

J.R.Jayewardene Historical Research, Archives and Library Center - 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 J.R.Jayewardene Historical Research, Archives and Library Centre as at 31 December 2012 and its financial performance for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1:2 Comments on Financial Statements

1.2.1 Sri Lanka Public Sector Accounting Standards

Sri Lanka Public Sector Accounting Standards No. 01

The statement of changes in equity and cash flow statement which should have been submitted along with the financial statements in terms of the above mentioned Accounting Standards, had not been submitted and the components had not been properly identified in the financial statements. Similarly, reconciliation of budgeted figure with the actual figure made under paragraph 21 (e) had not been presented.

1.2.2 Accounting Policies

Disclosures had not been made in the financial statements in respect of debentures received by this institute on 05 December 2012 with regard to sums aggregating Rs.9,725,000 invested in the Pramuka Bank from the years 2000 and 2002. Interest receivable from the year 2004 had also not been disclosed in the financial statements.

1.2.3 Accounting Deficiencies

Provisions for depreciation at the rate of five per cent had been made on lands too due to not making valuation separately for lands and buildings of the Centre and bring to account.

1.2.4 Unreconciled Control Accounts

Even though the balance of the Reserves and Surplus Accounts for the year 2011 amounted to Rs.32,294,360, this value had been shown in the financial statements as Rs.32,977,609.

1.2.5 Lack of Evidence for Audit

Journal entries relating to accrued expenditure aggregating Rs.1,005,395 had not been entered in the Journal Register and the relevant journal vouchers had also not been presented to audit.

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

Non compliances observed in audit are given below.

Reference to Laws, Rules,
Regulations etc,

Non-compliance

(a) J.R.Jayewardene Centre Act,
No. 77 of 1988

(i) Section 1

Even though the name of the Institution in accordance with the Act is "J.R.Jayewardene Cultural Research, Archives and Library Centre", it had been used as "J.R.Jayewardene Centre" in the financial statements and in the letterheads used by the Institute as Jayewardene Cultural Centre".

(ii) Section 3 (a)

The period for holding of post of two members of the Board of Control was ended on 25 January 2009. Even though the Board of Control had been appointed on 18 September 2012, meetings of the Board of Control had not been conducted for the year 2012.

- | | |
|---|---|
| (b) Paragraphs 5:3:1 and 5:8 of Chapter XIX of the Establishments Code. | Even though the Secretary General had occupied the official quarters of the Centre from the month of August 2012, rentals had not been recovered in this regard and the Centre had paid the water and electricity charges of the official quarters. However, those charges had not been recovered from the officer concerned. |
| (c) Public Enterprises Circular No.PED/12 dated 02 June 2003 | A draft annual report had not been presented along with financial statements within 60 days from the closure of the financial year. |

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the operations of the Centre for the year ended 31 December 2012 had resulted in a surplus of Rs.573,779 as compared with the corresponding surplus of Rs.1,204,230 for the preceding year. Increase of repairs and supplies expenditure by Rs.2,348,467 and Rs.345,633 respectively and increase of interest on fixed deposits by Rs.1,790,078 had mainly attributed for the deterioration of Rs.630,451 in the financial results during the year under review as compared with the preceding year.

2.2 Analytical Financial Review

The financial results during the year under review had decreased by Rs.630,451 or 52 per cent as compared with the preceding year. Variances of major income and expenditure are given below.

		2012	2011	Variance	Percentage of Variance
		-----	-----	-----	-----
		Rs.	Rs.	Rs.	--
Income	Interest on fixed deposits	8,984,315	7,194,237	1,790,077	25
	Miscellaneous receipts	105,107	29,900	75,207	252
Expenditure					
	Supplies expenditure	2,920,896	2,575,263	345,633	13
	Repairs and maintenance expenditure	3,732,279	1,383,812	2,348,467	170

3. Operating Review

3.1 Transactions of Contentious Nature

A sum of Rs.131,500 to 27 persons of the permanent staff, Rs.6,500 to three persons of the temporary staff and Rs.7,500 to the security division being an external party had been paid as special allowances in the month of December 2012 only on the approval of the Secretary General without the approval of the Treasury, contrary to the Public Enterprises Circular No.95 dated 14 June 1994.

3.2 Identified Losses

A sum of Rs.49,020 received through the receipt No.2523 dated 30 October 2012 had been entered in the Cash Book as Rs.47,020 and deposited in the Bank Rs.2,000 less.

3.3 Establishment of a Fund relating to the Provision for Employees' Gratuity

Investments had not been made relating to the provision for Gratuity amounting to Rs.1,185,097 as at the end of the year under review.

4. Accountability and Good Governance

4.1 Corporate Plan

A Corporate Plan had not been prepared in order to achieve the vision and mission of the Centre in terms of paragraph 05 of the Public Enterprises Circular No.PED/12 dated 02 June 2003.

4.2 Action Plan

An Action Plan had not been prepared for the year under review.

4.3 Procurement Plan

Even though non current assets amounting to Rs.4,864,664 had been purchased for the year 2012, a Procurement Plan had not been prepared.

4.4 Budgetary Control

A Budget had not been prepared for the year 2012 in terms of Public Enterprises Circular No.PED/12 dated 02 June 2003.

4.5 Tabling of Annual Reports

The annual reports of the Centre had not been tabled in Parliament after the year 2002.

4.6 Observations on unsettled Audit Paragraphs.

Even though it was directed to present a report to the audit within one month relating to investment of Rs.5 million in a subsidiary company according to the directive given at the meeting of the Committee on Public Enterprises held on 19 September 2012, any measure had not been taken in this regard even up to October 2013.

5. Systems and Controls

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

- (a) Cash and Bank
- (b) Repairs and Maintenance