

## **The Transactions of the Lakshman Kadirgamar Institute of International Relations and Strategic Studies -2019**

The audit of the operational activities of the Lakshman Kadirgamar Institute of International Relations and Strategic Studies for the year ended 31 December 2019 was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and the Finance Act No. 38 of 1971.

### **1.2 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Each audit entity should maintain its own books and records of its income, expenditure, assets and liabilities to enable it to prepare annual and periodic financial statements on that entity in terms of Section 16 (1) of National Audit Act No. 19 of 2018 . The Annual Financial Statements for each audit entity should be submitted to the Auditor General by the Chief Accounting Officer along with the Annual Performance Report of such instances as may be specified by the rules in terms of Section 16 (2) of the Act. It should be ascertained to prepare Annual Reports and other financial statements within the required time period in terms of Section 38 (1) (d) of the Act and in addition to that the Chief Accounting Officer should responsible for presenting of the Annual Reports related to the entity which was being audited to Parliament. Nevertheless, the annual financial statements of the year 2019 which should be submitted to the Auditor General within 60 days after the closure of the accounting year had not been presented even by the date of this report in terms of Section 6.5.1 of the Public Enterprises Circular No. PED/ 12 of 02 June 2003 and the Treasury Circular No. 01/2004 of 24 February 2004 .

## **2. Audit Observations**

### **(a) Non-compliance with Laws, Rules, Regulations and Management Decisions etc.**

The following observations are made.

	<b>Reference to Laws, Rules, Regulations</b>	<b>Non-compliance</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
(i)	Treasury Circular No. 842 of 19 December 1978	Although a Register of Fixed Assets should be maintained, actions had not been taken in accordance with that.	Arrangements are being made at present to prepare a Register of Fixed Assets.	The Register of Fixed Assets should be prepared in accordance with the Circular.
(ii)	Section 6.5.3 of the Public Enterprises Circular No. PED / 12 dated 02 June 2003	Actions had not been taken to table the Annual Reports in Parliament since 2007 .	Arrangements will be made to carry out the necessary activities for tabling in accordance with the recommendations of the Ministry of Foreign Affairs	The Annual Reports should be tabled in Parliament.

**(b) Other Audit Observations**

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Management</b>	<b>Recommendation</b>
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(i) Even though the approval had been granted to transfer the ownership of the properties located at 24 Horton Place, Colombo 07, to the Institution by exercising the powers vested in His Excellency the President under the State Land Ordinance, actions had not been taken to take over the properties even by the date of the audit in terms of Section (a) of the Decision of Cabinet of Ministers No. අමප/06/0202/214/003 dated 23 February 2006 regarding the establishment of Institutions.	Arrangements are being made with the Ministry of Foreign Affairs in respect of taking over ownership of the properties to the Institution.	Actions should be taken to take over the ownership of the properties to the Institution.
(ii) The requirements of the Department of Management Services Circular No. 39 dated 26 May 2009 regarding the monthly allowances paid to the Executive Director / Director and 11 other staff officers of the institution have not been fulfilled and actions had not been taken to obtain the approval of the Department of Management Services for the creation of posts, recruitments and Schemes of Recruitment of these posts.	It has been instructed at the discussion held with the Director General of the Department of Management Services to act with the approval of the Board of Directors regarding the recruitment and payment of monthly allowances.	Actions should be taken in terms of the Circular.
(iii) Arrangements had not been made to grant the membership of the Employees Provident Fund and Employees Trust Fund to an officer who had served as the Research Director of the Institute from January	This officer who is residing in Australia had not completed and handed over relevant applications for the contribution of the EPF and EPF. Therefore, it has	The Institution should take appropriate actions in this regard.

2018 to 30 June 2018 even by the termination of his service. However, the salary of the officer had been paid for that period by deducting the contributions to the Employees Provident Fund amounting to Rs. 48,000 .

been impossible to remit that contribution to the relevant Institutions.

(c) **Performance**

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The following observations are made.

Audit Observation	Comments of the Management	Recommendation
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(i) Seven Projects had been implemented using grants received from outside institutions amounting to Rs. 12,731,496 in the year under review. The matters such as formulation of policies and regulations that are important for future economic security, assisting in the development of the capabilities of IT professionals, regional security, conducting lectures on the economy, supporting the organization's Global Economic Programme, issuance of reports on increasing investment in the service sector, conducting workshops against the terrorism with the participation of high level military and diplomatic officials and issuance of a joint research report on India-Sri Lanka relations had been carried out by those Projects.	Comments have not been given.	The progress should be improved furthermore.

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| <p>(ii) The Institute had conducted 27 discussions, programmes and international conferences on strategic studies and international relations and 65 publications had been issued including the articles published pertaining to the matters falling with the scope during the year under review. Further, an Orientation Programme had been conducted in collaboration with the Ministry of Foreign Affairs for New Ambassadors, High Commissioners and 29 Senior Diplomatic Officers. Similarly, a series of seminars which included various programmes were held for the officers recruited for the Foreign Service in the year 2018 .</p> | <p>Comments have not been given.</p> | <p>The progress should be improved furthermore.</p> |
| <p>(iii) The Bandaranaike International Diplomatic Training Institute had conducted the Courses, Training Programmes and 11 Guest Lectures for diplomats, foreign service officers and various officers in the public service in addition to Diploma in Diplomacy and World Affairs, Post-diploma Courses.</p>  | <p>Comments have not been given.</p> | <p>The progress should be improved furthermore.</p> |