

Institute of Biochemistry, Molecular Biology and Biotechnology Affiliated to the University of Colombo -2012

1. **Financial Statements**

1.1 **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the Institute of Biochemistry, Molecular Biology and Biotechnology Affiliated to the University of Colombo 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 **Presentation of Financial Statements**

The financial statements of the Institute of Biochemistry, Molecular Biology and Biotechnology Affiliated to the University of Colombo for the year under review had been presented for audit on 28 February 2013. After the completion of the audit, the draft report was issued on 30 May 2013. The revised financial statements incorporating the rectification of accounting deficiencies valued at Rs. 3,673,838 pointed out in the draft report had been presented on 18 June 2013.

1.2.2 **Accounts Receivable and Payable**

The following observations are made.

- (a) The sum of Rs.22,840 shown in the financial statements as receivable from sponsors remained without being recovered from the year 2009. Action had not been taken either for the recovery of the amount or for write off from the books of the Institute.
- (b) The Data Cable for communications between the University and the Institute had been damaged in the Landscaping of the Faculty Grounds of the University Project due to the fault of the contractor and the Institute had spent a sum of Rs. 284,000 for restoring the cable. Even though the loss had been received by the University of Colombo from the contractor, action had not been taken up to date for the recovery of that amount to the Institute.

1.2.3 **Non – compliance with Laws , Rules , Regulations and Management Decision**

The following non – compliances were observed.

Reference to Laws, Rules, Regulations, etc -----	Non – compliance -----
(a) Financial Regulations of the Government of Sri Lanka ----- Financial Regulation 371	Even though advances should be granted only to officers in Staff Grades advances totalling Rs. 252,023 had been granted in 09 instances to third parties.
(b) Financial Regulation 1646 and the National Budget Circular No.150 of 07 December 2010.	<p>(i) Fuel amounting to 1,393 liters valued at Rs.495,000 had been supplied for the Motor Vehicle procured on hire basis during the period January to October 2012 without examining the distances travelled for balancing the fuel in the Daily Running Charts.</p> <p>(ii) Despite the priority given for the elimination of hired Motor Vehicles a Motor Vehicle had been procured on hire basis on 27 October 2011. A sum of Rs. 819,000 had been paid up to November 2012 at the rate of Rs.63,000 per month inclusive of the salary of the driver.</p>
(c) Treasury Circular No. IAI/2002/02 of 28 November 2002.	A Register of Computer Accessories and Software had not been maintained.
(d) Treasury Circular No. 842 of 19 December 1978	A Register of Fixed Assets in form General 287 had not been maintained for all fixed assets.
(e) Sub – section 3.1 of paragraph 3 of Circular No. 2004/LS/1 Instructions of the National Institute of Library and Information Sciences.	Even though library books should be surveyed annually , a survey of books had not been conducted from the inception of the Library up to 30 May 2013.

2. **Financial Review**

2.1 **Financial Results**

According to the Financial Statements presented, the financial results of the Institute for the year ended 31 December 2012 before taking into account the Government grant for recurrent expenditure, had been a deficit of Rs. 34,020,282 and the corresponding deficit for the preceding year amounted to Rs.34,711,852. The financial results for the year under review after taking into account the Government grant of Rs.37,568,028 for recurrent expenditure, amounted to a surplus of Rs. 3,547,746 and after taking into account the Government grant of Rs.35,588,306 for recurrent expenditure of the preceding year the surplus for that year amounted to Rs.876,454. The improvement of Rs. 2,671,292 in the year under review as compared with the preceding year had been due mainly to the increase of Rs. 1,979,722 in the Government grant and Rs.994,749 in the earned income.

3. **Operating Review**

3.1 **Performance**

The Institute had conducted 02 Postgraduate Courses in Master of Philosophy and Doctor of Philosophy and 3 courses in Master of Science in the year under review. As such 05 Postgraduate Courses had been Conducted.

The particulars of enrolment of students and the number graduated during a period of 06 years are given below.

Year	Registration of Students	Number who sat the final Examination	Number Referred	Number of Failures	Courses abandoned Number
-----	-----	-----	-----	-----	-----
2007	12	13	02	-	01
2008	18	10	-	01	02
2009	13	12	04	-	02
2010	20	11	03	-	02
2011	10	18	04	02	01
2012	29	12	01	-	01

3.2 **Management Inefficiencies**

Action had not been taken up to date to secure the transfer of the land belonging to the University of Colombo on which the Institute is situated. As such the value of the land and the building of the Institute had not been shown in the financial statements while that had not even been disclosed in the financial statements.

3.3 **Idle and Underutilized Assets**

The following observations are made.

- (a) The Machine 22 BECRMION TC 100 ULTRA CENTRIFUGE out of order over a period of 3 years and Machine J2 HS – CENTRISING out of order over a period of 1 ½ years taken off from use due to being out of order. Action had not been taken to repair them.
- (b) A sum of Rs. 245,796 in two Bank Accounts maintained by the Institute had been idling over a long period.

4. **Systems and Controls**

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

- (a) Fixed Assets
- (b) Advances
- (c) Library Administration