

**Postgraduate Institute of Management affiliated to the University of
Sri Jayewardenepura – 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 Postgraduate Institute of Management affiliated to the University of Sri Jayewardenepura 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**

Although the fully depreciated fixed assets valued at Rs.62,669,598 which are being used at present should be revalued and accounted, action had not been taken accordingly. It was proposed to get the assets revalued by the Department of Valuation on 29 October 2012.

1.2.2 **Accounts Receivable and Payable**

The following observations are made.

- (a) Unidentified retention money totaling Rs.1,486,820 had remained outstanding for a number of years but action had not been taken to identify and settle them.
- (b) Unclassified accrued expenses of Rs.3,743,217 in the International Branch brought forward since 2006 had not been identified and brought to account.

1.2.3 **Lack of Evidence for Audit**

Accounts receivable totaling Rs. 2,911,912 and accounts payable totaling Rs. 11,603,217 in the International Branch had remained for 04 years and its existence had not been confirmed by way of letters of confirmation.

1.2.4 **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) Paragraph 6.5 of Chapter IX of the Universities Establishments Code.	In computing overtime hours, less than one fourth of an hour should not be taken in to account when continuous over time hours are worked. Nevertheless, the Institute had taken into account all fractions of an hour less than one fourth.
(b) Financial Regulations 751 and 756	The Institute had not maintained an Inventory Register and an annual Board of Survey had also not been conducted.

2. **Financial Review**

2.1 **Financial Results**

According to the financial statements presented, the operation of the Institute for the year under review had resulted in a surplus of Rs. 41,736,535 as against the deficit of Rs. 1,048,202 in the preceding year. Accordingly the growth in the financial results in the year under review amounted to Rs. 42,784,737. Increase in lecture fees and increase in the income of the Postgraduate Course in Public Administration had been the main reason for the growth.

3. **Operating Review**

3.1 **Performance**

Registered students in the Postgraduate Institute of Management during the year under review amounted to 478 whereas the number of students registered in the preceding year amounted to 415. The Institute had awarded degrees to 419 students relating to 9 Postgraduate Courses in the year 2012 as compared with awarding degrees to 438 students in the preceding year. Nine Management Consultancy Workshops had been held during the year under review.

3.2 **Management Inefficiencies**

The following observations are made.

- (a) Despite of the working hours having been determined according to the requirement of the Institute, the arrival and departure of staff of the Institute should be on specific time, at an audit test check observed that many officers had arrived late everyday. As such, internal control over staff attendance had been at a weak level.
- (b) A sum of Rs. 350,000 had been paid to a Judge on 19 October 2012 who had been appointed to conduct a formal disciplinary inquiry against a professor by the University on 19 September 2011 before the inquiry was completed. The relevant report, after completing the work had not been furnished even up to July 2013.
- (c) The former Director of the International Branch had been interdicted due to mismanagement, by the Board of Control on 09 November 2011. The former Director had filed a case against the Institute in this regard and the Institute had paid a sum of Rs. 802,000 to private lawyers for obtaining their service without being consulted the Attorney General in terms of Paragraph 6.1 of Chapter XXXIII of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.

4. **Accountability and Good Governance**

4.1 **Procurement Plan**

The Institute had not prepared a procurement plan for the year under review.

5. **Systems and Controls**

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

- (a) Fixed Assets Control
- (b) Purchase of Goods and Services
- (c) Personnel Control