

## Postgraduate Institute of Archaeology affiliated to the University of Kelaniya -2012

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### 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 Postgraduate Institute of Archaeology affiliated to the University of Kelaniya 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 **Unsettled Balances**

Following matters were observed.

(a) Actions had not been taken to settle the capital advances amounting to Rs.172,598 unsettled from the year 2006 to the year 2011, retention amounting to Rs.73,856 relevant to the years 2010 and 2011 and refundable tender deposits amounting to Rs. 28,000 payable even in the year under review.

(b) A balance amounting to Rs.41,505 as the Stock Adjustment Account under current assets in the Statement of Financial Position was being brought forward without settling from the year 2007.

##### 1.2.2 **Lack of Evidence for Audit**

Although many years had lapsed after the completion of the 'SARAC' project, a survey in respect of fixed assets amounting to Rs.5,463,897 and the value amounting to Rs.5,155,572 shown under other current assets relevant to the said project had not been carried out and those reports had not been presented for audit.

##### 1.2.3 **Non-compliance with Laws, Rules, Regulations and Management Decisions.**

Following non-compliances were observed.

#### **Reference to Laws, Rules and Regulations**

#### **Non-compliance**

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| (a) Postgraduate Institute of Archaeology Ordinance No.02 of 1985 enacted in terms of Section 18 of the Universities | Contrary to the Ordinance, 02 courses, namely Foundation Course on Archaeology and Diploma Course in Palaeobiodiversity |
|--|---|

- Act No.16 of 1978. had been conducted and a sum of Rs.265,250 had been spent during the year under review and an income amounting to Rs.547,500 had been earned.
- (b) Public Administration Circular No.09/2009 dated 16 April 2009 and University Grants Commission Circular No.02/2010 dated 15 February 2010. Although finger print machines should be used to mark the arrival and departure, no one of the staff had taken action accordingly.
- (c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.  
Financial Regulation 371 Although the advances obtained should be settled immediately after the purpose was completed, advances on supplies and services amounting to Rs.237,952 and capital advances amounting to Rs.315,073 obtained in 12 instances in the year under review had been settled with a delay of 01 to 07 months and ½ month to 10 months respectively.
- (d) Public Enterprises Department Circular No. 95 dated 14 June 1994 A sum of Rs.60, 035 had been paid to the staff as language proficiency allowances contrary to the provisions of the circular.
- (e) Public Administration Circular No.07/97 dated 03 February 1997 and Commission Circular No.707 dated 01 April 1997. Although an allowance of 1/20 could be paid only for one day per calendar month, instances where holiday pay had been paid for more than the said number of days were observed. Accordingly, the amount paid exceeding the limits for the year 2012 amounted to Rs.71, 696.
- (f) Public Finance Circular No.438 dated 13 November 2010 and University Grants Commission Circular No.1/2010 dated 24 February 2010. Although unserviceable goods should be immediately disposed of, action had not been taken to dispose of 318 units of unserviceable goods relevant to each division of the institute even by the date of audit on 03 May 2013 according to the survey report on assets as at 31 December 2012.

## **2. Financial Review**

### **2.1 Financial Results**

According to the financial statements presented, the operations of the institute for the year ended 31 December 2012 before taking into account the Government grant, had resulted in a deficit of Rs.40,256,445 as compared with the corresponding deficit of Rs.36,540,333 for the preceding year. The deficit was converted into a surplus of Rs.4,243,555 due to the Government grant of Rs.44,500,000 received for recurrent expenditure for the year under review. The deficit for the preceding year had been reduced to Rs.4,045,876 due to the Government grant of Rs.32,494,457 received for recurrent expenditure for that year. Accordingly, the increase in Government grants by Rs.12,005,543 as compared with the preceding year had mainly affected for the increase of Rs.8,289,431 in the financial results for the year under review.

## **3. Operating Review.**

### **3.1 Academic Performance**

Details on registration of students, appearing for the final examination and number of students passed in several academic years of the Post Graduate Institute of Archaeology are given below.

#### **(a) Conducting Courses in Postgraduate level**

<b><u>Academic Year</u></b>	<b><u>Number of Students Registered</u></b>	<b><u>Number of Students Vacated</u></b>	<b><u>Number of Students sat for the final Examination</u></b>	<b><u>Number of Students Passed</u></b>	<b><u>No.of Students Failed as a percentage</u></b>
2009/2010	93	04	61	53	15
2010/2011	114	12	54	51	06
2011/2012	174	02	48	44	08

\*Except students of Doctor of Philosophy, Master of Philosophy, Master of Science/ Master of Arts courses.

Two courses each of Postgraduate Diploma and Master of Arts and 01 course each of Master of Science, Master of Philosophy and Doctor of Philosophy and two courses which do not fall into the category of postgraduate had been conducted and the total number of students registered had been 174 for the academic year 2011/2012. Number of students registered only for the academic year 2011/2012 had been 53 and students had not been registered for Postgraduate Course in Heritage Studies for the academic year 2011/2012.

**(a) Delay in Release of Examination results**

Details on examinations held during the year under review of the institute and release of results are given below.

<b>Course</b>	<b>Academic Year</b>	<b>Number of Students</b>	<b>Date of Examination</b>	<b>Date of Release of Results</b>	<b>Duration (months)</b>
Postgraduate Diploma in Archaeology	2012	37	11-12/07/2012	05/12/2012	05
Postgraduate Diploma in Museology	2012	12	22-23/03/2012 12-13/07/2012	05/12/2012 21/02/2013	08 07
Master of Arts (through lectures and researches on Archaeology)	2012	24	24/07/2012	05/12/2012	4 1/2
Diploma in Palaeobiodiversity Part - I	2012	57	15/07/2012	-	Results not released

A period of 4 ½ to 08 months had lapsed in the release of results of each course during the year under review and results of the Diploma in Palaeobiodiversity had not been released to date.

### 3.2 **Management Inefficiencies**

A sum of Rs.1,000,000 had been granted to the Post Graduate Institute of Archaeology in the year 2009 by Dr. Roland Silva to award gold medals and cash annually and the said amount had been deposited in a fixed deposit from 16 June 2009. An interest income amounting to Rs.440,322 had been received as at 31 December 2012 for same. A methodology had not been prepared to achieve the objectives of the relevant fund by the institute.

### 3.3 **Deficiencies in Contract Administration**

Reconstruction activities of the old museum building had been awarded to a contract value of Rs.4,460,840 and according to the agreement, it was scheduled to commence on 20 December 2011 and complete in 90 days. Although this task should be completed as at 20 March 2012, it had not been so done even by 31 December 2012. Financial progress had been 80 per cent and reports on physical progress had not been presented for audit. The period had not been extended and in terms of agreements, liquidated damages had not been charged.

### 3.4 **Personnel Administration**

When comparing the cadre report submitted for audit with the actual cadre of the institute, it was observed that the following vacancies existed as at 31 December 2012.

<b>Post</b>	<b>Approved cadre</b>	<b>Actual cadre</b>	<b>Number of vacancies</b>
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Senior Assistant Registrar	01	-	01
Lecturer (Probation)	05	04	01
Technical Officer (Grade i)	01	-	01
Technical Officer (Grade ii)	01	-	01

Assistant Data Entry	02	01	01
Operator (Grade iii)	----	----	----
	10	05	05
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**3.5 Raising a Fund for Provisions of Employees' Gratuity**

Provision for employees' gratuity as at 31 December 2012 amounted to Rs.9,425,200 and action had not been taken to build a fund regarding this.

**3.6 Slow Moving Balances**

A stock of 3112 publications valued at Rs.1,425,513 had been handed over to the library for sale and as they were not displayed properly at sale, a progress on sale could not be seen.

**4. Accountability and Good Governance**

**4.1 Corporate Plan**

In terms of Section 5.1.2 of the Public Enterprises Department Circular No. PED/12 dated 02 June 2003, the Corporate Plan 2012-2016 of the institute had not been prepared including following matters.

- (a) Resources of the institute
- (b) Strengths, weaknesses, external threats and opportunities of the institute
- (c) Operating results in 03 preceding years
- (d) Performance criteria

**4.2 Action Plan**

According to the Action Plan of the institute prepared for the year 2012, key functions to be discharged within the year had been 27 and progress on performing these functions had not been presented for audit. According to the audit examinations carried out, only 10 activities or 37 per cent had been completed within the year out of 27 intended activities in the Action Plan. Accordingly, over 63 per cent of functions had not been performed during the year under review.

**4.3 Budgetary Control**

When comparing budgeted expenditure with actual expenditure during the year under review, as significant variances were ranging from 10 per cent to 843 per cent, it was observed that the budget had not been made use of as an effective instrument of management control.

**4.4 Observations on Unresolved Audit Paragraphs**

Although in terms of Public Enterprises Department Circular No. PED/12 dated 02 June 2003, attention had been paid on non-preparation of the budget through previous audit reports and at the Committee on Public Enterprises in Parliament too, actions had not been so taken up to 25 June 2013.

**5 Systems and Controls**

Deficiencies observed in systems and controls 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) Payment of Research Grants
- (b) Library Control
- (c) Accounting
- (d) Miscellaneous Advances
- (e) Fixed Assets