

## **Buddhist and Pali University of Sri Lanka -2012**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Buddhist and Pali University of Sri Lanka as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

#### **1.2 Comments on Financial Statements**

##### **1.2.1 Best Accounting Practices**

The following observations are made.

- (a) Without identifying the income of the external courses project conducted by the University in accordance with the period, a similar value of the expenditure for the year amounting to Rs. 7,530,559 had been accounted as revenue of the year. The external course income for the year under review amounted to Rs. 14,886,741 and the accumulated balance of the income of the external courses project account had become Rs. 19,405,271 as a result of applying this policy continuously by the University.
- (b) Even though expenditure incurred on learning and other educational activities should be amortized, the skill development expenditure amounting to Rs. 1,900,263 brought to accounts under non-current assets, had not been amortized.

##### **1.2.2 Accounting Policies**

Three items of assets valued at Rs.3,967,951 which were fully depreciated and shown in the financial statement and being used further had not been revalued and brought to accounts.

### **1.2.3 Accounting Deficiencies**

Accounting deficiencies revealed at the test checks carried out on financial statements aggregating Rs.173,002,826 had been referred to the Rev. Mahopadhyaya of the Buddhist and Pali University of Sri Lanka by my detailed report No. 13(7)(a) dated 19 April 2013. Out of those deficiencies, Rs. 14,639,113 had been rectified and the revised financial statements had been presented to audit on 17 July 2013.

### **1.2.4 Accounts Receivable and Payable**

The retention balance on contracts as at 31 December 2012 amounting to Rs. 12,252,176 had included a balance of Rs. 11,172,763 which remained for more than 2 years. This amount had included a sum of Rs. 10,880,640 retained from 2 contracts carried out during the period 2005 to 2007. Those contracts had not been completed within the specific periods.

### **1.2.5 Lack of Evidence for Audit**

The following observations are made.

- (a) Confirmation of balances or receipts in support of cash payments in respect of service deposits of Rs. 483,450 and security deposits of Rs. 257,040 which had been included in the sundry creditors were not made available.
- (b) Due to non-remittance of ledger accounts relating to the recurrent expenditure (including external project expenditure) amounting to Rs. 142,270,681 in financial statements for audit, there was no evidence to establish the expenditure classification and the accuracy of expenditure in audit.

1.2.6 **Non - compliance with Laws, Rules, Regulations, and Management Decisions**

The following non - compliances were observed.

Reference to Laws, Rules, Regulations and Management Decisions

Non-compliance

(a) Universities Establishment Code

Paragraph 2.1 of Chapter xxvi

Even though the annual boards of survey should be conducted by a boards of survey in respect of all goods and fixed assets belonging to the Higher Educational Institutes, the library books valued at Rs. 13,434,024 had been verified in the year under review and the relevant reports had not been presented.

(b) Circular No.95 dated 14 June 1994 of the

Department of Public Enterprises

In paying contributions to the Employees Provident Fund and Employees Trust Fund, the academic allowance had been considered and as such a sum of Rs. 4,155,912 had been overpaid during the period from 1997 to August 2011.

(c) Treasury Circular No. IAI/2002/02 dated 28 November 2002.

A register of fixed assets had not been maintained in respect of computers and computer accessories of the University.

(d) Decision No. 325 dated 29 May 2012 of the Board of Control.

The Board of Control had approved only students who attended lectures for more than 80 percent to sit for the examinations. Eventhough, the Appeal Academic Committee had given approval to reduce the attendance up to a limit of 40 percent contrary to the above limit as this is a residential University, the approval had been granted to 7 students who had attended even less than 40 per cent to sit for the examinations.

## 2. **Financial Review**

### 2.1 **Final Results**

According to the financial statements presented, the operation of the University for the year ended 31 December 2012 had resulted in a deficit of Rs. 129,532,400 as compared with the deficit of Rs.154,471,836 for the preceding year before taking into the Government Grants received for recurrent expenditure, thus decreasing the deficit by Rs. 24,939,436. After taking into accounts the government grant for recurrent expenditure amounting to Rs. 119,347,880, the deficit for the year under review had become Rs. 10,184,520 as compared with the deficit of Rs. 62,152,897 for the preceding year resulting the improvement of financial results, amounting to Rs. 51,968,377. Receipt of more Government Grants of Rs. 27,028,941 for the expenditure of the year under review and the amortization of government grants by Rs. 47,534,691 had been the main reasons.

## 3. **Operating Review**

### 3.1 **Performance**

The following observations are made.

- (a) The primary objective of the University is to train scholars on Buddhist Doctrine and discipline for the dissemination and sustenance of missionary activities in Sri Lanka and overseas. A summary of local and foreign students applied and enrolled as international students for general degree courses during the past 4 years is given below.

<u>Year</u>	<u>No of Students Applied</u>		<u>No of Students Enrolled</u>	
	<u>Local</u>	<u>Foreign</u>	<u>Local</u>	<u>Foreign</u>
2008	293	61	109	61
2009	196	74	109	74
2010	353	45	109	45
2011	305	48	110	48

2012            379            46            107            36

Enrolment of students for the academic year 2012/2013 had been carried out on 08 November 2012 and as such the first year courses in the year had been commenced in the year 2013.

- (b) A practical and effective training program in order to achieve the objectives of the University had not been planned and included in the curriculums of the degree courses of the University. Even though 6283 scholars who had obtained PHD, MA, BA, and Diplomas had been created from 1984 to 2012, the University had not taken follow up action to reach the above objectives.

### **3.2 Students Cost**

The total recurrent expenditure incurred during the year under review for academic activities of 359 students amounted to Rs. 189,805,371 and the cost per student amounted to Rs. 528,706. The total recurrent expenditure for 519 students incurred in the preceding year amounted to Rs. 167, 851,717 and the cost per student was Rs. 323,414. The cost per student of the year under review had increased by Rs. 205,292 or 63.48 percent in the year under review as compared with that of the previous year.

### **3.3 Management Inefficiencies**

The following observations are made.

- (a) According to the provisions of Inland Revenue Act No.10 of 2006 and the amendments made thereto by the Budget for the year 2011, the permanent employees in the public sector who draw monthly remuneration for more than Rs. 50,000 or Rs. 600,000 per year should be registered under “PAYE” scheme and the tax should be deducted and remitted to the Department of Inland Revenue.

However, PAYE tax in respect of 2011 and 2012 had not been deducted and sent to the Department of Inland Revenue.

- (b) In terms of Management Circular No.45 of 7 April 2011, research allowances of Rs. 2,986,800 had been paid to 24 officers for the year 2011 by the University. Five research reports had been submitted to the relevant Board by the end of the year 2012 in terms of paragraph 4(a) of the above circular. Research allowance of Rs. 3,371,085 had been paid to 24 officers in respect the year 2012 without any evidence to ensure that the requirements stated in that paragraph had been fulfilled.

### **3.4 Operating Inefficiencies**

The “Jiun” Buddhist Research and Publication Fund established for providing assistance to researches limited only to Buddhist Education and Pali Language had not been utilized for the intended purpose after 2006. The balance of the fund as at the end of year under review amounted to Rs. 1,824,042.

### **3.5 Underutilization of Funds**

The following observations are made.

- (a) The management should take action to invest the excess money in the scholarships, donations and other funds by the holding sufficient funds in saving accounts to achieve its objectives to create an income. However, the balance of the above bank accounts as at the end of the year under review amounting to Rs. 5,655,459 had not been effectively utilized.
- (b) As the results of the examination of the academic years 2011 and 2012 had not been released as planned, awarding prizes and scholarships had been delayed for periods ranging from 6 to 18 months.

### **3.6 Idle and Underutilized Assets**

Even though the infrastructure facilities including modified buildings with all facilities had been improved since 2004 by incurring a sum of Rs. 512 million, attention had not

been paid to enroll more students. Although 379 students had applied in the year 2012, only 107 students had been enrolled.

#### **4. Accountability and Good Governance**

##### **4.1 Corporate Plan**

The following deficiencies were observed in the Corporate Plan.

###### **(a) Construction of Buildings**

Even though the Treasury had allocated a sum of Rs. 234.5 million from the capital estimates for the proposed building construction project to be achieved in the year 2012 by the Corporate Plan, it had not been completed by the University. Action had not been taken to update the Corporate Plan for the period 2012 to 2016 to achieve that objectives even in the ensuing years.

###### **(b) Library Activities**

Publication of an Academic Article, preparation of a policy statement and the expansion of internet services included in the activities expected to be achieved relating to the library in the year 2012 as per Corporate Plan for 2012-2016 had not been carried out.

##### **4.2 Budgetary Control**

Even though a sum of Rs. 101,920,000 had been allocated from the budget for the acquisition of land and buildings, Rs. 50,000,000 of that had been transferred by the Ministry of Higher Education under F.R 66 as such activities had not been expeditiously Weaknesses in systems and control observed in audit had been referred to the Rev. Mahopadhyaya of the University of Buddhist and Pali from time to time. Special attention is needed in respect of the following areas of control

- (a) Fixed Assets
- (b) Library Management
- (c) Constructions
- (d) Human Resources Management
- (e) Accounting Relating to External Projects
- (f) Vehicles Control