEET AS AT 31ST DECEMBER

	2006 Rs.	2006 Rs.	2005 Rs.	2005 Rs.
Assets:				
Non Current Assets				
Furniture and Fittings	691,747		257,767	
Office Equipment	1,603,446		1,123,614	
Lab. and Teaching Equipment	438,807		444,062	
library Books and Periodicals	1,811,587		1,540,979	
Motor Vehicles	100,129		216,985	
		4,645,716		3,583,407
investments				
Research Grants (Schedule J)	63,192		63,192	
Others (Schedule J-1)	1,608,734		1,570,944	
		1,671,926		1,634,136
		6,317,642		5,217,543
Current Assets				
Stores Advance Account (Schedule K)	471,288		298,018	
Sundry Debtors (Schedule L)	32,630		5,130	
Stock Account (Pub. Books) (Sch. L-1)	1,434,125		1,945,806	
Loans and Advance to Staff (Schedule M)	2,608,320		2,009,958	
Advance for Supplies and Services (Schedule O)	2,540		11,038	
Miscellaneous Advances (Schedule P)	750		750	
Pre-payments (Schedule S)	218,219		25,492	
Cash Books Balance (Schedule T-1)	2,759,192		1,326,892	
Other Bank Balance (Schedule T-3)	0		150,000	
Others (Schedule T-4)	845,641		844,081	
		8,372,705		6,617,165
Total Assets		14,690,347		11,834,708
Liabilities				
Current Liabilities				
Deposits (Schedule U)	44,129		40,129	
Sundry Creditors (Schedule V)	21,518		20,175	
Accrued Expenses (Schedule W)	353,041		355,200	
Others (Schedule Z)	282,655		95,367	
Suspend Account	320		320	
		701,663		511,191
Non Current Liabilities				
Provisions for Gratuity (Schedule B)	4,303,060		3,747,076	
		4,303,060		3,747,076
Total Liabilities		5,004,723		4,258,267
Total Net Assets		9,685,624		7,576,441

	2006 Rs.	2006 Rs.	2005 Rs.	2005 Rs.
Net Assets/Equity				
Capital Receipts (Schedule H)				
Revaluation Reserve Account				
Capital Grant Spent	10,186,861		8,147,221	
Unspent Capital Grant (Schedule A)	2,426,052		2,067,751	
	<u> </u>	12,612,913	<u> </u>	10,214,972
Reserves				
General Reserve of the Institutions (Schedule B-1)	(5,351,807)		(4,222,859)	
	<u> </u>	(5,351,807)	<u> </u>	(4,222,859)
Restricted Funds				
Research Grants (Schedule E)	15,000		15,000	
Gifts and Donations (Schedule F)	1,213,648		879,731	
Others (Schedule G)	1,195,870		689,597	
	<u> </u>	2,424,518	<u> </u>	1,584,328
Total Net Assets Equity		<u><u>9,685,624</u></u>		<u><u>7,576,441</u></u>

Prof. SUMANAPALA GALMANGODA,
Acting Director,
Postgraduate Institute of
Pali and Buddhist Studies.

K. K. A. D. A. U. KUMARASINGHE,
Deputy Bursar (Acting),
Postgraduate Institute of
Pali and Buddhist Studies.

POSTGRADUATE INSTITUTE OF PALI AND BUDDHIST STUDIES UNIVERSITY OF KELANIYA

INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2006

	2006 Rs.	2006 Rs.	2005 Rs.	2005 Rs.
<i>Income:</i>				
Govt. Grant for Recurrent Expenditure	1,120,000		9,950,000	
Interest from Loans	87,987		72,880	
Rent from Properties	19,000		32,000	
Sale of Old Stores	1,710		0	
Miscellaneous Receipts (Schedule - 1)	180,639		147,004	
Registration Fees (Postgraduate)	340,000		214,800	
Tuition Fees (Postgraduate)	5,700,100		3,263,251	
Examination Fees (Postgraduate)	226,885		136,926	
Library Fees (Postgraduate)	168,500		101,000	
Sale of Publications	16,997		17,325	
Library Fines	3,180		850	
English Thro. Budd. for Administrative Cost	54,700		37,375	
Cancelled Cheques	0		12,606	
	<u> </u>	17,919,708	<u> </u>	13,086,017

	2006 Rs.	2006 Rs.	2005 Rs.	2005 Rs.
DEDUCT EXPENDITURE				
Personal Emoluments				
General Administration and				
Staff Services (Schedule 2)	6,481,102		2,462,680	
Academic Services (Schedule - 2)	4,083,749		5,336,874	
Travelling	25,905		60,548	
Supplies	687,566		557,466	
Maintenance	208,342		176,805	
Contractual Service	5,294,995		4,728,326	
Others	827,680		1,119,304	
Depreciation	993,954		744,929	
Total Expenditure		18,603,293		15,186,932
Excess of Income over Expenditure carried Forward		(683,585)		(1,200,915)
Excess of Expenditure over Income carried Forward				

CONSOLIDATED INCOME AND EXPENDITURE

APPROPRIATION ACCOUNT

	2006 Rs.	2006 Rs.	2005 Rs.	2005 Rs.
Excess of income over Expenditure carried Forward	0	(683,585)	0	(1,200,915)
Less - Hostel Activities (Loss)				
Deposit Account Balance B/F Previous Year	(4,222,859)	(4,222,859)	(3,800,955)	(3,800,955)
		(4,906,444)		(5,001,870)
Add : Income in receipt of past year (Schedule - 10)	5,860		14,907	
Other adjustments Credits (Schedule - 11)	457,349	463,209	774,522	789,429
		(4,443,235)		(4,212,441)
Less : Payments in respect of past year (Schedule - 12)	201,108		0	
Write offs and other adjustments (Schedule - 13)	707,464	908,572	10,418	10,418
Balance carried down to Balance Sheet		5,351,807		(4,222,859)

Prof. SUMANAPALA GALMANGODA,
Acting Director,
Postgraduate Institute of
Pali and Buddhist Studies.

K. K. A. D. A. U. KUMARASINGHE,
Deputy Bursar (Acting),
Postgraduate Institute of
Pali and Buddhist Studies.

CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER, 2006

	2006 Rs.	2006 Rs.	2005 Rs.	2005 Rs.
Cash Flows from Operating Activities				
Deficit for the year		(683,585)		(1,200,915)
Adjustments for items not involving movement of cash				
Gratuties		555,984		95,788
Depreciation		1,311,248		359,384
		<u>1,183,647</u>		<u>(745,743)</u>
Prior period items		(445,363)		779,012
Operating surplus before changes in items of working capital		738,284		33,269
Changes in items of working capital				
Decrease / (Increase) decrease in stores advances and stocks of researchs and publications	338,411		(136,338)	
Decrease / (Increase) in sundry debtors	(27,500)		0	
Decrease / (Increase) in staff advances	(598,362)		(195,372)	
Decrease / (Increase) in services and supplies advances	8,498		(10,332)	
Decrease / (Increase) decrease in payments in advance	(190,721)		100,328	
Increase (decrease) in other deposits	(1,560)		(1,431)	
Increase (decrease) in deposits and sundry creditors	5,343		16,488	
Increase (decrease) in accrued expenses and other liabilities	183,123		127,330	
		<u>(282,768)</u>		<u>(99,327)</u>
Net Cash generated from operating activities		455,516		(66,058)
Cash Flows from Investing Activities				
Purchase of fixed assets	(2,373,557)		(680,388)	
Other investments	(37,790)		(1,035,889)	
Net Cash used in investing activities		<u>(2,411,347)</u>		<u>(1,716,277)</u>
Cash Flows from Financing Activities				
Government grant for capital expenditure	2,397,941			
Gifts and Donations	333,917		2,450,000	
Other Funds	506,273		14,347	
Cash Generated from financing activities		<u>3,238,131</u>	<u>153,216</u>	<u>2,617,563</u>
Net increase in cash and cash equivalents		1,282,300		835,228
Balance of cash and cash equivalents at beginning of the year		<u>1,476,892</u>		<u>641,664</u>
Balance of cash and cash equivalents at of the year (Note I)		<u>2,759,192</u>		<u>1,476,892</u>
Note 1			2006	2005
Bank balance			2,759,192	1,326,892
Other bank balance			0	150,000
			<u>2,759,192</u>	<u>1,476,892</u>

Accounting Notes:

01. *Accounting Principals.*— The financial statements of the institute are prepared in conformity with the general Accounting Principals.

02. *Depreciation.*— Provisions for depreciations is calculated in accordance with Sri Lanka Accounting Standard Number 18.

03. *Stocks.*— Stocks are valued at purchased prize.

04. *Debtors.*— Debtors consist of loan and advances given to staff. No provision has been made for bad debtors as as loan and advances are granted by keeping their provident funds as surety.

05. *Fixed Assets (non current assets).*— Fixed assets values are stated at cost less accumulated depreciation.

06. *Retirement Gratuity.*— Provision for gratuity is made in accordance with Sri Lanka Accounting Standard Number 16.

Director,
Postgraduate Institute of Pali and Buddhist Studies,

**Report of the Auditor General on the Financial Statements of the Postgraduate Institute of Pali and Buddhist Studies
Affiliated to the University of Kelaniya for the year ended 31st December, 2006 in terms of Section 108 (2) of the
Universities Act, No. 16 of 1978 and Section 13 (7) (a) of the Finance Act, No. 38 of 1971**

The Audit of Financial statements of the Postgraduate Institute of Pali and Buddhist Studies affiliated to the University of Kelaniya for the year ended 31st December, 2006 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 23 of the Postgraduate Institute of Pali and Buddhist Studies Ordinance No. 08 of 1979 enacted under Section 18 of the Universities Act, No. 16 of 1978, Section 108 (1) and 111 of the Universities Act and sub Sections (3), (4) and (7) of Section 13 of the Finance Act, No. 38 of 1971. This report is issued in terms of Section 108 (2) of the Universities Act and Section 13 (7) (a) of the Finance Act.

1 : 2 *Scope of Audit.*— Audit opinion, comments and findings in this report are based on a review of financial statements presented to audit and substantive tests of samples of transactions. The scope and the extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards, methods and practices to obtain reasonable assurance s to whether the financial statements are free of material misstatements. The audit included examination of evidence supporting the amounts and disclosures in financial statements and assessment of accounting principles and significant estimates and judgements made in the preparation of financial statements, evaluation of their over all presentation and determining whether accounting policies adopted were appropriate, consistently applied and adequately disclosed. 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.

02. Financial Statements

2:1 *Opinion.*— So far as appears from my examination and to the best of my information and according to the explanations given to me, I am of opinion that the Postgraduate Institute of Pali and Buddhist Studies had maintained proper books of account for the year ended 31st December, 2006 and except for the effects on the financial statements of the matters referred to in paragraph 2.2 of my report, the financial statements which are in agreement with the said books have been prepared and presented in accordance with Generally Accepted Accounting Principles and the stated accounting policies and schedule to the financial statements give a true and fair view of the financial position of the Postgraduate Institute of Pali and Buddhist Studies as at 31st December, 2006 and the financial results of its operation for the year then ended.

2:2 *Comments on Financial Statements*

2:2:1 *Accounting Deficiencies.*— Accounting deficiencies relating to transactions valued at Rs. 973,466 shown in the financial statements and observed during the sample tests were brought to the notice of the Director of the Institute. The possibility of occurring such deficiencies cannot be ruled out.

2:2:2 *Un reconciled Control Accounts.*— The value of ledger balance of Rs. 2,210,309 aggregating the distress loan, vehicle loan and festival advance was not reconciled with the schedule value of Rs. 2,227,019.

2:2:3 *Lack of Evidence for Audit.*— The fixed assets of Rs. 5,736,208 shown in the balance sheet could not be satisfactorily vouched due to non rendition of evidence such as the Fixed Assets Register, stock survey reports and schedules.

2:2:4 *Non-compliance with Laws, Rules, Regulations and Management Decisions.*— Instances of non-compliance with the following laws, rules, regulations and management decisions observed during the course of audit were brought to the notice of the Director of the Institute from time to time.

(a) Section 10, 11, 13 (5) and 14 (3) of the Finance Act, No. 38 of 1971.

(b) Gratuity Fund Act, No. 12 of 1982.

(c) Sri Lanka Accounting Standard No. 5 and 18.

(d) Financial Regulations of Sri Lanka No. 371.

(e) Treasury Circular No. PED 12 of 02nd June, 2003 and No. PED 52 of 16th June, 1989.

(f) Public Finance Circular No. PF/PE 9 of 27th June, 2000.

03. Financial and Operating Review

3:1 *Financial Review*

3:1:1 *Financial Results.*— According to the accounts presented, the working of the Institute for the year ended 31st December, 2006 had resulted in a deficit of Rs. 11,803,586 before taking into account the Government Grant for recurrent expenditure as compared with the corresponding deficit of Rs. 11,150,915 for the preceding year. Due to the Government Grant of Rs. 11,120,000 for the recurrent expenditure, the deficit of the year under review reduced to Rs. 683,585. Due to the Government Grant of Rs. 9,950,000 received for the recurrent expenditure for the preceding year the deficit of that year had decreased to Rs. 1,200,915.

3:1:2 *Utilization of Capital Allocations*

- (a) During the year under review a sum of Rs. 1,500,000 had been received from the General Treasury as a capital allocation and Rs. 1,410,841 had been shown as unutilized capital grant.
- (b) During the year under review a sum of Rs. 1,000,000 had been received for the activities of Informamtion Technology and as at the end of the year Rs. 999,683 or 99.97% of the grant remained as unutilized grant.
- (c) Throughout the year a balance of Rs. 15,528 remained as unutilized in the Unspent Capital Grant - 101.
- (d) It was observed that the Institute had not followed a regular plan in securing the approval for Capital grant and the actual utilizations were also not on a satisfactory level.

3:1:3 *Transactions not supported by an adequate authority*

Following observations are made.

- (a) Contrary to the Public Enterprises Department Circular No. 95 dated 14 June, 1994, the Institute had made following payments complying with the instructions of the University Grants Commission Circular.
 - (i) Up to the year under review an aggregate amount of Rs. 554,382 had been paid as salaries and incentives for the proficiency of second and third languages.
 - (ii) Since academic allowance had been added to salaries, Rs. 30,563 and Rs. 7,641 had been overpaid as University Provident Funds and Employees Trust Funds respectively during the period under review.
- (b) Rs. 190,670 had been overpaid as a result of allowances being taken into account in the calculation of gratuities payable for an incumbent priest of the Buddhist Source Studies Division.

3:2 **Operating Review**

3:2:1 ***Performance***

(a) *Academic Activities*

(1) *Postgraduate Courses*

The total number of student registration as at the year under review was 289.

- (i) Three Divisions had been maintained for academic purposes but only the Director of the Institute and one contracted Lecturer engaged in teaching.
- (ii) A Lecturer priest in the permanent cadre had obtained annual sabbatical leave and engaged in an overseas employment, while Rs. 505,037 had been paid for 11 Visiting Lecturers, during the year.

(2) *English Course*

- (i) The Postgraduate Institute of Pali and Buddhist Studies established under the University Act for Postgraduate Studies, conducts English course not compatible with the Institute's course categories. The income derived from the course inclusive of University Grants Commission grant of Rs. 150,000 was Rs. 606,540 during the year 2006. A total of 57 students had registered for the course.

- (ii) During the year 2005, the students intake was 22 but out of them only 7 students completed the course. Besides this, one student but had paid only the half of the course but had completed the course. In the meantime the course fee for 2006 had been reduced to Rs. 7,500.

(b) *Examinations*

While a total of 306 students had appeared for examinations in the academic year 2004/2005, 94% or 289 students had passed the prescribed examinations.

(c) *Cost per student*

The total cost incurred on academic, administrative, financial and other expenditures during the year under review was Rs. 18,603,293. While the total students engaged in academic activities were 289 during the year under review, the average cost per student for the year amounted to Rs. 64,371.

(d) *Cost per Employee*

During the year, 23 permanent staff members had been engaged in service and Rs. 10,564,851 had been paid for them as staff salaries, thus the average cost per employee amounted Rs. 459,341.

3:2:2 *Library Administration*

Following matters were observed.

- (i) Though the Institute had established a Library Committee with the approval of the Board of Management, yet the Committee had conducted only 1, 4 and 1 meetings respectively during the year 2004, 2005 and 2006 years.
- (ii) Although books to the value of Rs. 562,192 had been purchased by 31 August of the year of review. The recommendation of the Library Committee had not been obtained for same.
- (iii) During the period from 1994 to 2005, 114 books costing Rs. 26,550 and another 35 books without price being mentioned had been borrowed and not returned. In the absence of accepted procedure to obtain the lent books from the students and lecturers or to impose fines for the delayed books has been an upward trend of non-returning of books.
- (iv) There was no decision as to the maximum number of books that can be borrowed by lecturers or the period for the return of books. There was an occasion when even 25 books had been issued to one single lecturer. Six lecturers, both internal and external who had retired or resigned had not returned 16 books. Further, no action had been pursued to obtain 43 books that had been lent to lecturers during the period from 1994 to June, 2007.

3:2:3 *Utilization of Vehicles*

- (i) Two vehicles had been detained for work of the Institute with only one driver for both.
- (ii) A motor car had been hired for the work of the Institute and as to the agreement the car should run 2800 kilometers per month. However, the car had actually run only an average of 1468 kilometers per month. While this vehicle had been under utilized it was only 17,623 kilometers or 52.45% that the vehicle had run during the year when it could have run 33,600 kilometers.
- (iii) During the year under review the vehicle No. 53-3103 belonging to the Institute had run 5,706 kilometers and the cost incurred on fuel and repairs amounted to Rs. 44,000 and Rs. 55,464 respectively thus the cost of fuel and repairs per kilometer was Rs. 17.43.

3:2:4 Idle and under utilized Assets

Assets mentioned below remained idle or under utilized during the period under review.

- (i) Cash in the Generated Income Account maintained at the People's Bank, Thimbirigasyaya remained underutilized and showed a balance of Rs. 1,797,039 during the year under review.
- (ii) In various divisions there were 5 computers, 1 Computer Printer, a Photocopier and 1 Computer chair which were not used but which should be repaired.
- (iii) No action had been taken to dispose goods which are unutilized and which are in damaged condition.
- (iv) The proceeds of the sale of a van belonging to the Institute had been deposited in a Savings account and even by the end of the year that amount of Rs. 991,995 lying in that account remained idle as unutilized.

3:2:5 Violation of Agreements & Bonds

The Assistant Librarian of the Institute had gone to Australia on study leave for the period from 1 March 1997 to 28 February 1999 and when calculating the value of relevant bond for Rs. 427,014 the worth of his scholarship had not been taken into consideration. However, since he had not reported for duty the value of the bond had been recovered from the balance of the Provident Fund for 1999 and from the interest accrued thereon during the year under review, since there was no procedure to amend bonds annually the Institute had to suffer losses.

3:2:6 Contract Administration

The cleaning service contract of the Institute had terminated on 31 August of the year under review ; but this service had been given once again to the same contractor to the sum of Rs. 16,125 without calling tenders.

3:2:7 Budgetary Control

Significant variances were observed between the budgeted and the actual income and expenditure thus indicating that the budget had not been made use of as an effective instrument of management control.

4. Systems and Controls

Deficiencies in systems and controls observed in audit were brought to the notice of the Director from time to time. Special attention is needed to the following areas of control :

- (i) Conducting of courses
- (ii) Vehicles
- (iii) Telephone costs
- (iv) Stocks and Stores
- (v) Administration of assets
- (vi) Bonds

P. A. PEMATHILAKE,
Auditor General.